



Annual Report
2015



Agritech Limited (formerly Pak American Fertilizers Limited) was inaugurated by Mr. Mian Muhammad Nawaz Shareef, the then Prime Minister of Islamic Republic of Pakistan, on 11 November 1998.



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FERTILIZERS

مركز البحوث والتطوير
مؤسسة البترول الوطنية
القطرية



*Agritech Urea Fertilizer Plant
Daudkhel*



Our Vision

To become a major regional
diversified fertilizer company

Our Mission

To become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, significantly contributing to the development of the agricultural sector of Pakistan.



Company Information

BOARD OF DIRECTORS

Mr. Wajahat A. Baqai
Chairman

Mr. Muhammad Faisal Muzammil
Acting Chief Executive

Mr. Asim Imtiaz Basra

Mr. Bilal Asghar

Mr. Asim Murtaza Khan

Mr. Rehmat Ali Hasnie

Mr. Ahsan Raza Durrani

Mr. Masoor A. Qureshi

COMPANY SECRETARY & CFO

Mr. Taneem Haider

AUDIT COMMITTEE

Mr. Asim Murtaza Khan
Chairman

Mr. Ahsan Raza Durrani

Mr. Masroor A. Qureshi

Mr. Bilal Asghar

HR & REMUNERATION COMMITTEE

Mr. Rehmat Ali Hasnie
Chairman

Mr. Bilal Asghar

Mr. Muhammad Faisal Muzammil

LEGAL ADVISOR

Mr. Barrister Babar S Imran

SHARES REGISTRAR

Hameed Majeed Associates (Private)
Limited

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants, Lahore.

BANKERS

JS Bank Limited

Faysal Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

Albaraka Bank (Pakistan) Limited

Dubai Islamic Bank Pakistan Limited

Summit Bank Limited

SilkBank Limited

Allied Bank Limited

Bank Alfalah Limited

The Bank of Punjab

BankIslami Pakistan Limited

Askari Bank Limited

Soneri Bank Limited

Meezan Bank Limited

United Bank Limited

Habib Bank Limited

NIB Bank Limited

Pak Libya Holding Company (Pvt.) Limited

Citi Bank N.A.

MCB Bank Limited

REGISTERED OFFICE

2nd Floor Asia Centre, 8-Babar Block,
New Garden Town, Lahore

Ph: +92 (0) 42 35860341-44

Fax: +92 (0) 42 35860339-40

PROJECT LOCATIONS

Unit I

Urea Plant

Iskanderabad, District Mianwali.

Ph: +92 (0) 459 392346-49

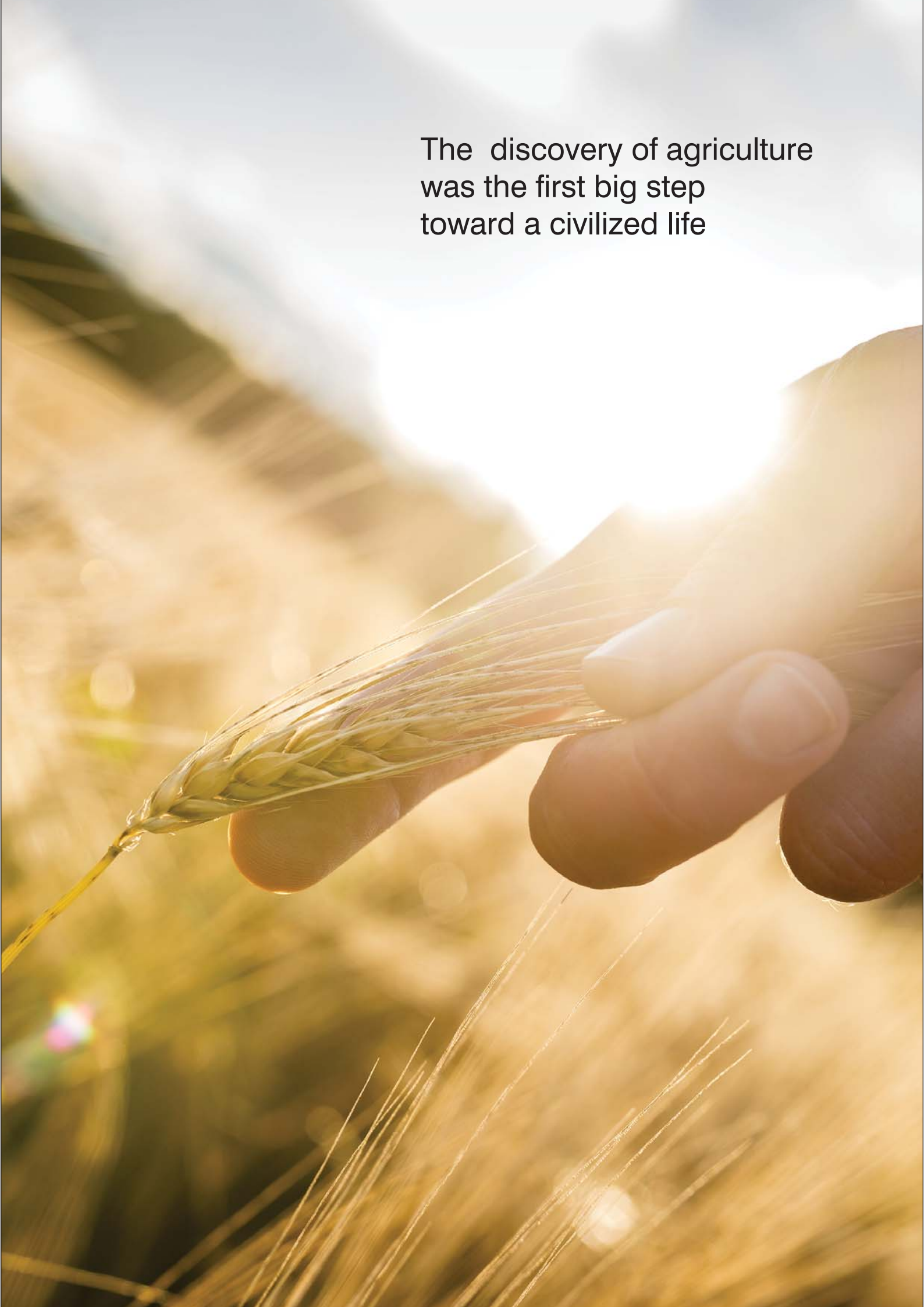
Unit II

GSSP Plant

Hattar Road, Haripur.

Ph: +92 (0) 995 616124-5

The discovery of agriculture
was the first big step
toward a civilized life



Directors' Report to the Shareholders

The directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Annual Report accompanied by the Audited Financial Statements for the 12 Months ended December 31, 2015.

These financial statements have been endorsed by the Acting Chief Executive Officer and one of the directors in accordance with the Code of Corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Business Review

Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province as well as an SSP manufacturing facility (Single Super Phosphates) at Haripur, Khyber Pakhtunkhwa (KPK) Province.

Having achieved the Company's strategic goal to become a diversified fertilizer manufacturer producing both nitrogenous and phosphatic fertilizers, the Company's products are sold under the celebrated and trusted brand name "TARA" in the fertilizer market.

Year in Review

Financial Results of Agritech Limited for the Year ending:

	31 December 2015	31 December 2014
Sales - net	3,542,570,270	2,794,627,675
Operating Loss	(1,452,207,435)	(1,938,818,773)
Finance Cost	2,229,731,740	3,214,341,173
Loss before Tax	(3,681,939,175)	(5,153,159,946)
Loss after Tax	(3,490,217,353)	(4,303,974,350)
Loss per share	(9.34)	(11.41)

Overview of Urea Industry

Urea production in the country witnessed a healthy increase of 7% in 2015 at 5.29 million tons over 4.93 million tons in 2014. This is second straight year of higher Urea production than preceding year, highlighting better gas availability to the fertilizer sector. The improvement in gas supply to fertilizer is primarily attributed to the installation of first LNG terminal and subsequent imports of LNG in the country. Our Company produced 87 K

tons in 2015 (40K tons: 2014) and sold 75K tons (47K tons: 2014).

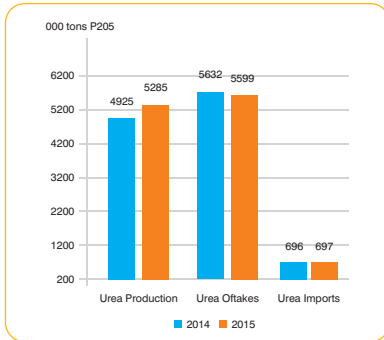
Urea off take during 2015 recorded a slight reduction of 0.6% to 5.599 million tons vs. 5.632 million tons in 2014. However, further break down of the offtakes revealed that Urea offtakes during the 1st half of 2015 saw an increase of 12% and in 2nd half of the year the offtakes declined keeping the full year offtakes stagnant at 2014 level. Farm economics of the major crops particularly of

Cotton, Rice (Kharif crops) and Potato (Rabi) were badly affected due to low prices of these commodities and resulted in lower consumption of urea in the second half of 2015.

Import quantity of Urea was equivalent to last years' level of 0.7 Million tons. Major portion of urea import were realized in the 1st quarter of 2015 (50% of total imports in 2015) and as the gas supply to the domestic urea plants improved during the latter part of the year, the requirement of urea imports



were reduced. No import requirement was envisaged for Rabi 2015/16 due to better domestic production.

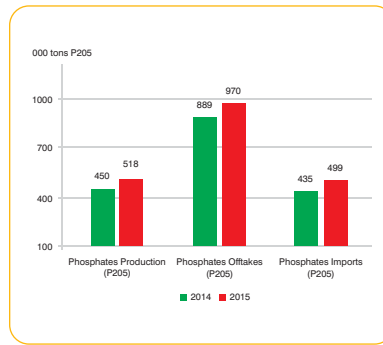


Phosphates

Phosphates nutrient (P2O5) offtakes (including all phosphatic fertilizers) registered an increase of 9% during 2015, and off takes reached to 0.97 million tons P2O5 nutrient in 2015 as compared to 0.89 million tons P2O5 nutrients in 2014. The increase is mainly attributed to the implementation of the phosphates subsidy of Rs. 20 Billion by GOP as part of finance bill 2015/16. The subsidy was effective from the October 2015 and higher phosphates consumption materialized during Rabi 2015/16 on Wheat crop. DAP, being the major phosphatic product saw an increase of 10% in production; 8% in offtakes and 25% of higher imports than last year.

Phosphates production in the country increased by 15% during 2015 v/s 2014 due better availability of gas to the phosphate manufacturing units in the country. Phosphate imports (mainly DAP) were 15% higher in 2015 vs last year (0.499 million tons nutrients v/s 0.435 million tons nutrients in 2014).

The company produced 53 k tons in 2015 (82 K tons: 2014) and sold 60 k tons in 2015 (73 K tons: 2014). AGL faced sheer discrimination on the account of



phosphate subsidy policy of GOP whereby the SSP manufactured by using Local Rock was not included in the subsidy regime whereby AGL SSP production and sales was negatively affected. AGL filed a legal suit against this discrimination and won the case whereby the high court ordered that subsidy shall be applicable based on the end product meeting the requisite quality standards criterion and not the source of raw material. Based on the court order AGL has filed the subsidy claim since the implementation of the subsidy. Despite discrimination on SSP subsidy AGL still maintained a healthy market share of around 60% of SSP market.

Capital Restructuring

Major cause of delay, in debt servicing of the Company and accumulation of mark ups further increasing debt burden, over the years is due to the severe gas curtailment to the Company's urea plant. Lower than capacity production of Urea contributed lower cash flows. If the gas remained available as per plant capacity, the operating cash flows of the Company must have been healthy enough to meet its financial obligations. Due to this serious gas curtailment issue a capital restructuring plan was envisaged with the cooperation of lenders to enable company to devise a capital structure, which includes the conversion

of its existing long term debt including mark-up into preference shares. The necessary steps for the said conversion have already been initiated by the Company. With the aforesaid conversion the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably.

Rehabilitation Plan was approved by the Board on November 5, 2013 and was also subsequently approved by Shareholders in an EOGM held on December 10, 2013. The Company has received 100% requisite consents of its class of lenders in 2015 and now company is proceeding to complete its process under Companies Ordinance 1984. We are likely to complete the rehabilitation process in 2016. Successful implementation of this scheme will help to achieve the suitable and sustainable capital structure, and will also improve the overall financial performance of the Company.

Future Outlook

GOP has formally signed a long term LNG supply agreement for 15 years with the Government of Qatar and import of LNG has seen significant increase after the signing of this agreement. This increase in LNG import has considerably increased the additional flow of gas into the Sui companies system, particularly on SNGPL system under Swap arrangement. Gas supply to the fertilizer sector has substantially improved whereby all urea plants, post winter curtailment, are running at optimal capacity. AGL has greatly benefited by the improved availability of gas in SNGPL system after the winter and gas to AGL urea plant was restored in the last week of Feb 2016, a month in advance in comparison to preceding years.

With the improved gas supply to fertilizer sector, we believe there will be no Urea imports requirement during the year 2016. Low farm income owing to the lower commodity prices will affect the farmers' ability to maintain use of crop inputs during 2016; however, increased support of GOP in the form of direct subsidy to farmers as well as likely continuation of subsidy on fertilizers will help maintain the use of fertilizer. Higher urea production is due to better gas supply likely to have very high Urea stock in the country thus creating an exportable surplus of Urea.

Gas supply outlook to AGL during 2016 and beyond looks promising as AGL is well positioned to operate its plant on increased flow of RLNG and domestic gas from northern fields into the SNGPL system. Moreover, the court decision in favor of the company on inclusion of SSP in the phosphates subsidy and its successful implementation will also help streamline the SSP business of the Company.

The Company is fully focused to complete the Rehabilitation process as per the Companies Ordinance 1984. Moreover, in order to lower its long term debt the Company has also initiated the development and sale of its excess and spare land. Necessary legal framework; commercialization approvals; basic development; and lay out plans have been initiated and being implemented in phases. It is expected that the initial sales proceeds from land will be realized within a year and all such proceeds from land sale will be used to settle the long term liabilities of the Company.

Financial Highlights

Six years at a glance

	2015	2014	2013 (18 Months)	2012	2011	2010
Operating performance (Rs. 000)						
Sales-Net	3,542,570	2,794,627	8,627,668	5,697,064	5,149,162	12,854,551
Operating (Loss) / profit	(1,452,207)	(1,938,818)	792,743	734,340	915,967	2,515,552
(Loss)/profit before tax	(3,681,939)	(5,153,159)	(3,866,608)	(1,835,660)	(996,892)	2,429,031
(Loss)/profit after tax	(3,490,217)	(4,303,974)	(3,382,156)	(1,628,459)	50,597	267,959
Financial position (Rs. 000)						
Total equity	(2,414,335)	1,022,194	5,422,146	8,919,056	8,880,383	8,671,866
Long term debt	19,334,602	19,327,016	19,265,892	19,491,270	18,377,667	14,153,500
Property, plant and equipment	41,896,368	42,967,113	35,953,627	37,197,945	36,283,420	33,878,586
Financial analysis						
Current ratio (ratio)	0.15	0.17	0.31	0.44	0.37	0.46
Profitability analysis						
Operating (Loss) / profit to sales (%)	(40.99)	(69.38)	9.19	12.89	17.79	19.57
(Loss)/Earning per share (Rs.)	(9.34)	(11.41)	(9.23)	(4.35)	0.13	2.26

Corporate Social Responsibility



Health check at AGRITECH Hospital



Students of an AGRITECH School

Health Center

Agritech operates a state of the art hospital at its Daudkhel site which includes essential care facilities including emergency, labour and gynecology and minor surgery. The center provides subsidized medical care to its employees and the community at large.

In addition, realizing its duties as a responsible corporate citizen, Agritech continues its effort for a greener environment, planting trees in its neighboring communities, providing scholarships for needy students and arranging many activities for the well being of its employees and communities.

We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in.

Community Programs

Agritech is committed to a quality education for its employees and its communities. The company has established several educational institutions where over 2000 students are enrolled and managed by over 100 professional staff.

Agritech is fully committed to achieve international benchmarks governing corporate social responsibility.



Certifications & Achievements

Some of our key certifications and initiatives are mentioned below.



OSHA Standards

OHS 18001 compliant proactive HSE program aims to prevent work-related injuries, illnesses and fatalities. This effort at Agritech is independently monitored by a high level Corporate Manager of Health, Safety & Environment who has wide ranging mandate and authority to enforce (Health, Safety & Environment (HSE) standards throughout the company. Effort is complemented with Hearts & Minds Winning techniques for sustainable performance.



ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO, the International Organization for Standardization and is administered by authorized accreditation and certification bodies.

The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.



ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.

With the implementation of QMS, EMS & OH&S there have been tremendous improvements at the plant. The following are main benefits.

Increased Efficiency

Certification process has given a lot of thought to improve the system and how to maximize quality and efficiency. The processes has been established and guidelines in place for anyone to follow easily, making training, transitions, and trouble-shooting etc.



Employee Morale

Employee's morale has been motivated by defining roles and responsibilities, accountability of management, established training systems and a clear picture of how their roles affect quality and the overall success of the company.

International Recognition

The company's reputation has been increased after getting certifications of QM, EM & OH&S systems as these standards are recognized worldwide.

Factual Approach to Decision Making

The ISO & OHSAS standards set out clear instructions for audits and process reviews that have facilitated information gathering and decision making based on the data.

Supplier Relationships

Following the processes for documentation and testing has ensured quality of raw materials fed into our production system and finished product. The process also requires thorough evaluation of new suppliers before a change is made and/or consistency with respect to how and where orders are placed.

Documentation

Documentation is the key requirement of ISO & OHSAS standards of all processes and any changes, errors and discrepancies. This ensures consistency throughout production and accountability of all staff. This also guarantees traceable records are available in case of non-compliance.

Consistency

All processes for development, to production, to shipping, are defined, outlined and documented, minimizing room for error. Even the process of making changes to a process is documented, ensuring that changes are well planned and implemented in the best possible way to maximize efficiency.

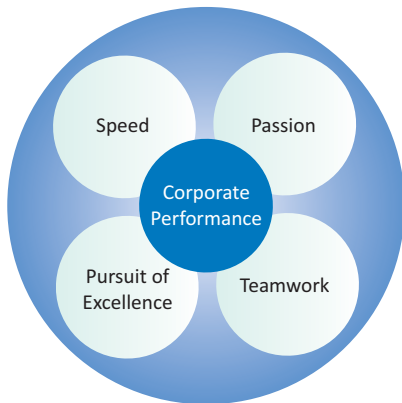
Customer Satisfaction

Client confidence is gained because of the universal acceptance of the ISO & OHSAS standards. Customer satisfaction is ensured because of the benefits to company efficiency, consistency and dedication to quality service.

All these achievements are result of dedicated and concerted efforts of Agritech's team. Management provided the necessary resources and encouragement with a firm commitment to implement these systems in full letter and spirit. For accreditation of above systems, procedures were developed according to the required standards & these are being implemented.

Our Human Capital

The corporate culture at Agritech is based on four essential pillars:



Our Corporate culture is nurtured through setting world class performance standards and then focusing, empowering, encouraging and challenging all our employees to develop their capabilities to deliver this mind set transcends all levels of the organization.

This forms the core of the underlying HR policies at Agritech which are designed to deliver outstanding business performance by supporting and developing the Company's most important asset, its people.

Our culture empowers people to contribute to our business objectives and to simultaneously achieve their own personal and career goals. Every day our employees are challenged and motivated to seek the state of the art knowledge and skills required to stay ahead in today's changing business environment.

Teams and individuals are constantly encouraged to develop their professional capabilities, to question the status quo with courage of conviction, and reinvent themselves and their systems of work to confront the dynamics of a fast changing world.

Bureaucracy is constantly pruned to enable people to work with each other without being encumbered and to keep the focus on outcomes and delivery rather than just effort.

We have a strong commitment to meritocracy, and complying with our human resource polices, the Company does not employ any child labor and is an equal opportunity employer.





Corporate Review

Pattern of Shareholding

The shareholding in the Company as at 31 December 2015 is as follows:

	Number of shareholders	Number of shares held	Percentage of holding
Individuals	767	15,880,821	4.05%
Banks Development			
Financial Institutions, Non - Banking Finance Companies	37	366,650,019	93.43%
Modarbas and Mutual Funds	5	8,557,333	2.18%
Directors and their spouses (s) and minor children	5	2,002	0.00051%
Others	7	1,339,825	0.34%
Total	821	392,430,000	100%

The information of shareholding as at 31 December 2015 as required under Code of Corporate Governance is as follows:

Category no.	Shareholder's category	Number of shares held	Percentage %
1.	Associated Companies, Undertakings and related parties		
	National Bank of Pakistan	130,715,224	33.31%
	Faysal Bank Limited	46,626,176	11.88%
	Summit Bank Limited	30,773,731	7.84%
	Standard Chartered Bank (Pakistan) Limited	18,916,023	4.82%
	Silkbank Limited	8,704,640	2.22%
		235,735,794	60.07%
2.	Mutual Funds	8,557,333	2.18%
3.	Directors, and their spouses (s) and minor children		
	Wajahat Ahmad Baqai	500	0.00013%
	Asim Imtiaz	500	0.00013%
	Asim Murtaza Khan	1,000	0.00025%
	Masroor Ahmed Qureshi	1	0%
	Ahsan Raza Durrani	1	0%
	Bilal Asghar	-	0%
	Rehmat Ali Hasnie	-	0%
		2,002	0.00051%
4.	Executives	Nil	
5.	Public Sector Companies and Corporation	Nil	
6.	Banks, DFIs and NBFIs, Insurance Companies, Modarabas and Pension Funds	375,207,352	95.61%
7.	Shareholders holding five percent or more voting rights in the listed Company		
	National Bank of Pakistan	130,715,224	33%
	Faysal Bank Limited	46,626,176	11.88%
	Pak Brunei Investment Company Limited	40,483,974	10.32%
	Summit Bank Limited	30,773,731	7.84%
		248,599,105	63.55%

The pattern of holding of shares held by the shareholders as at 31 December 2015 is as follows:

Number of shareholders	Shareholding		Total shares held
	From	To	
132	1	100	1,903
239	101	500	115,253
110	501	1,000	107,383
164	1,001	5,000	531,647
43	5,001	10,000	351,409
30	10,001	20,000	486,500
20	20,001	30,000	514,200
12	30,001	40,000	432,560
7	40,001	50,000	331,000
4	50,001	60,000	224,500
5	60,001	70,000	318,739
2	70,001	80,000	150,000
2	80,001	90,000	165,500
4	90,001	100,000	393,000
17	100,001	500,000	4,190,489
4	500,001	1,000,000	3,345,900
2	1,000,001	1,500,000	2,433,333
3	1,500,001	2,000,000	5,322,729
4	2,000,001	5,000,000	13,183,928
7	5,000,001	10,000,000	54,706,172
9	10,000,001	50,000,000	174,408,631
1	50,000,001	200,000,000	130,715,224
821			392,430,000

Modification in the Auditors report

Qualification

In auditor's report for the period, auditors raised concern, "company could not make timely repayments of principal and interest related to long term loans and certain financial & other covenants imposed by lenders could not be complied with. IAS - 1 requires that if an entity breaches a provision of long term loan, that liability becomes payable on demand and it should classify the liability as current. However, in these financial statements the long term debts have continued to be classified as long term according to respective loan repayment schedules."

In this regards, the long term lenders have continued to show their confidence in diversified business and experienced management to gradually improve the financial performance despite unlawful gas curtailment inflicted to the Company and did not call the loans. Moreover, the banks have given NOCs for the Rehabilitation plan that shows their continuous support for the Company. The management expects to deliver better performance with revitalized shareholding strength and continued support from its lenders.

Emphasis

Auditors also raised concern about Company's ability to operate as going concern. The fact of the matter is that the Company was forced to breach the covenants imposed by the lenders due to operational issues faced by the continued gas curtailments unduly inflicted upon it in past years and repeated urea plant closure owing to gas load shedding.

These financial statements are, however, being prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that the GOP has signed a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. Last year the GOP successfully managed to install first ever LNG Terminal at Port Qasim, having a capacity of 600 mmscfd. Sui Northern Gas Pipeline Limited ("SNGPL") is receiving almost complete flow of LNG imports under swap arrangement. Resultantly post winter gas situation in Pakistan has been improved significantly. Besides this the surplus gas from northern gas fields, post winter, is also available in the SNGPL north system. Both these factors have contributed in restoration of supply of gas to the Company in the last week of February 2016, a month earlier versus preceding years.

The improvement of gas supply in system is evident from the fact that gas to the Company restored in the month of February after a gap of six years. Moreover, the gas supply outlook in subsequent months of 2016 looks further promising due to the fact that fresh discoveries are announced at Mardan Khel, Tehsil Hangu with a potential of 40 mmscfd of additional gas (overall potential of Hangu Block is 200-250 mmscfd). This new find is expected to be linked to SNGPL system in second quarter of 2016 further improving the gas flow in the north. SNGPL has carried out necessary augmentation in its pipeline capacity to transport this gas to their north system. The Company being the biggest gas consumer in North will be beneficiary of this additional gas flow. At present the Company

has the option of both keep on getting domestic gas from SNGPL system or switch to RLNG under swap arrangement.

Auditors also emphasized on treatment of Redeemable Preference Shares. The redeemable Preference shares have been treated as part of equity, in view of the requirements of Companies Ordinance, 1984. The matter of its clarification will be dealt in accordance with the clarification from Securities and Exchange Commission of Pakistan (SECP).

Loss per share

The loss per share of the Company for the period ended on 31 December 2015 is Rs. 9.34 per share.

Dividend

Due to circumstances already discussed the Board of Directors do not recommend any dividend for the period ended on 31 December 2015.

Corporate Governance and Financial reporting framework

As required by the Code of Corporate Governance, the Directors are pleased to report that:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, 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 the preparation of financial statements and accounting estimates are based on reasonable and prudent

judgment;

- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements;
- The system of internal controls is sound in design and has been effectively implemented and monitored;
- There is a material uncertainty about Company's ability to continue as a going concern; however these financial statements have been prepared on going concern basis for reasons more fully disclosed in the note 2.2 to the financial statements;
- The Company could not make timely repayments of principal and interest / mark-up related to debts as referred to in note 2.3 and 43.2.2.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges, except for reported in statement of compliance;
- There are no statutory payment on account of taxes, duties levies and charges which are outstanding as on 31 December 2015 except of those disclosed in the financial statements; and
- No material changes and commitments affecting the financial position have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

Investment in retirement benefits

The value of investments made by the employees retirement

benefits funds operated by the Company as per their respective audited financial statements for the period ended on 31 December 2015 are as follows:

	Value in Rs.
Provident fund	142,444,058
Gratuity fund	60,630,477

Board of Directors

During the year under review, eight meetings of the Board of Directors were held and the attendance by each director is as follows:

Name of Director	Eligibility	Attendend
Mr. Wajahat Ahmad baqai	8	7
Mr. Bilal Asghar	1	1
Mr. Rehmat Ali Hasnie	8	6
Mr. Asim Imtiaz Basra	8	8
Mr. Ahsan Raza Durrani	8	6
Mr. Farooq Nasim	2	2
Mr. Asim Murtaza Khan	4	3
Mr. Mansoor Amhed Qureshi	6	5
Mr. Kamran Ali Kazim	7	5
Mr. Muhammad Faisal Muzammil	4	2

Audit Committee

During the year under review, Audit Committee meetings held four times and the attendance of the members are as follows:

Name of Director	Eligibility	Attendend
Mr. Ahsan Raza Durrani	4	2
Mr. Masroor Ahmed Qureshi	4	3
Mr. Kamran Ali Kazim	4	3
Mr. Bilal Asghar	0	0

HR & Remuneration Committee

During the year, two meetings of the HR & Remuneration Committee were held and the attendance of members are as follows:

Name of Director	Eligibility	Attendend
Mr. Rehmat Ali Hasnie	2	2
Mr. Kamran Ali Kazim	2	2
Mr. Mohammad Khalid Mir	2	2
Mr. Bilal Asghar	0	0

Director's Training Program

During the year the Board has not arranged training program for its Directors. However, all Directors are professionals and senior executives who possess wide experience and awareness

of the duties of Directors. Training of directors is an ongoing process and the Board is intended to comply with the requirement of the Code subsequent to the year end by getting training certificates of the Directors from duly approved training institution by Securities and Exchange Commission of Pakistan.

Appointment of Auditors

Messers. KPMG Taseer Hadi & Co. Chartered Accountants, completed its tenure of appointment with the Company and has again offered its services for another term.

Acknowledgement

The Board takes this opportunity to thank the Company's valued customers and the financial institutions whose faith and support over the years has cultivated a mutually beneficial relationship, playing a key role in the growth of the businesses.

The Board also wishes to place on record its appreciation for the employees of the Company. The sustainability of business in the difficult business environment was possible due to their hard work and commitment.



Acting Chief Executive Officer
09 April 2016

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of Independent Non-Executive Directors and directors representing minority interests on its Board of Directors. As at 31 December 2015, the Board includes;

Category	Name
Independent Directors	Mr. Asim Murtaza Khan
Executive Directors	Mr. Mohammad Khalid Mir Chief Executive Officer
Non-Executive Directors	Mr. Wajahat A. Baqai Mr. Rehmat Ali Hasnie Mr. Ahsan Raza Durrani Mr. Bilal Asghar Mr. Asim Imtiaz Basra Mr. Masror A. Qureshi

The Independent Director meets the criteria of independence under clause 5.19.1(b) of the CCG. Mr. Mohammad Khalid Mir resigned from his office on 01 December 2015 with three months' notice period. Subsequently, Mr. Faisal Muzammil has been appointed as acting Chief Executive Officer of the Company on 29 February 2016.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Following casual vacancies occurred on the Board of Directors during the year:

Name of Directors	Category	Date of Resignation	Reason of casual vacancy
Mr. Muhammad Farooq Nasim	Non-Executive (Nominee Director)	31-03-2015	Change in nomination
Mr. Muhammad Faisal Muzammil	Executive Director	01-06-2015	Resignation
Mr. Kamran Ali Kazim	Non-Executive (Nominee Director)	23-11-2015	Change in nomination

The vacancies are filled up by the Directors within the prescribed time by appointing the following directors:

Name of Directors	Category	Date of Resignation	Casual vacancy filled within (90) days
Mr. Masroor A. Qureshi	Non-Executive (Nominee Director)	31-03-2015	✓
Mr. Asim Murtaza Khan	Independent Director	01-06-2015	✓
Mr. Bilal Asghar	Non-Executive (Nominee Director)	23-11-2015	✓

5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and Non-Executive Directors, have been taken by the Board.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year the Board has not arranged training program for its Directors. However, all Directors are professionals and senior executives who possess wide experience and awareness of the duties of Directors. Training of directors is an ongoing process and the Board is intended to comply with the requirement of the Code subsequent to the year end by getting training certificates of the Directors from duly approved training institution by Securities and Exchange Commission of Pakistan.
10. The Board has approved appointment of Company Secretary (Syed Taneem Haider) on 06 February 2015 and Head of Internal Audit (Mr. Hassan Ul Haq Khan) on 29 August 2015, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. As at 31 December 2015 it comprises of the following Board members:

Name	Type of Directorship	Position
Mr. Ahsan Raza Durrani	Non-Executive	Chairman
Mr. Masroor A. Qureshi	Non-Executive	Member
Mr. Bilal Asghar	Non-Executive	Member

Independent Director has been appointed as Chairman of the Audit Committee subsequent to the year end on 15 January 2016. Furthermore, Head of Internal Audit was appointed as Secretary to the Audit Committee to comply with the requirement of clause 5.19.20 on 29 August 2015.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of the following Board members:

Name	Type of Directorship	Position
Mr. Rehmat Ali Hasnie	Non-Executive	Chairman
Mr. Bilal Asghar	Non-Executive	Member
Mr. M. Khalid Mir	Executive	Member

18. The Board has outsourced the Internal Audit Function to Messers Deloitte Yousuf Adil Chartered Accountants, who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a

satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for sub-clause b (v) of clause 5.19.4 which requires that Board of Directors shall ensure that within two years of coming into force of the CCG, a mechanism is put in place for an annual evaluation of their own performance which the Board has not complied with.



Acting Chief Executive Officer

09 April 2016

Review Report to the Members

on Statement of Compliance with Code of Corporate Governance



KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House
2-Main Gulberg, Jail Road
Lahore, Pakistan

Telephone + 92 (42) 3579 0901-6
Fax + 92 (42) 3585 0477
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We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Agritech Limited ("the Company") for the year ended 31 December 2015 to comply with the requirements of Listing Regulation No. 5.19 of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a 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 Code requires 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 of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph reference	Description
i) Paragraph 9	The Board is intending to arrange Directors' Training Program subsequent to the year end.
ii) Paragraph 15	Independent Director has been appointed as Chairman of the Audit Committee subsequent to the year end on 15 January 2016. Furthermore, Head of Internal Audit was appointed as Secretary to the Audit Committee to comply with the requirement of clause 5.19.20 of the Code on 29 August 2015.
iii) Paragraph 23	Under sub-clause b (v) of clause 5.19.4 of the Code, the Board of Directors are required to put in place a mechanism for an annual evaluation of their own performance, which has not been established to date.

Lahore

Date : 09 April 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Financial Statements

Auditors' Report to the Members



KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor, Servis House
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Lahore, Pakistan

Telephone + 92 (42) 3579 0901-6
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We have audited the annexed balance sheet of **Agritech Limited** ("the Company") as at 31 December 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our qualified opinion and, after due verification, we report that:

- a) as stated in notes 2.3 and 43.2.2 to the financial statements, the Company could not make timely repayments of principal and interest / mark-up related to long term debts and as at the reporting date certain financial and other covenants imposed by the lenders could not be complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current. In these financial statements the long term debts have been classified as long term according to the individual loan repayment schedules. Had these liabilities been classified as per IAS - 1, current liabilities of the Company would have increased by Rs. 8,971.48 million as at the reporting date;
- b) except for the matter discussed in paragraph (a) above, in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- c) in our opinion:
 - i) except for the matter discussed in paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.5 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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KPMG Taseer Hadi & Co.

- d) except for the effects on the financial statements of the matter discussed in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- e) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to the following matters:

- i. note 5.4 to the accompanying financial statements, whereby Redeemable Preference shares have been treated by the Company as part of equity, in view of the requirements of the Companies Ordinance, 1984. The matter of its classification will be dealt in accordance with the resolution of the matter, as fully explained in note 5.4 to the financial statements; and
- ii. notwithstanding the matter as discussed in paragraph (a) above, the Company during the year ended 31 December 2015 has incurred loss before tax of Rs. 3,681.94 million and its current liabilities exceeded its current assets by Rs. 25,696.44 million, and its accumulated losses stood at Rs. 7,940.98 million.

These conditions, along with other matters as set forth in note 2.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have however been prepared on a going concern basis for the reasons more fully explained in note 2.2 to the financial statements.

Our opinion is not qualified in respect of the above matters.

Lahore

Date : 09 April 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Balance Sheet

as at 31 December 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Authorized share capital	4	15,000,000,000	15,000,000,000
<u>Share capital and reserves</u>			
Issued, subscribed and paid-up capital	5	5,517,642,690	5,517,642,690
Reserves	6	9,000,000	9,000,000
Accumulated losses		(7,940,977,277)	(4,504,448,372)
		(2,414,334,587)	1,022,194,318
Surplus on revaluation of fixed assets - net	7	9,314,273,887	8,889,592,164
<u>Non-current liabilities</u>			
Redeemable capital - <i>secured</i>	8	6,583,561,201	7,974,045,542
Long term finances - <i>secured</i>	9	2,259,740,740	3,669,640,929
Liabilities against assets subject to finance lease - <i>secured</i>	10	-	-
Long term payable - <i>unsecured</i>	11	31,135,199	31,135,199
<u>Deferred liabilities:</u>			
- staff retirement benefits	12	22,891,426	15,169,860
- deferred taxation - <i>net</i>	13	3,063,713,959	3,911,114,234
		11,961,042,525	15,601,105,764
<u>Current liabilities</u>			
Current maturity of non-current liabilities	14	10,460,164,858	7,652,195,166
Short term borrowings - <i>secured</i>	15	3,674,801,309	3,677,177,328
Trade and other payables	16	4,105,651,488	3,129,544,453
Interest / mark-up accrued on borrowings	17	11,203,349,154	9,170,644,512
Preference dividend payable	18	679,284,007	504,016,311
		30,123,250,816	24,133,577,770
Contingencies and commitments	19		
		48,984,232,641	49,646,470,016

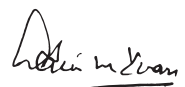
The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore



Acting Chief Executive

	Note	2015 Rupees	2014 Rupees
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	20	41,896,367,476	42,967,113,632
Intangible assets	21	2,575,781,782	2,586,425,782
Long term loans and advances - <i>considered good</i>	22	16,977,706	19,917,797
Long term deposits - <i>unsecured, considered good</i>	23	68,295,921	44,971,249
		44,557,422,885	45,618,428,460
<u>Current assets</u>			
Stores, spare parts and loose tools	24	2,050,290,642	2,068,630,517
Stock-in-trade	25	630,947,812	348,727,103
Trade debts	26	61,149,299	19,858,904
Advances, deposits, prepayments and other receivables	27	918,899,967	985,225,926
Tax refunds due from Government - <i>net</i>		282,234,570	176,844,685
Cash and bank balances	28	483,287,466	428,754,421
		4,426,809,756	4,028,041,556
		48,984,232,641	49,646,470,016



Director

Profit and Loss Account

for the year ended 31 December 2015

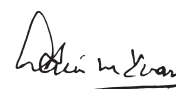
	Note	2015 Rupees	2014 Rupees
Sales - net	29	3,542,570,270	2,794,627,675
Cost of sales	30	(4,252,903,869)	(3,899,365,857)
Gross loss		(710,333,599)	(1,104,738,182)
Selling and distribution expenses	31	(160,945,738)	(131,522,658)
Administrative and general expenses	32	(619,814,219)	(676,552,437)
Other expenses	33	(1,506,920)	(119,169,414)
		(782,266,877)	(927,244,509)
Other income	34	40,393,041	93,163,918
Operating loss		(1,452,207,435)	(1,938,818,773)
Finance cost	35	(2,229,731,740)	(3,214,341,173)
Loss before taxation		(3,681,939,175)	(5,153,159,946)
Taxation	36	191,721,822	849,185,596
Loss after taxation		(3,490,217,353)	(4,303,974,350)
Loss per share - basic and diluted	37	(9.34)	(11.41)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore



Acting Chief Executive



Director

Statement of Comprehensive Income

for the year ended 31 December 2015

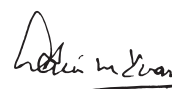
	Note	2015 Rupees	2014 Rupees
Loss after taxation		(3,490,217,353)	(4,303,974,350)
<u>Other comprehensive income</u>			
<i>Items that will not be reclassified to profit and loss account:</i>			
Remeasurement of defined benefit liability	12.1.9	(2,303,142)	(7,616,217)
Related tax	13.2	690,943	2,665,676
		(1,612,199)	(4,950,541)
Total comprehensive loss for the year		(3,491,829,552)	(4,308,924,891)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore



Acting Chief Executive



Director

Cash Flow Statement

for the year ended 31 December 2015

	Note	2015 Rupees	2014 Rupees
<u>Cash flow from operating activities</u>			
Cash generated from operations	38	385,229,184	324,843,616
Finance cost paid		(132,369,983)	(546,704,361)
Interest income received		6,618,176	33,654,365
Income tax paid		(105,366,058)	(84,631,237)
Staff retirement benefits paid		(18,658,851)	(80,709,473)
Net cash generated from / (used in) operating activities		135,452,468	(353,547,090)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(10,798,155)	(291,240,238)
Long term loans and advances received		2,940,091	2,207,376
Long term deposits (paid) / received		(20,854,498)	2,157,500
Proceeds from disposal of property, plant and equipment	20.1.4	7,241,111	1,516,000
Net cash used in investing activities		(21,471,451)	(285,359,362)
<u>Cash flows from financing activities</u>			
Long term finances repaid		(15,810,000)	-
Repayment of liabilities against assets subject to finance lease		(41,261,953)	(54,669,108)
Net decrease in short term borrowings		(81,925,481)	(761,409,606)
Net cash used in financing activities		(138,997,434)	(816,078,714)
Net decrease in cash and cash equivalents		(25,016,417)	(1,454,985,166)
Cash and cash equivalents at beginning of the year		(2,199,737,107)	(744,751,941)
Cash and cash equivalents at end of the year	39	(2,224,753,524)	(2,199,737,107)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore


Acting Chief Executive


Director

Statement of Changes in Equity

for the year ended 31 December 2015

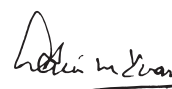
	Share capital		Reserves		Total Rupees
	Ordinary shares	Preference shares	Revenue reserve	Accumulated losses	
	Rupees	Rupees	Rupees	Rupees	
As at 01 January 2014	3,924,300,000	1,593,342,690	9,000,000	(104,496,573)	5,422,146,117
Total comprehensive loss for the year ended 31 December 2014	-	-	-	(4,308,924,891)	(4,308,924,891)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - <i>net of tax</i>	-	-	-	84,240,788	84,240,788
<u>Transaction with owners of the Company</u>					
Preference dividend for the year ended 31 December 2014	-	-	-	(175,267,696)	(175,267,696)
As at 31 December 2014	3,924,300,000	1,593,342,690	9,000,000	(4,504,448,372)	1,022,194,318
As at 01 January 2015	3,924,300,000	1,593,342,690	9,000,000	(4,504,448,372)	1,022,194,318
Total comprehensive loss for the year ended 31 December 2015	-	-	-	(3,491,829,552)	(3,491,829,552)
Transfer of incremental depreciation from surplus on revaluation of fixed assets - <i>net of tax</i>	-	-	-	230,568,343	230,568,343
<u>Transaction with owners of the Company</u>					
Preference dividend for the year ended 31 December 2015	-	-	-	(175,267,696)	(175,267,696)
As at 31 December 2015	3,924,300,000	1,593,342,690	9,000,000	(7,940,977,277)	(2,414,334,587)

The annexed notes from 1 to 52 form an integral part of these financial statements.

Lahore



Acting Chief Executive



Director

Notes to the Financial Statements

for the year ended 31 December 2015

1 Reporting entity

Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned Corporation, until 15 July 2006. Subsequently, 100% shares of the Company were acquired by Azgard Nine Limited ("ANL") as a part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 31 October 2012, ANL sold its major shareholding in the Company to a consortium of banks and financial institutions. Previously, the shares of the Company were quoted on Karachi Stock Exchange ("KSE") of Pakistan. However, due to integration of Karachi, Lahore and Islamabad Stock Exchanges into Pakistan Stock Exchange ("PSX") with effect from 11 January 2016 the shares of the Company are now quoted on PSX. The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

2 Basis of preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and Islamic Financial Reporting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.2 Going concern assumption

The Company, continues to face operational issues due to continued gas load shedding in winter and gas curtailment during summer months. Due to overall gas shortage in the system Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly Power during summer and domestic sector during winter. This gas curtailment caused lower urea production at the Company versus available capacity causing the operational issues. However, from the second half of 2015 the gas supply prospects during summer months showed improvement after the regular import of Liquefied Natural Gas ("LNG") by the Government. The Company for the first time since 2013, received gas for a stretch of 43 days during October - November 2015 time frame. The trend is likely to continue post winter shutdown as GOP has signed a formal contract with Qatar on long term LNG supply. The past years gas curtailment has perpetuated temporary liquidity issues resulting in over dues as referred in note 43.2.2 to the financial statements. The Company's urea plant operated for only 92 days during the calendar year of 2015. Due to these factors, the Company has incurred a loss before tax of Rs. 3,681.94 million for the year ended 31 December 2015 and as of that date, its current liabilities exceeded current assets by Rs. 25,696.44 million, including Rs. 18,431.90 million relating to overdue principal and interest / mark-up thereon, and its accumulated loss stood at Rs. 7,940.98 million. The difference between current liabilities and current assets would be Rs. 34,667.92 million, had the Company classified its long term debts as current for reasons more fully explained in the note 2.3 to the financial statements. These conditions cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements are, however, being prepared on a going concern basis. The assumption that the Company would continue as a going concern is based on the fact that the GOP has signed a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. Last year GOP successfully managed to install first ever LNG Terminal at Port Qasim having a capacity of 600 mmscfd. Sui Northern Gas Pipeline Limited ("SNGPL") is receiving almost complete flow of LNG imports under swap arrangement. Resultantly post winter the gas situation in Pakistan has been significantly improved than past years. Besides this the surplus gas from Khyber Pakhtunkhwa ("KPK") is also available in the SNGPL north system. Both these factors have contributed in restoration of supply of gas to the Company in last week of February 2016 contrary to the past year when gas supply used to get resorted at the end of March. The improvement of gas supply in system is evident from the fact that gas to the Company restored in the month of February after a gap of six years. Moreover, the outlook of supply to the Company in subsequent months of 2016 looks further promising due to the fact that fresh discoveries are announced at Mardan Khel Well, Tehsil Hangu with a potential of 40 mmscfd of additional gas (overall potential of Hangu Block is 200-250 mmscfd). This new find is expected to be linked to SNGPL system during second quarter of 2016 further improving the gas flow in the north. SNGPL has carried out necessary augmentation in their pipeline capacity to transport this gas to their north system. The Company being the biggest gas consumer in north, will be beneficiary of this additional flow. At present the Company has the option of both keep on getting domestic gas from SNGPL system or switch to RLNG under swap arrangement.

Moreover, GOP is planning to install another new LNG terminal by 2017 and this new terminal will help double the import of LNG in the country. Besides this the work on Iran Pakistani ("IP") pipeline is being geared up after the lifting of sanctions on Iran. By and large the gas supply issue to the Company will be resolved from 2016 onwards which will result in better Urea production leading to improved business operations.

The company has also initiated the development and sale of its excess and spare land. Necessary legal framework; commercialization approvals; basic development; and lay out plans have been initiated and being implemented in phases. It is expected that the initial sales proceeds from land will be realized within a year and all such proceeds from land sale will be used to settle the long term liabilities of the company.

Further, the Company has planned to convert its existing long term debt including mark-up into preference shares as stated in detail in note 43.2.2. The necessary steps for the said conversion have already been initiated by the Company. With the aforesaid conversion and other measures mentioned in the above paragraph, the management of the Company envisages that sufficient financial resources will be available for the continuing operations and it is expected to operate profitably.

2.3 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in note 43.2.2. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

However, the long term debts in the amount of Rs. 8,971.48 million as detailed below have continued to be classified as long term as per the repayment schedules in these financial statements as the management considers that event of default was not declared by the lenders at the reporting date:

	Principal net of current maturity Rupees
<u>Redeemable capital</u>	
Privately Placed Term Finance Certificates - I	824,231,100
Privately Placed Term Finance Certificates - II	3,791,857,740
Privately Placed Term Finance Certificates - III	272,441,400
Privately Placed Term Finance Certificates - V	617,447,630
Privately Placed Term Finance Certificates	297,427,081
Privately Placed Sukuk Certificates	879,890,000
	6,683,294,951
<u>Long term finances</u>	
Syndicate Term Finance - I	1,650,000,000
Syndicate Term Finance - III	416,128,563
BankIslami Pakistan Limited - Term Finance	141,428,572
National Bank of Pakistan - Term Finance	80,625,000
	2,288,182,135
	8,971,477,086

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortised cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.5 Change in accounting policy

During the year, the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments Disclosures'. As a result, the Company has included the additional disclosure in this regard in note 42 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has adjusted corresponding information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures.

2.6 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets,

liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.6.1 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.6.1.1 Change in accounting estimate

As at 31 December 2014 the Company has carried out revaluation of its fixed assets as disclosed in note 7 due to which estimated useful lives of the fixed assets have been re-assessed by an independent valuer Maricon Consultants (Private) Limited approved by Pakistan's Bank Association in "any category" as follows.

	Useful lives Years	Re-assessed Useful lives Years
Buildings on freehold land	40 - 50	50 - 106
Plant and machinery	4 - 50	4 - 72
Residential colony assets	50	50 - 106

The above useful lives have been incorporated on 01 January 2015. The change in accounting estimate has been recognized prospectively in these financial statements in accordance with the requirement of IAS 8 "Accounting Policy, Change in Accounting Estimate and Errors". The effect of above stated changes on depreciation expense is as follows:

	2015 Rupees	2016 Rupees	2017 Rupees	2018 Rupees	2019 Rupees
Decrease in depreciation	67,915,010	67,915,010	67,915,010	67,915,010	67,915,010
Increase in net profit	(67,915,010)	(67,915,010)	(67,915,010)	(67,915,010)	(67,915,010)

2.6.2 Amortisation method, rates and useful lives of intangible assets

The management of the Company reassesses useful lives, amortisation method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

2.6.3 Recoverable amount of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

2.6.4 Taxation

The management of the Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. For recognition of deferred tax assets, estimates of the Company's future taxable profits against which carry forward tax losses can be used are taken into account.

2.6.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.6.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment was carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

2.6.7 Stores, spares, loose tools and stock-in-trade

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.

2.6.8 Employee benefits

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note .

2.6.9 Fair values of financial instruments with no active market

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

Other areas where estimates and judgments are involved have been disclosed in the respective notes to the financial statements.

2.7 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

Owned

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount, building on freehold land, residential colony assets and, plant and machinery which are measured at revalued amount less accumulated depreciation and capital work in progress which is measured at cost less accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets. Expenditure incurred on capital work in progress are transferred to operating fixed assets when related items become available for use.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

The Company recognizes depreciation in profit and loss by applying straight line method over the useful life of each item of property, plant and equipment as specified in note 20 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in profit and loss.

Leased

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Subsequently, these assets are carried at initially recorded amount less accumulated depreciation and accumulated impairment with the exception of plant and machinery which is measured at revalued amount less accumulated depreciation. Depreciation on leased assets is charged by applying straight line method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

3.2 Surplus / (deficit) arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is recognized on balance sheet after reversing deficit relating to the same item previously recognized in profit and loss, if any. Deficit arising on revaluation is recognized in profit and loss after reversing the surplus relating to the same item previously recognized on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profits / (losses) every year.

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Further the surplus on revaluation of property, plant and equipment shall be utilized in accordance with the provisions of section 235 of the Companies Ordinance, 1984.

3.3 Intangible

a) Software

Intangibles are measured initially at cost. The cost of the intangibles comprise its purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit and loss account. Subsequent to initial recognition, intangibles are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

All intangibles are amortized over the period of four years on a straight line basis. All intangible assets are tested for impairment at each reporting date. amortisation on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto month of disposal.

b) Goodwill acquired in business combination

Goodwill acquired in business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

3.4 Stores, spare parts and loose tools

These are measured at lower of cost and net realizable value. The cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

3.5 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Trading stock	Invoice price plus related expense
Stock-in-transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.6 Employee benefits

3.6.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit and loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

3.6.2 Post-employment benefits

(a) Defined contribution plan

The Company operates an approved defined contributory provident fund for its all employees. Equal contributions are made by the Company and employees at 8.33% and 10% of basic salary of executives and workers respectively.

(b) Defined benefit plan

The Company operates approved funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Details of scheme are referred in note 12 to the financial statements.

3.6.3 Termination benefits / Voluntary separation scheme ("VSS")

Termination benefits are expensed at the early of when the Company can no longer withdraw the offer of those benefits or when the Company recognise costs for a restructuring. If benefits are not expected to be settled wholly within twelve months of the reporting date, then they are discounted.

3.7 Financial instruments

3.7.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

3.7.1(a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

3.7.1(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.7.1(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

3.7.1(d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

3.7.1(e) All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.7.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit and loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.7.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

3.8 Impairment

Financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognized.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognized.

3.9 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and redemption value recognized in the profit and loss over the period of the borrowings on an effective interest basis.

3.11 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 Operating leases / Ijarah

Leases including Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases / Ijarah. Payments made under operating leases / Ijarah (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

3.13 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.14 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

3.16 Government grants

Government grants that compensates the Company for expenses incurred are recognized in the profit and loss account on a systematic basis in the same period in which the expenses are recognized.

3.17 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit and loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in equity.

Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognised as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred tax

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent 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. Further, the Company recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

Further, the Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit and loss, any related tax effects are also recognised in profit and loss. For transactions and other events recognised outside profit and loss (either in other comprehensive income or directly in equity), any related tax effects are also recognised outside profit and loss (either in other comprehensive income or directly in equity, respectively).

3.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at banks and running finance.

3.20 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.21 New and revised approved accounting standards, interpretations and amendments thereto

During the year certain amendments to standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company except as disclosed in note 2.5 and are, therefore, not disclosed in these financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property,

plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The improvements are not likely to have an impact on the Company's financial statements.

	Note	2015 Rupees	2014 Rupees
4 Authorized share capital			
<i>Ordinary shares of Rs 10 each</i>			
600,000,000 (2014: 600,000,000) class A shares	4.1	6,000,000,000	6,000,000,000
200,000,000 (2014: 200,000,000) class B shares	4.2	2,000,000,000	2,000,000,000
200,000,000 (2014: 200,000,000) class C shares	4.3	2,000,000,000	2,000,000,000
		10,000,000,000	10,000,000,000
<i>Preference shares of Rs. 10 each</i>			
500,000,000 (2014: 500,000,000) shares		5,000,000,000	5,000,000,000
		15,000,000,000	15,000,000,000

4.1 Class A ordinary shares include all ordinary shares of the Company other than non-voting ordinary shares and restrictive rights voting ordinary shares, having all rights and privileges, including voting rights as provided in the Companies Ordinance, 1984.

4.2 Class B ordinary shares are restrictive rights voting ordinary shares that have the restricted or disproportionate rights and privileges.

4.3 Class C ordinary shares are non-voting ordinary shares of the Company that do not have any voting rights attached thereto and do not have any rights to receive notice of, attend, or vote at a general meeting of the Company, however, holders of such shares shall have all other rights of ordinary shares, including right to dividend and to share in the assets of the Company in event of its winding up.

	Note	2015 Rupees	2014 Rupees
5 Issued, subscribed and paid-up capital			
<i>Class A ordinary shares of Rs. 10 each</i>			
383,430,000 (2014: 383,430,000) shares issued fully paid in cash	5.1	3,834,300,000	3,834,300,000
9,000,000 (2014: 9,000,000) shares issued for consideration as machinery		90,000,000	90,000,000
<i>Preference shares of Rs. 10 each</i>			
159,334,269 (2014: 159,334,269) shares issued fully paid in cash	5.2, 5.3 & 5.4	1,593,342,690	1,593,342,690
		5,517,642,690	5,517,642,690

5.1 As at 31 December 2015, National Bank of Pakistan, an associated undertaking holds 130,715,224 (2014: 130,715,224) representing 33.31% (2014: 33.31%) of the ordinary share capital of the Company.

5.2 This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares issued at the rate of Rs. 10 per share under the agreement between the Company and various investors entered on 13 February 2012 ("Completion date") effective from 01 August 2011.

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the Completion date by giving at least thirty days notice in compliance with the provisions of the Companies Ordinance, 1984. The Company will maintain a Capital Redemption Reserve as per the provisions of the Companies Ordinance, 1984 in this regard.

Each Investor will also have the right to convert the preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Pakistan Stock Exchange during the 360 working days prior to the relevant conversion date; adjusted for any corporate action / announcement of the Company, including but not limited to right issue, cash dividend to ordinary shareholders, bonus shares, stock split etc., during the last 360 working days prior to the conversion date. The investors shall be entitled to convert up to 100% of their preference shares at the conversion ratio as defined in letters of rights by giving a thirty days notice to the Company prior to any conversion date. For the purpose of this right, a conversion date shall be the last business day of each financial quarter commencing from the fifth anniversary of the Completion date.

5.3 The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis.

5.4 The preference shares ("the shares") have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 ("the Ordinance") read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 August 2011.
- Return of allotment of the shares was filed under section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for the redemption of Preference shares, under section 85 of the Ordinance, in respect of the shares redeemed which effectively makes Redeemable Preference shares a part of equity.
- The requirements of the Ordinance take precedence over the requirements of International Accounting Standard.
- The preference shareholders have the right to convert these shares into ordinary shares.

Further, the matter regarding the classification of Redeemable Preference share capital as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ("ICAP") as a result of which the ICAP has advised the Securities and Exchange Commission of Pakistan ("SECP") to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Accounting Standards. Pending the resolution of this matter, the Preference share capital has been classified as equity in these financial statements.

	Note	2015 Rupees	2014 Rupees
6 Reserves			
Revenue reserve		9,000,000	9,000,000
7 Surplus on revaluation of fixed assets -net			
As at beginning of the year		8,889,592,164	3,817,886,542
Surplus on revaluation of fixed assets		-	7,775,529,735
Less: deferred tax liability arising on surplus on revaluation of fixed assets	13.2	-	(2,619,583,325)
Add: effect of change in tax rate		655,250,066	-
Transfer to unappropriated profit in respect of incremental depreciation charged for the year - <i>net of tax</i>		(230,568,343)	(84,240,788)
As at end of the year		9,314,273,887	8,889,592,164

The Company's freehold land, buildings on freehold land, residential colony assets and plant and machinery (owned & leased) were revalued by Maricon Consultants (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, at 31 December 2014. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Buildings on freehold land

Construction specifications were noted for each building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Residential colony assets

Construction specifications were noted for each residential colony's building and structure and new construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Plant and machinery (owned & leased)

Plant and machinery (owned & leased) have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

	<i>Note</i>	2015 Rupees	2014 Rupees
8 Redeemable capital - secured			
Privately Placed Term Finance Certificates - I	8.1	1,498,602,000	1,498,602,000
Privately Placed Term Finance Certificates - II	8.2	6,894,286,800	6,894,286,800
Privately Placed Term Finance Certificates - III	8.3	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	8.4	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	8.5	618,685,000	618,685,000
Privately Placed Term Finance Certificates	8.6	509,874,996	509,874,996
Privately Placed Sukuk Certificates	8.7	1,599,800,000	1,599,800,000
		12,165,534,546	12,165,534,546
Deferred notional income	8.8 & 35	-	-
Transaction costs	35	(99,733,750)	(142,937,925)
		12,065,800,796	12,022,596,621
Current maturity presented under current liabilities	14	(5,482,239,595)	(4,048,551,079)
		6,583,561,201	7,974,045,542

8.1 Privately Placed Term Finance Certificates - I ("PPTFC - I") have been issued by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 300,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - I is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 29 November 2013 and ending on 29 November 2019.

Call option

The Company may redeem the PPTFC - I by way of exercise of call option by giving notice in writing to PPTFC - I holders and the Trustee of not less than thirty days. However, the call option can be exercised only after expiry of two years from the date of issue.

Return on PPTFC - I

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPTFC - I holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - I holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 481.69 million (2014: Rs. 289.02 million) and interest / mark-up amounting to Rs. 819.72 million (2014: Rs. 670.41 million) were overdue. Refer to note 43.2.2 for details.

- 8.2 Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 1,380,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - II is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments and due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 14 July 2013 and ending on 14 July 2019.

Call option

The Company may redeem the PPTFC - II by way of exercise of call option by giving a notice in writing to PPTFC - II holders and the trustee of not less than thirty days.

Return on TFCs

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPTFC - II holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - II holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 2,216.02 million (2014: Rs. 1,329.61 million) and interest / mark-up amounting to Rs. 3,379.80 million (2014: 2,586.72 million) were overdue. Refer to note 43.2.2 for details.

- 8.3 Privately Placed Term Finance Certificates - III ("PPTFC - III") have been issued by way of private placements with a consortium of investors to finance the acquisition of Hazara Phosphate Fertilizer Limited ("HPFL"). The total issue comprises of 100,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - III is structured to be in twenty eight unequal installments. First two installments were just token payments and due on 31 October 2010 and 30 November 2010 which have been partially paid, remaining installments are starting from 01 September 2013 and ending on 01 December 2019.

Call option

The Company may redeem the PPTFC - III by way of exercise of call option by giving a notice in writing to PPTFC - III holders and the trustee of not less than thirty days. Any early redemption of PPTFC - III shall be either in part or whole of the outstanding amount payable in respect of the PPTFC - III. In case of partial redemption the minimum amount of early redemption will be Rs. 100 million.

Return on PPTFC - III

The issue carries return at three month KIBOR plus 3.25% per annum, payable quarterly.

Trustee

In order to protect the interests of PPTFC - III holders, JS Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - III holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 159.33 million (2014: Rs. 95.65 million) and interest / mark-up amounting to Rs. 282.75 million (2014: Rs. 227.27 million) were overdue. Refer to note 43.2.2 for details.

- 8.4** Privately Placed Term Finance Certificates - IV ("PPTFC - IV") represent restructuring of outstanding mark-up amounting to Rs. 553.83 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 110,765 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC - IV is structured to be in seven unequal semi annual installments. First installment was just token payment and due on 01 January 2012, remaining installments are starting from 01 July 2012 and ending on 01 January 2015.

Call option

The Company shall be allowed to call the PPTFC - IV in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - IV by providing a notice in writing five days before.

Return on PPTFC - IV

The issue carries nil return. Also refer to note 8.8 .

Trustee

In order to protect the interests of PPTFC - IV holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - IV holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 548.83 million (2014: Rs. 364.24 million) was overdue. Refer to note 43.2.2 for details.

- 8.5** Privately Placed Term Finance Certificates - V ("PPTFC - V") represent restructuring of outstanding mark-up amounting to Rs. 618.69 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 123,737 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

Principal redemption

After twelve semi-annual token payments from 01 January 2012 to 01 July 2016, a bullet payment of principal will be made at the maturity of PPTFC - V which is due on 01 January 2017.

Call option

The Company shall be allowed to call the PPTFC - V in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - V by providing a notice in writing five days before.

Return on PPTFC - V

The issue carries fixed return rate of 11.00% per annum, payable semi annually.

Trustee

In order to protect the interests of PPTFC - V holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - V holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 0.99 million (2014: Rs. 0.74 million) and interest / mark-up amounting to Rs. 272.13 million (2014: Rs. 204.07 million) were overdue. Refer to note 43.2.2 for details.

- 8.6** Privately Place Term Finance Certificates ("PPTFCs") represent restructuring of subordinated loan along with the outstanding mark-up amounting to Rs. 509.87 million by way of Settlement Agreement ("Agreement") between the Company and JS Infocom Limited entered on 22 October 2012 effective from 1 July 2012. The total issue comprises of 12 PPTFCs of Rs. 42,489,583 each. The terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPTFC is structured to be in twelve equal semi-annual installments of Rs. 42.49 million each starting from 31 December 2014 and ending on 30 June 2020.

Return on PPTFCs

The issue carries mark-up at six month KIBOR plus 1.95% per annum payable semi-annually.

Security

The issue is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.
- demand promissory note amounting to Rs. 679.83 million in favour of JS Infocom.

At the reporting date principal amounting to Rs. 84.98 million (2014: Rs. Nil) and interest / mark-up amounting to Rs. 183.51 million (2014: Rs. 123.05 million) were overdue. Refer to note 43.2.2 for details.

- 8.7** Privately Placed Sukuk Certificates ("PPSCs") have been issued by way of private placements with a consortium of investors to finance the balancing, modernization and replacement of Company's property, plant and equipment. The total issue comprises of 320,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Master Addendum to Transaction Documents entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

Principal redemption

The principal redemption of PPSC is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are starting from 06 August 2013 and ending on 06 August 2019.

Call option

The Company shall have a call option to redeem the PPSC having aggregate face value of multiples of Rs. 500 or the entire issued certificates and will be exercisable at any time after the expiry of one year from the execution of the trust deed upon giving to the Sukuk holders not less than thirty days notice in writing.

Return on PPSCs

The issue carries return at six month KIBOR plus 2% per annum, payable semi-annually.

Trustee

In order to protect the interests of PPSCs holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPSCs holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

Security

The issue is secured by:

- first pari passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first pari passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date principal amounting to Rs. 514.22 million (2014: Rs. 308.53 million) and interest / mark-up amounting to Rs. 789.81 million (2014: 608.28 million) were overdue. Refer to note 43.2.2 for details.

- 8.8** This represents the difference between amortized cost and face value of zero-coupon PPTFC - IV with three year maturity (note 8.4). Amortized cost has been determined using effective interest rate of 13.76% per annum being the weighted average rate of return on Redeemable Capital. Movement is as follows:

	2015 Rupees	2014 Rupees
Deferred notional income		
As at beginning of the year	-	28,941,609
Occurred during the year	-	-
Amortized during the year	-	(28,941,609)
As at end of the year	-	-

- 8.9** For restrictions on title as security, refer to note 45 to the financial statements.

	Note	2015 Rupees	2014 Rupees
9 Long term finances - secured			
Syndicate Term Finance - I	9.1	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	9.2	475,000,000	475,000,000
Syndicate Term Finance - III	9.3	2,994,023,663	3,009,833,663
BankIslami Pakistan Limited - Term Finance	9.4	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	9.5	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	9.6	365,000,000	365,000,000
		7,266,107,398	7,281,917,398
Transaction costs	35	(28,441,395)	(49,453,497)
		7,237,666,003	7,232,463,901
Current maturity presented under current liabilities	14	(4,977,925,263)	(3,562,822,972)
		2,259,740,740	3,669,640,929

- 9.1** Syndicate Term Finance - I ("STF - I") has been obtained from a consortium of banking companies to finance the revamping of operational efficiencies of the Company's plant. This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility after rescheduling are as follows:

Principal repayment:

The principal of STF - I is repayable in thirteen unequal semi-annual installments starting from 30 December 2013 and ending on 30 December 2019.

Return on STF - I

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by:

- first parri passu hypothecation charge over property, plant and equipment of the Company; and
- first parri passu mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 964.29 million (2014: Rs. 578.57 million) and interest / mark-up amounting to Rs. 1,704.01 million (2014: Rs. 1,387.02 million) were overdue. Refer to note 43.2.2 for details.

- 9.2 Syndicate Term Finance - II ("STF - II") has been obtained from a consortium of various banking companies to finance the acquisition of Hazara Phosphate Fertilizers (Private) Limited. This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 23 February 2009 effective from 28 February 2009 and accordingly the terms and conditions of STF - II after rescheduling are as follows:

Principal repayment:

The principle of STF - II is repayable in sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on 28 February 2010 and last instalment due on 28 November 2013.

Return on STF - II

This carries mark-up at three month KIBOR plus a spread of 3.25% per annum, payable quarterly.

Security

The facility is secured by:

- first parri passu hypothecation charge over property, plant and equipment of the Company; and
- first parri passu mortgage charge over land and building of the Company.

At the reporting date the installments of principal and interest / mark-up amounting to Rs. 475 million (2014: Rs. 475 million) and Rs. 287.21 million (2014: Rs. 233.92 million) respectively were overdue. Refer to note 43.2.2 for details.

- 9.3 Syndicate Term Finance - III ("STF - III") represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026 million into long term facility. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility after rescheduling are as follows:

Principal repayment:

The principle of STF - III is repayable in eight unequal semi-annual installments starting from 25 September 2013 and ending on 25 March 2017.

Return on STF - III

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by:

- ranking hypothecation charge over property, plant and equipment of the Company; and
- ranking mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 1,745.64 million (2014: Rs. 1,004.85 million) and interest / mark-up amounting to Rs. 1,676.06 million (2014: Rs. 1,324.25 million) were overdue. Refer to note 43.2.2 for details.

- 9.4 This term finance facility has been obtained from BankIslami Pakistan Limited to meet working capital requirements. This facility was rescheduled by way of First Supplemental Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the facility are as follows:

Principal repayment:

The principle of this facility is repayable in fourteen unequal semi-annual installments starting from 30 June 2013 and ending on 30 December 2019.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.50% per annum, payable semi-annually.

Security

This facility is secured against ranking hypothecation charge over plant, machinery and equipment of the Company.

At the reporting date principal amounting to Rs. 115.71 million (2014: Rs. 77.14 million) and interest / mark-up amounting to Rs. 160.65 million (2014: Rs. 128.2 million) were overdue. Refer to note 43.2.2 for details.

- 9.5 This facility has been obtained from National Bank of Pakistan to finance cost overrun for successful completion and commissioning of revamp project. This facility was rescheduled effective from 20 August 2011 and accordingly the terms and conditions of the facility are as follows:

Principal repayment:

The principle of this facility is repayable in eight equal semi-annual installments starting from 08 November 2013 and ending on 08 May 2017.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by :

- ranking hypothecation charge over property, plant and equipment of the Company; and
- ranking mortgage charge over land and building of the Company.

At the reporting date interest / mark-up amounting to Rs. 194.39 million (2014: Rs. 179.99 million) was overdue. Refer to note 43.2.2 for details.

- 9.6 This term finance represents restructuring of short term Istisna facility amounting to Rs. 365 million into long term facility under the restructuring agreement entered on 07 June 2011. The terms and conditions of this facility after restructuring are as follows:

Principal repayment:

The principle of this facility is repayable in six unequal semi-annual installments starting from 01 December 2013 and ending on 01 June 2016.

Return on facility

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

Security

The facility is secured by:

- ranking hypothecation charge over property, plant and equipment of the Company; and
- ranking mortgage charge over land and building of the Company.

At the reporting date principal amounting to Rs. 246.37 million (2014: Rs. 95.81 million) and interest / mark-up amounting to Rs. 148.77 million (2014: Rs. 110.59 million) were overdue. Refer to note 43.2.2 for details.

- 9.7 For restrictions on title as security, refer to note 45 to the financial statements.

	Note	2015 Rupees	2014 Rupees
10 Liabilities against assets subject to finance lease - secured			
Present value of minimum lease payments	10.1 & 10.2	-	40,821,115
Current maturity presented under current liabilities	10.2 & 14	-	(40,821,115)
		-	-

10.1 During the year, the Company has settled its overdue lease agreements which represented vehicles and machinery secured by lien over documents of title, specific charge over leased assets and registration of leased vehicles jointly in the name of the Company and that of the lessor. Rentals were payable monthly / quarterly. The leases were priced at interest rates ranging from three to six month KIBOR plus a spread of 2% to 3.5% per annum (2014: three to six month KIBOR plus a spread of 2% to 3.5% per annum). Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease were borne by the Company. The Company has also exercised the option to acquire these assets at the end of the respective lease terms.

10.2 The amount of future payments under the lease arrangements and the period in which these payments became due are as follows:

		2015 Rupees	2014 Rupees
Not later than one year		-	46,180,927
Later than one year but not later than five years		-	-
Total future minimum lease payments		-	46,180,927
Finance charge allocated to future periods		-	(5,359,812)
Present value of future minimum lease payments		-	40,821,115
Not later than one year		-	(40,821,115)
Later than one year but not later than five years		-	-

Refer to note 43.2.2 for details of overdue lease liabilities as at 31 December 2014 amounting to Rs. 40.82 million.

11 Long term payable - unsecured

This represents amount payable to a contractor whose claim is pending with arbitrator.

12 Staff retirement benefits

The latest actuarial valuation of the Company's defined benefit plan, was conducted on 31 December 2015 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2015 Rupees	2014 Rupees
Staff retirement benefits	12.1	22,891,426	15,169,860
12.1 Balance sheet liability			
Present value of defined benefit obligations	12.1.2	83,521,903	81,728,159
Less: fair value of plan assets	12.1.3	(60,630,477)	(66,558,299)
Net liability at end of the year		22,891,426	15,169,860
12.1.1 Movement in net liability			
Net liability at beginning of the year		15,169,860	13,757,997
Charge to profit and loss account for year		8,734,410	8,148,988
Charge to other comprehensive income for year		2,303,142	7,616,217
Contributions made during the year		(3,315,986)	(14,353,342)
Net liability at end of the year		22,891,426	15,169,860

	2015 Rupees	2014 Rupees
12.1.2 Movement in the present value for defined benefit obligations is as follows:		
Present value of defined benefit obligations at beginning of the year	81,728,159	55,856,028
Current service cost for the year	7,261,556	6,036,815
Interest cost for the year	8,800,543	7,193,383
Benefit paid during the year	(6,162,555)	(1,044,619)
Actuarial (gains) / losses on present value of defined benefit obligation	(8,105,800)	13,686,552
Present value of defined benefit obligation at end of the year	83,521,903	81,728,159
12.1.3 Movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	66,558,299	45,147,370
Expected return on plan assets for the year	7,327,689	5,081,210
Contribution made during the year	3,315,986	14,353,342
Benefit paid during the year	(6,162,555)	(1,044,619)
Actuarial (losses) / gain on plan assets	(10,408,942)	3,020,996
Fair value of plan assets at end of year	60,630,477	66,558,299
12.1.4 Actual return on plan assets		
Expected return on plan assets	7,327,689	5,081,210
Actuarial (losses) / gain on plan assets	(10,408,942)	3,020,996
	(3,081,253)	8,102,206
12.1.5 Fair value of plan assets is as follows:		
NAFA (Multi Asset Fund)	6,693,410	6,112,939
HBL Shares	42,025	45,360
JS Global	5,000,000	5,000,000
NIT Units	360,654	343,200
NBP Iskanderabad	917,090	868,502
HBL Iskanderabad	777,961	1,222,122
UBL Iskanderabad	46,839,337	46,023,167
Cash at bank	-	6,943,009
	60,630,477	66,558,299
12.1.6 Plan assets comprise of		
Equity	20.00%	17.28%
Cash and / or deposits	80.00%	82.72%
	100.00%	100.00%

12.1.7 Mutual funds and shares are valued at quoted market prices. The Gratuity Fund is invested within the limits specified by the regulations governing investment of approved retirement funds in Pakistan.

	2015 Rupees	2014 Rupees
12.1.8 Charge for the year		
<i>In profit and loss account:</i>		
Current service cost for the year	7,261,556	6,036,815
Interest cost for the year	8,800,543	7,193,383
Expected return on plan assets for the year	(7,327,689)	(5,081,210)
	8,734,410	8,148,988
<i>In other comprehensive income:</i>		
Actuarial loss on retirement benefit - net	2,303,142	7,616,217
	11,037,552	15,765,205
12.1.9 Movement in unrecognized actuarial gains		
Opening unrecognized actuarial gains	-	3,049,339
Actuarial losses arising during the year	(2,303,142)	(10,665,556)
Charge to other comprehensive income	2,303,142	7,616,217
Closing unrecognized actuarial losses	-	-

12.1.10 The Company expects to charge Rs. 8.34 million to profit and loss account on account of defined benefit plan in 2016.

12.1.11 Historical information

Comparison of present value of defined benefit obligation, the fair value of plan assets and the (deficit) / surplus of gratuity fund for four years is as follows:

	31 December 2015 Rupees	31 December 2014 Rupees	30 June 2013 Rupees	30 June 2012 Rupees
Present value of defined benefit obligations	83,521,903	81,728,159	55,856,028	50,100,000
Fair value of plan assets	(60,630,477)	(66,558,299)	(45,147,370)	(36,557,000)
Deficit in the plan	22,891,426	15,169,860	10,708,658	13,543,000
Experience adjustment arising on plan liabilities	(8,105,800)	13,686,552	(6,894,415)	2,653,540
Experience adjustment arising on plan assets	(10,408,942)	3,020,996	(1,289,178)	(266,000)

12.1.12 Assumptions used for valuation of defined benefit schemes

	2015	2014
Discount rate used for interest cost	11.25%	13.00%
Expected return on plan assets	11.25%	13.00%
Discount rate used for year ended obligation	10.00%	11.25%
Expected rates of salary increase in future	9.00%	10.25%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement assumption	60 years	60 years

12.1.13 The Plan exposes the Company to the actuarial risks such as:

Salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

12.1.14 In this funded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified and large portion plans' assets in 2015 consist of cash and / or deposits.

12.1.15 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 balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

12.1.16 Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

12.1.17 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 31 December 2015 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
Discount rate + 100 bps	75,438,221	92,929,261
Future salary increase + 100 bps	93,060,866	75,182,349

12.1.18 The average duration of the defined benefit obligation is 11 years.

	Note	2015 Rupees	2014 Rupees
13			
Deferred taxation - net			
The liability for deferred taxation comprises temporary differences relating to:			
<i>Deferred tax liability arising on</i>			
Accelerated tax depreciation		6,506,265,010	7,425,985,798
Revaluation of fixed assets		3,832,685,395	4,586,750,465
Finance lease transactions - net		-	112,894,909
<i>Deferred tax asset arising on</i>			
Trade debtors		(14,613,263)	(17,048,807)
Provision for gratuity		(6,867,428)	(5,309,451)
Unabsorbed tax credits	13.1	(7,253,755,755)	(8,192,158,680)
Net liability recognized in balance sheet		3,063,713,959	3,911,114,234

- 13.1** Tax loss on account of unabsorbed depreciation amounting to Rs. 19,848.11 million (2014: Rs. 19,023.22 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb such loss is expected.

Business losses available for carry forward amounting to Rs. 10,778.41 million (2014: Rs. 8,259.86 million) and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 amounting to Rs. 131.30 million (2014: Rs. 141.18 million) are also available to the Company. However, out of these losses, deferred tax asset has only been recognised on the losses amounting to Rs. 4,331.07 million as availability of sufficient taxable profits in future tax year to absorb such losses is expected and no deferred tax asset on remaining losses of Rs. 6,447.39 million has been recognised as sufficient tax profits may not be available to set these off in foreseeable future. The recognition of deferred tax asset shall be re-assessed on 31 December 2016.

	Note	2015 Rupees	2014 Rupees
13.2 Movement in deferred tax balances is as follows:			
As at beginning of the year		3,911,114,234	2,217,038,194
<i>Recognized in profit and loss account:</i>			
- Accelerated tax depreciation		157,262,170	(390,513,736)
- Revaluation of fixed assets		(98,815,004)	(45,360,424)
- Finance lease transactions - net		(112,894,909)	12,622,488
- Trade debtors		-	(1,010,711)
- Provision for gratuity		(1,625,527)	2,171,524
- Unabsorbed tax losses		(231,905,458)	(500,750,750)
- Effect of change in tax rate		96,519,462	-
		(191,459,266)	(922,841,609)
<i>Recognized in other comprehensive income:</i>			
- Employees' retirement benefits		(690,943)	(2,665,676)
<i>Recognized in surplus on revaluation of fixed assets</i>			
- Surplus on revaluation of fixed assets		-	2,619,583,325
- Effect of change in tax rate		(655,250,066)	-
As at end of the year		3,063,713,959	3,911,114,234
14 Current maturity of non-current liabilities			
Redeemable capital	8	5,482,239,595	4,048,551,079
Long term finances	9	4,977,925,263	3,562,822,972
Liabilities against assets subject to finance lease	10	-	40,821,115
		10,460,164,858	7,652,195,166
15 Short term borrowings - secured			
These represent short term finances utilized under mark-up arrangements from banking companies.			
	Note	2015 Rupees	2014 Rupees
Secured			
Running finance	15.1 & 15.3	2,708,040,990	2,628,491,528
Finance against trust receipt	15.1 & 15.3	69,799,179	85,876,809
Istisna / Salam	15.1 & 15.3	613,027,916	613,027,916
Demand finance	15.1 & 15.3	91,683,224	91,683,224
Bills payable	15.2 & 15.3	192,250,000	258,097,851
		3,674,801,309	3,677,177,328

- 15.1** These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current assets of the Company.

These financing facilities carrying mark-up at rates ranging from one to nine months KIBOR plus a spread of 1.00% to 2.75% per annum (2014: one to six month KIBOR plus a spread of 1.00% to 2.75% per annum), payable quarterly and semi-annually.

The aggregate available short term funded facilities amount to Rs. 3,520.92 million (2014: Rs. 3,433.09 million) out of which Rs. 38.37 million (2014: Rs. 13.93 million) remained unavailed as at the reporting date.

At the reporting date principal and interest amounting to Rs. 272.61 million (2014: Rs. 394.82 million) and Rs. 399.11 million (2014: Rs. 187.33 million) respectively were overdue. Refer note 43.2.2 for details.

- 15.2** Limits available for opening letters of credit amount to Rs. 326.88 million (2014: Rs. 475.40 million) out of which the limits remaining unutilized as at the reporting date amount to Rs. 134.63 million (2014: Rs. 268.09 million). Letters of credit carry commission at rates ranging from 0.10% to 0.25% per quarter (2014: 0.10% to 0.25% per quarter). These letters of credit are secured by charge over current assets of the Company.

At the reporting date bills and markup / interest amounting to Rs. 187.03 million (2014: Rs. 187.09 million) and Rs. 121.28 million (2014: Rs. 93.37 million) respectively were overdue. Refer to note 43.2.2 for details.

- 15.3** For restrictions on title of assets pledged as security, refer to note 45 to the financial statements.

	Note	2015 Rupees	2014 Rupees
16 Trade and other payables			
Trade and other creditors		3,581,598,842	2,658,362,954
Accrued liabilities		161,480,754	182,305,889
Security deposits and retention money		30,451,133	34,163,050
Advances from customers		251,510,063	131,189,869
Tax deducted at source		39,574,472	39,813,201
Provincial Excise Duty		158,120	1,529
Payable to Provident Fund Trust	16.1	-	-
Workers' Welfare Fund	16.2	6,408,261	5,721,662
Voluntary separation scheme	16.3	765,390	23,387,712
Other payables	16.4	33,704,453	54,598,587
		4,105,651,488	3,129,544,453
16.1 Payable to Provident Fund Trust			
As at the beginning of the year		-	23,017,241
Addition during the year		30,685,730	43,338,890
Paid to provident fund trust during the year		(30,685,730)	(66,356,131)
As at end of the year		-	-
16.2 Workers Welfare Fund ("WWF")			
As at the beginning of the year		5,721,662	4,848,866
Interest for the year		686,599	872,796
As at end of the year		6,408,261	5,721,662

- 16.3** This scheme was introduced by the Company on 22 December 2014, for its executive employees of Urea business, head office and marketing division. All applications of employees who opted for this scheme were accepted by the Company.

- 16.4** This mainly includes an amount of Rs. Nil (2014: Rs. 21.16 million) relating to housing colony payable.

	2015 Rupees	2014 Rupees
17 Interest / mark-up accrued on borrowings		
Redeemable capital - <i>secured</i>	6,140,197,204	4,966,488,979
Long term finances - <i>secured</i>	4,239,250,452	3,476,034,141
Short term borrowings - <i>secured</i>	823,901,498	728,121,392
	11,203,349,154	9,170,644,512

The overdue amounts of mark-up / interest are disclosed under their respective financing notes.

18 Preference dividend payable

This represents preference dividend payable as per the terms described in note 5.3.

19 Contingencies and commitments

19.1 Contingencies

19.1.1 A contractor's claim amounting to Rs. 839.51 million (2014: Rs. 839.51 million) against the Company has not been acknowledged as debt since the Company also has a counter claim amounting to Rs. 2,556.02 million (2014: Rs. 2,556.02 million) against the contractor. The claim is under settlement with arbitrator. The management expects a favourable decision.

19.1.2 Certain cases against the Company are pending before labour courts, where the claim cannot be quantified and ascertained at this stage. The Company's legal advisors are confident that the ultimate outcomes of above mentioned cases will be in favour of the Company.

19.1.3 The Company has filed a Civil Suit number 2341 before the Islamabad High Court impugning the decision of Government of Pakistan (Ministry of Industries, Production & Special Initiatives) dated 02 March 2007 wherein it was communicated that since the Company commenced its operations with effect from 13 September 1998 therefore the ten years period for the subsidised rate of feedstock gas under the 1989 Fertilizer Policy shall end on 12 September 2008. The Company has contended that the Government granted subsidy to other fertilizer companies from the date of their "commercial operations" and is therefore bound under constitutional law to equal treatment and non-discrimination against the Company. The commercial operations of the Company commenced on 29 November 1999 therefore the subsidized period of ten years shall end on 28 November 2009. Through an order dated 09 September 2008 (passed in C. M. No. 697 of 2008) the Islamabad High Court has restrained the Oil & Gas Regulatory Authority from notifying an increase in the (subsidized) feedstock gas price subject to Company depositing cash of Rs. 36 million and bank guarantee of Rs. 108 million with Islamabad High Court which has been deposited by the Company. As per High Court stay order, the Company has been charged subsidised rate on feedstock gas from September 2008 to November 2009 which has a financial impact amounting to Rs. 740.8 million (2014: Rs. 740.8 million). The case for the Company's eligibility to avail subsidised rate on feedstock gas is pending with the Islamabad High Court. The Company has a very strong arguable case with likelihood of success, therefore no provision has been made against this demand.

19.1.4 C. R. No. 66/2008 titled WAPDA versus Agritech Limited is pending before the honourable high court, wherein, WAPDA has assailed the order dated 12 January 2005 passed by the Additional District and Sessions Judge, Mianwali, in favour of the Company. Through the order dated 12 January 2005, it was held that the Company was not liable to pay an amount Rs. 2.24 million as demanded by WAPDA. The claim is under settlement with arbitrator. The management expects a favourable decision.

19.1.5 Guarantees given by banks on behalf of the Company as at the reporting date amount to Rs. 86.50 million (2014: Rs. 86.50 million).

	2015 Rupees	2014 Rupees
19.2 Commitments		
19.2.1 Commitments under irrevocable letters of credit for		
- purchase of raw material	-	20,151,372
	-	20,151,372

19.2.2 The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2015 Rupees	2014 Rupees
Not later than one year	56,085,118	33,789,240
Later than one year but not later than five year	66,030,391	68,012,925
	122,115,509	101,802,165

These represent vehicles hired under the Ijarah financing and are secured by depositing amount equal to 20 percent of the total cost of Ijarah asset. Under terms of agreements, rentals are payable monthly in arrears. Moreover, operational repair and maintenance costs in respect of assets subject to Ijarah financing are borne by the Company and the title of vehicles remain in the name of lessors. The Company does not have the option to acquire these assets at the end of the respective lease term.

	Note	2015 Rupees	2014 Rupees
20 Property, plant and equipment			
Operating fixed assets	20.1	41,859,633,079	42,895,817,528
Capital work in progress	20.2	36,734,397	71,296,104
		41,896,367,476	42,967,113,632

20.1

Operating fixed assets

	2015										Net book value as at 31 December 2015		
	As at 01 January 2015					Cost / revalued amount						Depreciation	
	As at 01 January 2015	Revaluation surplus	Additions	Transfers / adjustments	Disposals	As at 31 December 2015	Useful lives in years	As at 01 January 2015	Revaluation surplus	For the year		(Disposals) / transfers	As at 31 December 2015
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Owned assets													
Freehold land	2,696,160,000	-	-	-	-	2,696,160,000		-	-	-	-	-	2,696,160,000
Buildings on freehold land	2,657,834,693	-	-	-	(218,481)	2,657,616,212	50 - 106	708,709,964	-	38,982,496	(32,310)	747,660,150	1,909,956,062
Plant and machinery	46,559,249,705	-	34,394,718	567,218,039	-	47,160,862,462	4 - 72	9,985,592,020	-	951,786,593	68,987,181	11,006,365,794	36,154,496,688
Residential colony assets	547,517,192	-	335,847	-	-	547,853,039	50 - 106	88,563,892	-	9,162,025	-	98,745,917	449,107,122
Road, bridges and culverts	88,857,450	-	-	-	-	88,857,450	50	15,351,021	-	1,752,281	-	17,103,302	71,754,148
Furniture, fixtures and office equipment	132,717,922	-	9,903,834	-	(2,926,138)	139,695,618	3 - 10	104,203,355	-	6,774,615	(1,312,602)	109,665,368	30,030,250
Vehicles and rail transport	114,063,255	-	-	7,919,000	(4,228,129)	117,754,126	5	111,352,292	-	755,589	4,536,179	116,644,060	1,110,066
Tools and other equipment	155,954,681	-	60,000	-	-	156,014,681	3 - 10	151,656,522	-	882,974	-	152,539,496	3,475,185
Electrical and other installations	1,378,177,587	-	665,463	-	-	1,378,843,050	10 - 50	851,553,225	-	30,655,232	-	882,206,457	496,636,593
Plantation	296,476	-	-	-	-	296,476		296,476	-	-	-	296,476	-
Books and literature	926,479	-	-	-	-	926,479	10	824,842	-	31,817	-	856,659	69,820
Catalyst	239,130,246	-	-	-	-	239,130,246	3 - 6	156,768,674	-	35,524,407	-	192,293,081	46,837,165
Assets subject to finance lease	54,570,885,686	-	45,359,862	575,137,039	(7,372,748)	55,184,009,839		12,175,892,283	-	1,076,306,029	72,178,448	13,324,376,760	41,859,633,079
Plant and machinery	569,688,213	-	-	(569,688,213)	-	-	4 - 48	68,987,181	-	-	(68,987,181)	-	-
Vehicles	9,961,850	-	-	(7,919,000)	(2,042,850)	-	5	9,898,757	-	-	(9,898,757)	-	-
	579,650,063	-	-	(577,607,213)	(2,042,850)	-		78,825,938	-	-	(78,825,938)	-	-
	55,150,535,749	-	45,359,862	(2,470,174)	(9,415,598)	55,184,009,839		12,254,718,221	-	1,076,306,029	(6,647,490)	13,324,376,760	41,859,633,079

20.1.1

Ownership of residential colony assets included in the operating fixed assets is shared by the Company jointly with Maple Leaf Cement Factory Limited in ratio of 245:101 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of residential colony establishment for mutual benefits.

20.1.2

Following are the carrying values of freehold land, buildings on freehold land, residential colony assets, owned and leased plant and machinery that would have been included in the financial statements had the assets been carried under the cost model:

Following are the carrying values of freehold land, buildings on freehold land, residential colony assets and plant and machinery that would have been included in the financial statements had the assets been carried under the cost model:

Revalued Assets	Carrying values
Freehold land	2,324,818,700
Buildings on freehold land	1,552,153,755
Residential colony assets	55,955,365
Plant and machinery - <i>owned</i>	24,405,051,393
Plant and machinery - <i>leased</i>	363,254,904
	28,701,234,117

20.1.4 Disposal of property, plant and equipment

	2015					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain / (loss) on disposal		
	Rupees	Rupees	Rupees	Rupees	Rupees		
Owned assets							
<i>Building</i>							
2 File storage Cabinets	218,481	32,310	186,171	187,783	1,612	Auction	Ahmed Waheed Malik
<i>Furniture, fixtures and office equipment</i>							
Mitsubishi Air Conditioner	161,200	12,090	149,110	138,550	(10,560)	Auction	Ahmed Waheed Malik
Storage Cabinets	133,238	15,544	117,694	114,517	(3,177)	Auction	Ahmed Waheed Malik
Aluminum Work	126,000	14,700	111,300	108,296	(3,004)	Auction	Ahmed Waheed Malik
2 UPS APC 3000 VA	240,000	62,500	177,500	206,278	28,778	Auction	Ahmed Waheed Malik
Apple iphone 6	94,000	3,133	90,867	94,000	3,133	Auction	Ahmed Waheed Malik
Wooden Partition	95,437	11,134	84,303	82,028	(2,275)	Auction	Ahmed Waheed Malik
Office Chairs	155,250	86,682	68,568	133,436	64,868	Auction	Ahmed Waheed Malik
Tables	230,000	168,667	61,333	197,684	136,351	Auction	Ahmed Waheed Malik
Wooden Screens	57,000	6,650	50,350	48,991	(1,359)	Auction	Ahmed Waheed Malik
	1,292,125	381,100	911,025	1,123,780	212,755		
<i>Vehicles</i>							
1 Toyota Corolla	1,462,000	962,483	499,517	310,000	(189,517)	Company	Employee
1 Suzuki Cultus	970,000	501,167	468,833	360,137	(108,696)	Company	Employee
	2,432,000	1,463,650	968,350	670,137	(298,213)		
Assets with book value less than Rs. 50,000	5,472,992	4,770,430	702,562	5,259,411	4,556,849		
2015	9,415,598	6,647,490	2,768,108	7,241,111	4,473,003		
2014	143,930,751	31,637,206	112,293,545	1,516,000	(110,777,545)		

Note **2015** **2014**
Rupees **Rupees**

20.1.5 The depreciation charge for the year has been allocated as follows:

Cost of sales	30	1,071,378,468	926,768,126
Administrative and general expenses	32	4,663,090	5,199,227
Loss from experimental farms	33.2	264,471	260,723
		1,076,306,029	932,228,076

20.2 Capital work in progress

2015				
	As at 01 January 2015	Additions	Transfers	As at 31 December 2015
	Rupees	Rupees	Rupees	Rupees
Plant and machinery	34,683,219	-	(3,657,499)	31,025,720
Advances	36,612,885	866,790	(31,770,998)	5,708,677
	71,296,104	866,790	(35,428,497)	36,734,397
2014				
	As at 01 January 2014	Additions	Transfers / written off	As at 31 December 2014
	Rupees	Rupees	Rupees	Rupees
Building	4,397,050	-	(4,397,050)	-
Plant and machinery	59,181,115	22,242,622	(46,740,518)	34,683,219
Advances	-	36,612,885	-	36,612,885
	63,578,165	58,855,507	(51,137,568)	71,296,104

The closing balance of plant and machinery mainly relates to installation of electric generator for power generation and urea reactor for urea production.

Advances mainly includes advance given in respect of dedicated line for long term gas supply for FFM including AGL.

	Note	2015 Rupees	2014 Rupees
21 Intangible assets			
Oracle computer software and implementation	21.1	8,470,954	19,114,954
Goodwill acquired in business combination	21.2	2,567,310,828	2,567,310,828
		2,575,781,782	2,586,425,782
21.1 Oracle computer software and implementation			
<u>Cost</u>			
Opening		42,567,574	32,288,176
Acquired during the year		-	4,365,466
Transferred from work in progress		-	5,913,932
		42,567,574	42,567,574
<u>Accumulated amortisation</u>			
Opening		(23,452,620)	(13,486,583)
Amortisation for the year		(10,644,000)	(9,966,037)
		(34,096,620)	(23,452,620)
As at 31 December		8,470,954	19,114,954
Rate of amortisation		25%	25%

21.1.1 The software represents financial accounting software which has been capitalized by the Company. The amortisation of the software represents the total accumulated amortisation charged till the reporting date.

21.2 Azgard Nine Limited ("ANL") acquired 100% shares in the Company on 15 July 2006, inclusive of shares offered to the employees of the Company, which were divested by the employees in favour of ANL. As permitted by the terms and conditions of privatization for the purpose of raising finance ANL formed a wholly owned subsidiary; Dominion Fertilizers (Private) Limited ("DFL"). By virtue of agreement ANL transferred 69.19% shares in the Company to DFL, which were later reverted back to ANL on merger of DFL into the Company under the court order dated 07 December 2006.

This goodwill represents the excess of purchase consideration paid by ANL to the Privatization Commission of Pakistan for acquisition of the Company over DFL interest in the fair value of identifiable net assets of the Company. The amount of goodwill was transferred to the Company on merger of DFL into the Company.

The recoverable amount of goodwill was tested for impairment as at 31 December 2015, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The aforesaid plans are stated in detail in note 2.2. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 4.00% growth rate which is consistent with the long term average growth rate for the country. The cash flows are discounted using a discount rate of 10.13% for its use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2015 Rupees	2014 Rupees
22 Long term loans and advances - considered good			
Advances to employees - <i>unsecured</i>	22.1	21,461,478	23,847,856
Advances to employees - <i>secured</i>	22.2 & 22.3	1,538,728	1,808,957
		23,000,206	25,656,813
Less: Current maturity presented under current assets	27	(6,022,500)	(5,739,016)
		16,977,706	19,917,797

22.1 These represent interest free soft loans for house building, purchase of motor bike and advances pursuant to agreement with employees of the Company in accordance with the Company policy.

22.2 These represent car loans provided to employees of the Company against future salaries and retirement benefits and carry mark-up at one half of twelve month KIBOR per annum (2014: one half of twelve month KIBOR per annum).

22.3 These represent advances to executives amounting to Rs. 1.54 million (2014: Rs. 1.81 million). The movement is as follows.

	2015 Rupees	2014 Rupees
Balance as at beginning of the year	1,808,957	2,908,678
Additions during the year	779,267	-
Recoveries during the year	(1,049,496)	(1,099,721)
Balance as at closing of the year	1,538,728	1,808,957

The maximum aggregate amount outstanding during the year is Rs. 1.81 million (2014: 2.91 million).

	Note	2015 Rupees	2014 Rupees
23 Long term deposits - unsecured, considered good			
Deposits against Ijarah	23.1	23,843,060	8,444,700
Security deposits with utility companies		44,452,861	36,526,549
		68,295,921	44,971,249

23.1 These have been deposited with various banking companies and financial institutions against assets subject to Ijarah.

	2015 Rupees	2014 Rupees
24 Stores, spare parts and loose tools		
Stores	129,079,186	152,504,249
Spare parts	1,920,104,541	1,914,960,215
Loose tools	1,106,915	1,166,053
	2,050,290,642	2,068,630,517

24.1 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

	Note	2015 Rupees	2014 Rupees
25 Stock-in-trade			
Raw material		29,400,526	45,857,745
Packing material		16,913,637	17,334,708
Work in process		133,440,659	112,983,290
Finished goods - own manufactured		451,283,376	210,178,298
Net realizable value adjustment	25.1	(90,386)	(37,626,938)
		451,192,990	172,551,360
		630,947,812	348,727,103

25.1 Aggregate stocks with a cost of Rs. 18.88 million (2014: Rs. 110.59 million) are being valued at net realizable value of Rs. 18.79 million (2014 : Rs. 72.96 million).

	Note	2015 Rupees	2014 Rupees
26 Trade debts			
Considered good - unsecured		61,149,299	19,858,904
Considered doubtful - unsecured		48,710,878	48,710,878
		109,860,177	68,569,782
Less: provision for doubtful trade debts	26.1	(48,710,878)	(48,710,878)
		61,149,299	19,858,904

26.1 Movement in provision for doubtful trade debts

As at the beginning of the year		48,710,878	45,647,184
Provision for the year		-	3,063,694
As at end of the year		48,710,878	48,710,878

27 Advances, deposits, prepayments and other receivables

Advances to suppliers - unsecured, considered good		49,693,416	166,190,290
Advances to employees - unsecured, considered good			
- against salaries and post employment benefits	22	6,022,500	5,739,016
- against purchases and expenses		8,422,390	9,363,865
Deposit with High Court	19.1.3	36,000,000	36,000,000
Prepayments		12,845,250	11,453,379
Sales tax receivable	27.4	103,386,122	108,322,745
Subsidy receivable	27.1	602,149,891	550,823,960
Other receivables	27.2 & 27.3	100,380,398	97,332,671
		918,899,967	985,225,926

	Note	2015 Rupees	2014 Rupees
27.1 Subsidy receivable			
- from Ministry of Food, Agriculture and Livestock	27.1.1	550,823,960	550,823,960
- from Ministry of National Food Security and Research	27.1.2	51,325,931	-
		602,149,891	550,823,960

27.1.1 "This represents receivable from Government of Pakistan against subsidy granted by Ministry of Food, Agriculture, and Livestock ("MINFAL") amounting to Rs. 550.82 million (2014: Rs. 550.82 million) through letter No. F-4-13/2000-Fert dated 05 September 2008, on Phosphatic and Potassic Fertilizer ("PPF") at the rate of Rs. 19,120 per metric ton. The Company being a producer of PPF, was entitled to the same subsidy for the period commencing on 05 September 2008 and ending on 14 April 2009. However, on 14 April 2009 subsidy regime was withdrawn by MINFAL with retrospective effect from 31 December 2008 which was contended by the Company by filling a legal suit for recovery of subsidy relating to the period from 01 January 2009 to 14 April 2009, on the grounds that the Company had priced and sold its product in said period based on bonafide belief and legitimate expectation that subsidy regime was available and therefore the Company is entitled to the payment of aforesaid amount being the sum of the subsidy claim for said period along with markup. As per legal advisor, there is a good likelihood of the Company's success in above stated suit."

27.1.2 This includes subsidy amounting to Rs. 51.32 million (2014: Rs. Nil) at the rate of Rs. 196/- per 50 kg bag of SSP Fertilizer sold (based on phosphorous content) as notified by Ministry of National Food Security and Research ("MNFSR"), Government of Pakistan through Notification No. F.1-11/2012/DFSC-II/Fertilizer dated 03 November 2015. The subsidy was only announced for SSP fertilizer manufactured by using imported rock. The Company being producer of SSP from local rock contested the case through petition no 3982-P/2015 dated 08 December 2015 based on the fact that the said notification is discriminatory and violative of the petitioners rights. The said case was decided in the Company's favour based on the fact that there is no legal justification to deny the manufacturer subsidy if phosphate content verification from a statutory body falls within the range mentioned by Honorable High Court of Peshawar ("the Court"). On subsequent verification from the authorized body phosphate content fell within the range as a result of which the case was decided in the Company's favour. Subsequent to the year end dated 16 March 2016 MNFSR directed Federal Board of Revenue to allow payment / adjustment of subsidy as per mechanism for distribution of subsidy on phosphatic fertilizers developed by MNFSR.

27.2 This mainly includes insurance claims lodged by the Company in respect of break down of Turbomach gas turbine ("the Turbine Claim") and the consequential losses sustained by the Company from the interruption of its business ("Business interruption claim"). Provision of Rs. 343.28 million (2014: Rs 343.28 million) against claims of Rs. 393.53 million (2014: Rs. 393.53 million) representing consequential losses has been made on account of claims not accepted by the insurance company.

27.3 This mainly includes an amount of Rs. 22.93 million (2014: Rs. Nil) relating to housing colony receivable.

27.4 The Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 11(2) of the Sales Tax Act, 1990 dated 26 January 2015 whereby creating demand of Rs. 165.7 million. The Company being aggrieved preferred an appeal before CIR (A) dated 31 July 2015 against the said order. The Learned CIR (A) passed an order dated 06 October 2015, whereby annulling the said demand. Resultantly, AGL preferred an appeal before ATIR against the order of CIR (A) which is pending fixation. The Company and the tax advisor are expecting a favourable outcome in this matter. The Company is confident that it has a good case and there are reasonable chances of favorable decision.

	Note	2015 Rupees	2014 Rupees
28 Cash and bank balances			
Cash in hand		477,861	589,705
Cash at banks			
- current accounts		148,651,180	53,217,853
- savings accounts	28.1	7,158,425	64,946,863
- term deposit receipts	28.2	327,000,000	310,000,000
		482,809,605	428,164,716
		483,287,466	428,754,421

28.1 Rate of return on saving accounts ranges from 4.00% to 7.00% per annum (2014: 6.00% to 8.20% per annum).

28.2 These represent fixed deposits with commercial banks with maturity of less than three months and carry return ranging from 5.00% to 6.00% (2014: 8.00% to 9.20%) per annum.

	Note	2015 Rupees	2014 Rupees
29 Sales - net			
Sale of fertilizers			
- own manufactured		3,853,637,937	3,064,974,868
- trading stock		-	1,014,461
Other products - own manufactured		514,351,172	276,382,477
- subsidy from MNFSR	27.1.2	51,325,931	-
Gross sales		4,419,315,040	3,342,371,806
Sales tax		(670,492,856)	(499,550,986)
Trade discounts		(206,251,914)	(48,193,145)
Net sales		3,542,570,270	2,794,627,675
30 Cost of sales			
Raw and packing material consumed		1,846,520,695	1,510,361,821
Salaries, wages and other benefits	30.1	410,334,486	479,988,763
Fuel and power		863,552,736	646,188,524
Stores, spare part and loose tools consumed		183,575,041	116,043,956
Travelling, conveyance and entertainment		4,233,380	6,332,531
Rent, rates and taxes		523,324	408,728
Insurance expenses		46,291,265	51,322,476
Repair and maintenance		14,984,427	28,922,265
Research and development		3,632,500	65,000
Depreciation	20.1.5	1,071,378,468	926,768,126
Printing and stationery		1,245,377	1,569,688
Communication		4,488,450	5,317,391
Loading and handling charges		9,914,195	9,354,797
Ijarah lease rentals	30.2	18,460,116	14,627,093
Contract services		18,014,757	17,717,391
Others	30.3	54,853,651	68,189,081
		4,552,002,868	3,883,177,631
Opening work-in-process		112,983,290	103,460,465
Closing work-in-process		(133,440,659)	(112,983,290)
		(20,457,369)	(9,522,825)
Cost of goods manufactured		4,531,545,499	3,873,654,806
Finished goods			
As at beginning of the year		172,551,360	196,718,325
As at end of the year		(451,192,990)	(172,551,360)
		(278,641,630)	24,166,965
Cost of goods sold - own manufactured		4,252,903,869	3,897,821,771
Cost of goods sold - trading stock			
- cost of purchase including ancillary costs		-	1,544,086
		4,252,903,869	3,899,365,857

30.1 These include charges in respect of employees' retirement benefits amounting to Rs. 7.01 million (2014: Rs. 6.30 million) and Rs 11.29 million (2014: Rs. 15.14 million) on account of gratuity and provident fund respectively and VSS accepted during the year amounting to Rs. 4.07 million (2014: Rs. 10.04 million).

30.2 This represents vehicles provided to the executives under the Company's policy.

30.3 Other expenses include housing colony expenses aggregating to Rs. 19.06 million (2014: Rs. 28.69 million).

	Note	2015 Rupees	2014 Rupees
31 Selling and distribution expenses			
Salaries and other benefits	31.1	27,499,938	50,527,470
Freight and other expenses		101,248,238	53,023,001
Communication		713,433	843,624
Travelling		583,578	442,545
Advertisement and marketing		16,165,080	2,227,072
Rent, rates and taxes		33,647	36,468
Vehicle running and maintenance		490,368	410,944
Printing and stationery		161,145	297,775
Security services		2,064,111	3,983,800
Ijarah rentals	30.2	3,582,788	4,227,553
Miscellaneous		8,403,412	15,502,406
		160,945,738	131,522,658

31.1 These include charges in respect of employees retirement benefits amounting to Rs. 0.09 million (2014: Rs. 0.73 million) and Rs. 1.68 million (2014: Rs. 2.06 million) on account of gratuity and provident fund respectively and VSS accepted during the year amounting to Rs. 2.56 million (2014: Rs. 7.74 million).

	Note	2015 Rupees	2014 Rupees
32 Administrative and general expenses			
Salaries and other benefits	32.1	118,444,204	154,038,667
Travelling, conveyance and entertainment		6,217,772	8,311,516
Rent, rates and taxes		2,977,615	2,136,514
Printing and stationery		2,106,787	2,541,718
Communication		2,312,949	3,915,333
Legal and professional charges	32.2 & 32.3	409,037,795	419,673,602
Depreciation	20.1.5	4,663,090	5,199,227
Amortisation of computer software	21.1	10,644,000	9,966,037
Guest house expenses		358,375	170,668
Utilities		5,367,590	6,401,448
Repair and maintenance		571,826	1,060,431
Insurance expenses		469,647	592,290
Security services		25,090,829	23,378,878
Ijarah rentals	30.2	5,670,689	9,573,475
Others		25,881,051	29,592,633
		619,814,219	676,552,437

32.1 These include charges in respect of employees' retirement benefits amounting to Rs. 1.62 million (2014: Rs. 1.12 million) and Rs. 2.37 million (2014: Rs. 3.97 million) on account of gratuity and provident fund respectively and VSS accepted during the year amounting to Rs. 1.19 million (2014: Rs. 5.61 million).

		2015 Rupees	2014 Rupees
32.2	These include following in respect of auditors' remuneration:		
	Statutory audit fee for the year	4,250,000	3,703,000
	Review report under Code of Corporate Governance	65,000	54,224
	Interim review	966,000	840,000
	Taxation and other services	3,426,000	3,142,538
	Out of pocket expenses	700,000	604,000
		9,407,000	8,343,762

32.3 These also include an amount of Rs 360 million (2014: Rs. 360 million), accrued by the Company in relation with services provided by the National Bank Limited ("associated company") under Master Advisory Services Agreement.

	Note	2015 Rupees	2014 Rupees
33	Other expenses		
	Provision for doubtful trade debts	26.1	-
	Donations	33.1	15,000
	Loss from experimental farm	33.2	1,491,920
	Loss on disposal / written off of plant and machinery		-
			115,174,595
		1,506,920	119,169,414

33.1 None of the directors or their spouses had any interest in respect of these donations.

33.2 This includes depreciation amounting to Rs. 0.26 million (2014: Rs. 0.26 million).

	Note	2015 Rupees	2014 Rupees
34	Other income		
	<u>Income from financial assets</u>		
	Return on bank deposits	6,366,739	33,490,146
	Insurance claim -net of provision	27.2	-
	Mark-up on advances to employees	251,437	164,219
		6,618,176	83,904,365
	<u>Income from non-financial assets</u>		
	Gain on disposal of property, plant and equipment	4,473,003	-
	Miscellaneous	34.1	29,301,862
		33,774,865	9,259,553
		40,393,041	93,163,918

34.1 This majorly includes compensation received from SNGPL for use of Company's land for installation of gas pipeline and 25.00% of lease liability being waived off by various leasing institutions for settlement of its overdue lease liabilities amounting to Rs. 7.66 million (2014: Nil) and Rs. 9.11 million (2014: Nil) respectively.

	Note	2015 Rupees	2014 Rupees
35 Finance cost			
Interest / mark-up on:			
- Redeemable capital		1,173,708,225	1,384,474,609
- Long term finances		763,216,311	902,411,946
- Liabilities against assets subject to finance lease		440,838	8,825,160
- Short term borrowings		339,022,668	552,429,826
- Gas Infrastructure Development Cess	35.1	(121,711,631)	247,525,971
- Workers' Welfare Fund ("WWF")	16.2	686,599	872,796
		2,155,363,010	3,096,540,308
Amortisation of transaction costs and deferred notional income	8 & 9	64,216,277	106,968,246
Bank charges and commission		10,152,453	10,832,619
		2,229,731,740	3,214,341,173

35.1 This represents markup charged by SNGPL on Gas Infrastructure Development Cess. SNGPL has reversed markup in the monthly gas bills amounting to Rs. 312.03 million (2014: Nil) related to period before 30 June 2015.

	Note	2015 Rupees	2014 Rupees
36 Taxation			
Income tax			
- current year	36.1	28,165,653	28,428,208
- prior year		(28,428,209)	45,227,805
Deferred tax	13.2	(191,459,266)	(922,841,609)
		(191,721,822)	(849,185,596)

36.1 Provision for current tax has been made in accordance with section 113 'Minimum tax on income of certain persons' of the Income Tax Ordinance, 2001. There is no relationship between tax expense and accounting loss as the provision for current taxation is based on turnover tax therefore no numerical reconciliation has been presented.

36.2 Income Tax Return for the tax year ended 30 June 2008 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 4,206.80 million and claimed refund of Rs. 26.75 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 December 2013 and assessed tax loss at Rs. 1,106.38 million by making various additions to tune of Rs. 406.27 million.

The Company being aggrieved preferred an appeal before CIR (A) on 17 June 2014 against the aforementioned order. The appeal was heard on 23 July 2014 by the CIR (A) and was partially decided in favor of the Company. Resultantly, AGL preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which is pending fixation. The Company is confident that it has a good case and there are reasonable chances of favorable decision.

36.3 Income Tax Return for the tax year ended 30 June 2009 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 5,657.31 million and claiming refund of Rs. 140.27 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 January 2015 whereby creating a demand of Rs. 42.88 million.

The Company being aggrieved preferred an appeal before CIR (A) on 16 June 2015 against the aforementioned order which is pending fixation. The Company is confident that it has a good case and there are reasonable chances of favorable decision.

	2015 Rupees	2014 Rupees
37 Loss per share - basic and diluted		
Loss attributable to ordinary shareholders	(3,490,217,353)	(4,303,974,350)
Adjustment for cumulative preference share dividend	(175,267,696)	(175,267,696)
Loss after taxation for calculation of basic earnings per share	(3,665,485,049)	(4,479,242,046)

	2015 Number of shares	2014 Number of shares
Weighted average number of ordinary shares outstanding during the year	392,430,000	392,430,000
Loss per share - basic and diluted (Rupees)	(9.34)	(11.41)

The effect of conversion of preference shares into ordinary shares is anti-dilutive, accordingly the diluted LPS is restricted to basic LPS.

	Note	2015 Rupees	2014 Rupees
38 Cash generated from operations			
Loss after taxation		(3,490,217,353)	(4,303,974,350)
<u>Adjustments for non-cash and other items:</u>			
Interest / mark-up expense	35	2,165,515,463	3,107,372,927
Amortisation of transaction costs	35	64,216,277	106,968,246
Taxation	36	(191,721,822)	(849,185,596)
Depreciation	20.1.5	1,076,306,029	932,228,076
Amortisation of computer software	21.1	10,644,000	9,966,037
Staff retirement benefits		24,077,275	51,487,878
Net realisable value adjustment	25	90,386	37,626,938
Provision for doubtful trade debts	26.1	-	3,063,694
Mark-up / interest income	34	(6,618,176)	(33,654,365)
(Gain) / loss on disposal / write off of plant and machinery	33	(4,473,003)	115,174,595
		3,138,036,429	3,481,048,430
Operating loss before changes in working capital		(352,180,924)	(822,925,920)
<u>Changes in working capital:</u>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		18,339,875	(30,791,868)
Stock-in-trade		(282,311,095)	152,966,206
Trade debts		(41,290,395)	(8,507,216)
Advances, deposits, prepayments and other receivables		66,325,959	371,139,777
		(238,935,656)	484,806,899
<i>Increase in current liabilities:</i>			
Trade and other payables		976,345,764	662,962,637
Cash generated from operations		385,229,184	324,843,616

	Note	2015 Rupees	2014 Rupees
39 Cash and cash equivalents			
Running finance - <i>secured</i>	15	(2,708,040,990)	(2,628,491,528)
Cash and bank balances	28	483,287,466	428,754,421
		(2,224,753,524)	(2,199,737,107)

40 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (including the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties and continues to have a policy whereby all such transactions are carried out at arm's length with the exceptions as approved by the Board of Directors.

Details of transactions and balances with related parties are as follows:

	Note	2015 Rupees	2014 Rupees
40.1 Transactions with related parties			
40.1.1 <u>Associate</u>			
National Bank of Pakistan			
Mark-up expense	35	328,088,834	388,707,796
Preference dividend		3,804,632	36,127,634
Advisory fee	32.3	360,000,000	360,000,000
Advisory fee paid		10,000,000	34,800,000
Bank balances - <i>net</i>		(205,439,639)	142,841,249
40.1.2 <u>Other related parties</u>			
Faysal Bank Limited			
Mark-up expense	35	188,191,162	226,693,806
Preference dividend		34,139,153	34,139,153
Trustee fee	32.3	7,534,143	5,034,172
Bank balances - <i>net</i>		(18,163)	(738,102,754)
Short term borrowings - <i>net</i>		-	(63,186,326)
Standard Chartered Bank (Pakistan) Limited			
Mark-up expense	35	159,958,870	185,068,280
Mark-up paid		2,277,403	-
Long term loan repaid	9.3	15,810,000	-
Bills payable - <i>net</i>	15	5,220,000	-
Bank balances - <i>net</i>		13,238,809	-
SilkBank Limited			
Mark-up expense	35	59,536,721	77,882,738
Mark-up paid		42,866,762	46,594,020
Short term borrowings - <i>net</i>		51,712,607	(24,259,873)
Bank balances - <i>net</i>		153,000,000	-
Bills payable - <i>net</i>		(24,796,733)	-
Summit Bank Limited			
Mark-up expense	35	94,289,261	135,891,692
Mark-up paid		103,899,816	44,101,997
Short term borrowings - <i>net</i>		10,771,576	137,070,238
Bank balances - <i>net</i>		(5,906,975)	131,112,678

	Note	2015 Rupees	2014 Rupees
40.1.3 <u>Post employment benefit plans</u>			
- Provident Fund Trust	16.1	30,685,730	43,338,890
- Gratuity Trust	12.1.3	3,315,986	14,353,342

40.1.4 Key management personnel

The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 41 to the financial statements.

	Note	2015 Rupees	2014 Rupees
40.2 Balances with related parties			
40.2.1 <u>Associate</u>			
National Bank of Pakistan			
Long term finances	9.1, 9.3 & 9.5	2,467,083,735	2,467,083,735
Redeemable capital	8.2	462,057,100	462,057,100
Bills payable	15	187,030,000	187,030,000
Preference shares	5	34,587,560	34,587,560
Mark-up payable	17	1,896,207,042	1,568,118,208
Preference dividend payable		167,153,184	163,348,552
Bank accounts	28	1,591,414	207,031,053
Advisory fee	16	782,200,000	359,600,000
Advance for transaction cost	27	23,200,000	23,200,000
40.2.2 <u>Other related parties</u>			
Faysal Bank Limited			
Redeemable capital	8.2 & 8.7	1,499,109,500	1,499,109,500
Long term finances	9.2 & 9.3	350,000,000	350,000,000
Preference shares	5	310,355,940	310,355,940
Mark-up payable	17	1,017,405,696	829,214,534
Preference dividend payable		132,347,677	98,208,523
Bank accounts	28	1,339,261	1,357,424
Standard Chartered Bank (Pakistan) Limited			
Redeemable capital	8.4	146,995,500	146,995,500
Long term finances	9.1 & 9.3	1,484,094,160	1,499,904,160
Mark-up payable	17	856,818,420	699,136,953
Bills payable	15	5,220,000	-
Bank accounts	28	13,238,809	-
SilkBank Limited			
Long term finances	9.3	130,607,546	130,607,546
Short term borrowings	15	552,816,153	501,103,546
Bills payable	15	-	24,796,733
Mark-up payable	17	180,642,119	163,972,159
Bank accounts	28	153,000,000	-
Summit Bank Limited			
Redeemable capital	8.2 & 8.4	603,406,000	603,406,000
Short term borrowings	15	670,768,193	659,996,617
Mark-up payable	17	241,066,507	250,677,062
Bank accounts	16 & 27	125,097,564	131,004,539

	Note	2015 Rupees	2014 Rupees
40.2.3 Post employment benefit plans			
Payable to Provident Fund Trust	16.1	-	-
Payable to Gratuity Trust	12	22,891,426	15,169,860

41 Remuneration of Chief Executive, Directors and Executives

The aggregate amount in respect of Chief Executive, Directors and Executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such Directors and Executives are as follows:

	2015			
	Directors			Executives
	Chief Executive	Executive	Non-executive	
	Rupees	Rupees	Rupees	
Managerial remuneration	17,304,000	1,977,145	-	83,074,452
House rent allowance	308,571	593,145	-	34,089,360
Utility allowance	1,730,400	197,710	-	2,583,842
Hard area allowance	-	-	-	13,689,756
Other	60,000	130,000	-	3,908,600
Post employment benefits	85,680	408,144	-	6,844,308
Termination benefits	-	-	-	7,815,538
Meeting fee	-	-	1,013,255	-
	19,488,651	3,306,144	1,013,255	152,005,856
Number of persons	1	1	6	101
	2014			
	Directors			Executives
	Chief Executive	Executive	Non-executive	
	Rupees	Rupees	Rupees	
Managerial remuneration	12,428,568	4,745,148	-	120,362,447
House rent allowance	3,728,568	1,423,548	-	45,409,228
Utility allowance	1,242,864	474,504	-	5,018,856
Hard area allowance	-	-	-	18,171,384
Other	600,000	312,000	-	6,106,200
Post employment benefits	1,035,300	395,268	-	10,163,308
Termination benefits	-	-	-	23,387,712
Meeting fee	-	-	3,150,000	-
	19,035,300	7,350,468	3,150,000	228,619,135
Number of persons	1	1	6	121

Chief executive, executive director and certain executives are provided with free use of Company maintained car. Other terms and conditions are as per the terms of reference of the respective employment contracts. Executive director resigned from directorship on 01 June 2015 and then became executive of the Company.

42 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- 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)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees				
As at 31 December 2015							
Financial assets - not measured at fair value							
Long term loans and advances	16,977,706	-	16,977,706	-	-	-	-
Long term deposits	68,295,921	-	68,295,921	-	-	-	-
Trade debts	61,149,299	-	61,149,299	-	-	-	-
Advances and other receivables	94,496,298	-	94,496,298	-	-	-	-
Cash and bank balances	483,287,466	-	483,287,466	-	-	-	-
	724,206,690	-	724,206,690	-	-	-	-
Financial liabilities - not measured at fair value							
Redeemable capital	-	12,165,534,546	12,165,534,546	-	-	-	-
Long term finances	-	7,266,107,398	7,266,107,398	-	-	-	-
Liabilities against assets							
subject to finance lease	-	-	-	-	-	-	-
Long term payable	-	31,135,199	31,135,199	-	-	-	-
Short term borrowings	-	3,674,801,309	3,674,801,309	-	-	-	-
Trade and other creditors	-	3,581,598,842	3,581,598,842	-	-	-	-
Accrued liabilities	-	161,480,754	161,480,754	-	-	-	-
Security deposits and retention money	-	30,451,133	30,451,133	-	-	-	-
Voluntary separation scheme	-	765,390	765,390	-	-	-	-
Other payables	-	33,704,453	33,704,453	-	-	-	-
Mark-up accrued on borrowings	-	11,203,349,154	11,203,349,154	-	-	-	-
Preference dividend payable	-	679,284,007	679,284,007	-	-	-	-
	-	38,828,212,185	38,828,212,185	-	-	-	-
As at 31 December 2014							
Financial assets - not measured at fair value							
Long term loans and advances	19,917,797	-	19,917,797	-	-	-	-
Long term deposits	44,971,249	-	44,971,249	-	-	-	-
Trade debts	19,858,904	-	19,858,904	-	-	-	-
Advances and other receivables	99,962,965	-	99,962,965	-	-	-	-
Cash and bank balances	428,754,421	-	428,754,421	-	-	-	-
	613,465,336	-	613,465,336	-	-	-	-
Financial liabilities - not measured at fair value							
Redeemable capital	-	12,165,534,546	12,165,534,546	-	-	-	-
Long term finances	-	7,281,917,398	7,281,917,398	-	-	-	-
Liabilities against assets							
subject to finance lease	-	40,821,115	40,821,115	-	-	-	-
Long term payable	-	31,135,199	31,135,199	-	-	-	-
Short term borrowings	-	3,677,177,328	3,677,177,328	-	-	-	-
Trade and other creditors	-	2,658,362,954	2,658,362,954	-	-	-	-
Accrued liabilities	-	182,305,889	182,305,889	-	-	-	-
Security deposits and retention money	-	34,163,050	34,163,050	-	-	-	-
Voluntary separation scheme	-	23,387,712	23,387,712	-	-	-	-
Other payables	-	54,598,587	54,598,587	-	-	-	-
Mark-up accrued on borrowings	-	9,170,644,512	9,170,644,512	-	-	-	-
Preference dividend payable	-	504,016,311	504,016,311	-	-	-	-
	-	35,824,064,601	35,824,064,601	-	-	-	-

43 Financial risk management

The Company's activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board has developed a risk policy that sets out fundamentals of risk management framework.

Risk Management Framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

43.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

43.1.1 Exposure to credit risk

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Out of total financial assets of Rs. 724.21 million (2014: Rs. 613.47 million), the financial assets that are subject to credit risk amount to Rs. 700.73 million (2014: Rs. 587.22 million).

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2015 Rupees	2014 Rupees
<u>Loans and receivables</u>			
Long term deposits - <i>unsecured, considered good</i>	23	68,295,921	44,971,249
Trade debts - <i>considered good</i>	26	61,149,299	19,858,904
Advances and other receivables	27	88,473,798	94,223,949
Bank balances	28	482,809,605	428,164,716
		700,728,623	587,218,818

43.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counter party is as follows:

	2015 Rupees	2014 Rupees
Customers	61,149,299	19,858,904
Banking companies and financial institutions	497,952,665	436,609,416
Others	141,626,659	130,750,498
	700,728,623	587,218,818

43.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

43.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits, bank guarantees, security deposits and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks and financial institutions

Bank	Rating		Rating Agency	2015	2014
	Long term	Short term		Rupees	Rupees
Bank balances					
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	803,588	8,912,931
Allied Bank Limited	AA+	A1+	PACRA	6,499,187	31,295,198
Askari Bank Limited	AA	A-1+	JCR-VIS	4,361,241	6,266,382
Bank Alfalah Limited	AA	A1+	PACRA	-	115,349
BankIslami Pakistan Limited	A+	A1	PACRA	35,518	2,496,183
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	1,548,199	1,548,199
Faysal Bank Limited	AA	A1+	PACRA	1,339,261	1,357,424
Habib Bank Limited	AAA	A-1+	JCR-VIS	14,850,472	18,392,920
JS Bank Limited	A+	A1+	PACRA	49,000,000	-
MCB Bank Limited	AAA	A1+	PACRA	8,911,627	84,011
Meezan Bank Limited	AA	A-1+	JCR-VIS	23,388,720	-
National Bank Limited	AAA	A1+	PACRA	1,591,414	207,031,053
NIB Bank Limited	AA-	A1+	PACRA	9,750	392,852
SilkBank Limited	A-	A-2	JCR-VIS	153,000,000	-
Soneri Bank Limited	AA-	A1+	PACRA	411,382	3,273,099
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	13,238,809	-
Summit Bank Limited	A	A-1	JCR-VIS	125,097,564	131,004,539
The Bank Of Punjab	AA-	A1+	PACRA	5,735	-
United Bank Limited	AA+	A-1+	JCR-VIS	78,717,138	15,994,576
				482,809,605	428,164,716
Security Deposits					
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	9,257,860	4,304,700
BankIslami Pakistan Limited	A+	A1	PACRA	3,752,100	4,140,000
JS Bank Limited	A+	A1+	PACRA	2,133,100	-
				15,143,060	8,444,700
				497,952,665	436,609,416

43.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. Major sales of the Company are on advance basis, however for few customers the Company is exposed to credit risk in respect of trade debts. Major portion of sales made to customers are secured against bank guarantees. The analysis of age of trade debts at the reporting date is as follows:

	2015		2014	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	59,579,107	-	5,973,834	-
Past due by 3 to 6 months	-	-	5,869,178	-
Past due by 6 to 12 months	560,840	-	4,385,004	-
Past due by more than one year	49,720,230	48,710,878	52,341,766	48,710,878
	109,860,177	48,710,878	68,569,782	48,710,878

The Board has formulated a policy to create provision allowance for trade debts on a time based criteria. Provision allowance for closing trade debts has adequately been created in accordance with the approved policy. Further, based on historical default rates, the Company believes that no impairment allowance other than already provided is necessary in respect of trade receivables not past due or those past due by less than one year, since these relate to customers who have had good payment record with the Company.

43.1.4 **Credit risk management:**

As mentioned in note 43.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk with the exception of trade debts, which is also very limited. In this respect, Company manages its risk by selling on advance payments or bank guarantees. Moreover, the Company avoids any significant exposure to a single customer.

43.2 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

43.2.1 **Exposure to liquidity risk**

43.2.1(a) **Contractual maturities of financial liabilities, including estimated interest payments**

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, include estimated interest payments and exclude the impact of netting agreements.

	2015				
	Carrying amount	Contractual cash flow	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<i>Non-derivative financial liabilities</i>					
Redeemable capital - secured	12,165,534,546	13,747,726,247	6,144,509,493	5,423,246,801	2,179,969,953
Long term finances - secured	7,266,107,398	7,863,126,556	5,278,228,424	1,948,470,505	636,427,627
Liability against assets subject to finance lease	-	-	-	-	-
Long term payable	31,135,199	31,135,199	-	-	31,135,199
Short term borrowings - secured	3,674,801,309	3,907,147,196	3,907,147,196	-	-
Trade and other creditors	3,581,598,842	3,581,598,842	3,581,598,842	-	-
Accrued liabilities	161,480,754	161,480,754	161,480,754	-	-
Security deposits and retention money	30,451,133	30,451,133	30,451,133	-	-
Other payables	33,704,453	33,704,453	33,704,453	-	-
Mark-up accrued on borrowings	11,203,349,154	11,203,349,154	11,203,349,154	-	-
Preference dividend payable	679,284,007	679,284,007	679,284,007	-	-
Voluntary separation scheme	765,390	765,390	765,390	-	-
	38,828,212,185	41,239,768,931	31,020,518,846	7,371,717,306	2,847,532,779

2014

	Carrying amount	Contractual cash flow	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<u>Non-derivative financial liabilities</u>					
Redeemable capital - <i>secured</i>	12,165,534,546	15,350,742,691	5,095,550,867	5,613,405,854	4,641,785,970
Long term finances - <i>secured</i>	7,281,917,398	8,684,177,468	4,155,803,147	3,156,539,876	1,371,834,445
Liability against assets subject to finance lease	40,821,115	46,180,927	46,180,927	-	-
Long term payable	31,135,199	31,135,199	-	-	31,135,199
Short term borrowings - <i>secured</i>	3,677,177,328	3,972,509,002	3,972,509,002	-	-
Trade and other creditors	2,658,362,954	2,658,362,954	2,658,362,954	-	-
Accrued liabilities	182,305,889	182,305,889	182,305,889	-	-
Security deposits and retention money	34,163,050	34,163,050	34,163,050	-	-
Other payables	54,598,587	54,598,587	54,598,587	-	-
Mark-up accrued on borrowings	9,170,644,512	9,170,644,512	9,170,644,512	-	-
Preference dividend payable	504,016,311	504,016,311	504,016,311	-	-
Voluntary separation scheme	23,387,712	23,387,712	23,387,712	-	-
	35,824,064,601	40,712,224,302	25,897,522,958	8,769,945,730	6,044,755,614

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

43.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company continues to face a liquidity shortfall, due to the facts disclosed in note 2.2, as a result of which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities are as follows:

		2015		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<u>Nature of liability</u>	<i>Note</i>			
Redeemable capital	8	4,006,061,496	5,727,701,860	9,733,763,356
Long term finances	9	3,547,012,973	4,171,090,037	7,718,103,010
Short term borrowings	15	459,640,155	520,394,301	980,034,456
		8,012,714,624	10,419,186,198	18,431,900,822

		2014		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<u>Nature of Liability</u>				
Redeemable capital	8	2,387,786,010	4,419,803,214	6,807,589,224
Long term finances	9	2,231,377,371	3,363,972,614	5,595,349,985
Liabilities against assets subject to finance lease	10	40,821,115	-	40,821,115
Short term borrowings	15	581,906,209	279,671,483	861,577,692
		5,241,890,705	8,063,447,311	13,305,338,016

In lieu of prevailing situation, the Company appointed National Bank of Pakistan ("NBP") as Financial Advisor ("FA") to review its capital structure and propose financial rehabilitation plan. The Company was unable to meet its financial obligations due to liquidity constraints as a result of gas curtailment, and its debt burden ballooned in the form of principal and overdue mark up. It was in this backdrop that FA was mandated to propose the most suitable capital structure based on a realistic view of gas availability. After analyzing the situation, complete debt plus mark-up conversion into Preference Shares was proposed. The Board as part of the rehabilitation plan approved to offer settlement of entire accrued mark up till 31 December 2013. This scheme has been approved in BOD meeting and subsequently approved by shareholders in an Extra Ordinary General Meeting. The Company has obtained necessary NOCs from the lenders and expects to complete remaining procedure within 2016. By implementing this scheme, the Company will achieve suitable capital structure, reduce servicing burden to a sustainable level eventually leading to improved financial position.

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

43.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

43.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	USD	
	2015	2014
	Rupees	Rupees
Off balance sheet items		
- Outstanding letters of credit	-	16,943,053
Net balance sheet exposure	-	16,943,053

43.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

	USD	
	2015	2014
	Rupees	Rupees
<i>Reporting date spot rate:</i>		
- buying	103.73	100.18
- selling	105.84	100.92
Average rate for the year	102.73	101.08

43.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the US Dollar would have affected the measurement of financial instruments denominated in foreign currency and affected profit and loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit	
	2015	2014
	Rupees	Rupees
USD	-	169,431
	-	169,431

43.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is only Nil (2014: 0.03%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

43.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

43.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2015		2014	
		Financial asset	Financial liability	Financial asset	Financial liability
		Rupees	Rupees	Rupees	Rupees
<u>Non-derivative financial instruments</u>					
Redeemable capital	8	-	618,685,000	-	618,685,000
Long term advance to employees	22	6,303,412	-	5,897,540	-
Bank balances at saving accounts	28	334,158,425	-	374,946,863	-
		340,461,837	618,685,000	380,844,403	618,685,000

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

43.3.2(b) Variable rate financial instruments

	Note	2015		2014	
		Financial asset	Financial liability	Financial asset	Financial liability
		Rupees	Rupees	Rupees	Rupees
<u>Non-derivative financial instruments</u>					
Redeemable capital - secured	8	-	10,998,024,546	-	10,998,024,546
Long term finances - secured	9	-	7,266,107,398	-	7,281,917,398
Liability against assets subject to finance lease	10	-	-	-	40,821,115
Short term borrowings - secured	15	-	3,674,801,309	-	3,677,177,328
		-	21,938,933,253	-	21,997,940,387

43.3.2(c) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as at the reporting date would have increased / (decreased) loss by amounts presented below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	2015 Rupees	2014 Rupees
<u>Increase of 100 basis points</u>		
Variable rate instruments	(219,389,333)	(219,979,404)
<u>Decrease of 100 basis points</u>		
Variable rate instruments	219,389,333	219,979,404

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

43.3.2(d) Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

43.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

43.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

44 **Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises redeemable capital, long term finances and liabilities against assets subject to finance lease, including current maturity. Total capital employed includes total equity as shown in the balance sheet, including surplus on revaluation of property, plant and equipment. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Total debt	19,431,641,944	19,488,273,059
Total equity	6,899,939,300	9,911,786,482
Total capital employed	26,331,581,244	29,400,059,541
Gearing	74%	66%

There were no changes in the Company's approach to capital management during the year. Further the Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date. The consequences of non-compliance are narrated in note 2.3.

	2015 Rupees	2014 Rupees
45 Restriction on title, and assets pledged as security		
<u>Mortgages and charges</u>		
Hypothecation of stocks and movables	23,861,430,000	23,861,430,000
Hypothecation of book debts and receivables	26,144,763,333	26,144,763,333
Mortgage over land and building	29,005,040,872	29,005,040,872
Hypothecation of plant and machinery	35,372,373,872	34,705,373,872

46 Segment reporting

46.1 The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

Reportable Segments

Urea fertilizer segment
Phosphate fertilizer segment
Information regarding the Company's reportable segments is presented below:

Operation of reportable segments

production of Urea fertilizer & ammonia from natural gas
production of Phosphate fertilizer from rock phosphate

46.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
External revenues	2,644,353,332	1,674,608,715	898,216,938	1,120,018,960	3,542,570,270	2,794,627,675
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	2,644,353,332	1,674,608,715	898,216,938	1,120,018,960	3,542,570,270	2,794,627,675
Reportable segment loss before tax	(3,660,249,986)	(5,111,179,974)	(21,689,189)	(41,979,972)	(3,681,939,175)	(5,153,159,946)

46.3 Other segment information

Interest revenue	6,449,024	31,636,643	169,152	2,017,722	6,618,176	33,654,365
Interest expense	2,229,585,140	3,214,212,352	146,600	128,821	2,229,731,740	3,214,341,173
Depreciation	1,022,491,471	873,172,027	53,814,558	59,056,049	1,076,306,029	932,228,076
Amortisation	10,644,000	9,966,037	-	-	10,644,000	9,966,037
Capital expenditure	11,012,278	270,656,581	(214,123)	20,583,657	10,798,155	291,240,238

46.4 Segment assets and liabilities

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Reportable segment assets	45,017,008,202	45,557,707,570	4,693,447,242	4,797,631,960	49,710,455,444	50,355,339,530
Reportable segment liabilities	41,703,223,778	39,264,444,059	1,107,292,366	1,179,108,989	42,810,516,144	40,443,553,048

46.5 Reconciliations of reportable segment revenues, loss, assets, liabilities and other material items.

	2015 Rupees	2014 Rupees
46.5.1 Profit and loss		
Total loss for reportable segments	(3,681,939,175)	(5,153,159,946)
Unallocated corporate expenses	191,721,822	849,185,596
Consolidated loss after tax	(3,490,217,353)	(4,303,974,350)

	2015 Rupees	2014 Rupees
46.5.2 Assets		
Total assets for reportable segments	49,710,455,444	50,355,339,530
Elimination of inter-segment assets	(726,222,803)	(708,869,514)
Consolidated assets	48,984,232,641	49,646,470,016
46.5.3 Liabilities		
Total liabilities for reportable segments	42,810,516,144	40,443,553,048
Elimination of inter-segment liabilities	(726,222,803)	(708,869,514)
Consolidated liabilities	42,084,293,341	39,734,683,534

46.5.4 Other material items

The inter-segment transactions related to other material items are insignificant.

46.6 Geographical information

The urea and phosphate fertilizer segments are managed and operated locally, therefore, no geographical information is presented in these financial statements.

46.7 100% (2014: 100%) of the gross sales of the Company are made to customers located in Pakistan.

46.8 All non-current assets of the Company as at 31 December 2015 are located in Pakistan.

47 Plant capacity and actual production

	Unit	2015	2014
Urea fertilizer			
Rated capacity	Metric tons	433,125	433,125
Actual production for the year	Metric tons	87,009	42,323
Production efficiency	%age	20%	10%
The low production is due to shortage of natural gas.			
Phosphate fertilizer			
Rated capacity	Metric tons	81,000	81,000
Actual production for the year	Metric tons	53,207	80,030
Production efficiency	%age	66%	99%

48 Provident Fund Trust

The following information is based on latest audited financial statements of the Provident Fund Trust.

		30 June 2015	30 June 2014
Size of fund - <i>total assets</i>	Rupees	154,760,144	157,989,072
Cost of investments made	Rupees	126,000,568	135,557,085
Percentage of investments made	Percentage	81.42%	85.80%
Fair value of investments	Rupees	142,444,058	146,616,972

The breakup of fair value of investments is as follows:

	30 June 2015		30 June 2014	
	Rupees	Percentage	Rupees	Percentage
Shares of listed companies	45,182	0.03%	40,488	0.03%
Debt securities	5,000,000	3.51%	5,000,000	3.41%
Mutual funds	22,543,503	15.83%	17,164,594	11.71%
Saving certificates	17,600,000	12.36%	16,000,000	10.91%
Cash at bank	97,255,373	68.28%	108,411,890	73.94%
	142,444,058	100.00%	146,616,972	100.00%

The investments out of the Provident Fund Trust are in compliance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

49 Number of employees

The average and total number of employees are as follows:

	2015	2014
Average number of employees during the year	799	941
Total number of employees as at	770	908

50 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation.

51 Date of authorization for issue

These financial statements were authorized for issue on 09 April 2016 by the Board of Directors of the Company.

52 General

Figures have been rounded off to the nearest rupee.

Lahore


Acting Chief Executive


Director

Notice of Annual General Meeting

Notice is hereby given to all the members of **Agritech Limited** (the "Company") that an **Annual General Meeting** of the Company is scheduled to be held on April 30, 2016 at 12:30 PM at Park Plaza Hotel, 107-B3, MM Alam Road, Gulberg III, Lahore to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on July 15, 2015;
2. To receive, consider and adopt the financial statements for the year ended on December 31, 2015 together with Director's and Auditor's reports thereon;
3. To appoint external auditors for the financial year ending December 31, 2016 and to fix their remuneration.

Other Business:

4. Any other business with the permission of the Chair.

By Order of the Board



Syed Taneem Haider
Company Secretary

09 April 2016
Lahore

NOTES:

1. Share transfer books of the Company will remain closed from April 24, 2016 to April 30, 2016 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.
3. Members who have not yet submitted photocopies of Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
4. All the account holders whose registration details are uploaded as per CDC Regulations shall authenticate their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of resolution of the Board of Directors / valid Power of Attorney having the name and specimen signature of the nominee should be produced at the time of meeting.
5. Annual Report of the company shall be dispatched to all the members on Monday (i.e. April 11, 2016) after publishing of financial results on Pakistan Stock Exchange.

Form of Proxy
Agritech Limited



I/We _____
son/daughter of _____
a member of Agritech Limited and holder of _____ shares as
per Registered Folio No. _____ do hereby appoint Mr./Ms. _____
son/daughter of _____ or failing him/her
Mr. Ms. _____
son/daughter of _____
who is also member of the Company vide Registered Folio No. _____
as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on 30 April 2016 at 12:00 pm at Park Plaza Hotel, 107-B3, MM Alam Road, Gulberg III, Lahore.
and at any adjournment thereof.

In witness whereof on this _____ day of _____ 2016.

WITNESSES:

1. Signature: _____
Name _____
Address _____

CNIC: _____

Affix Revenue
Stamp

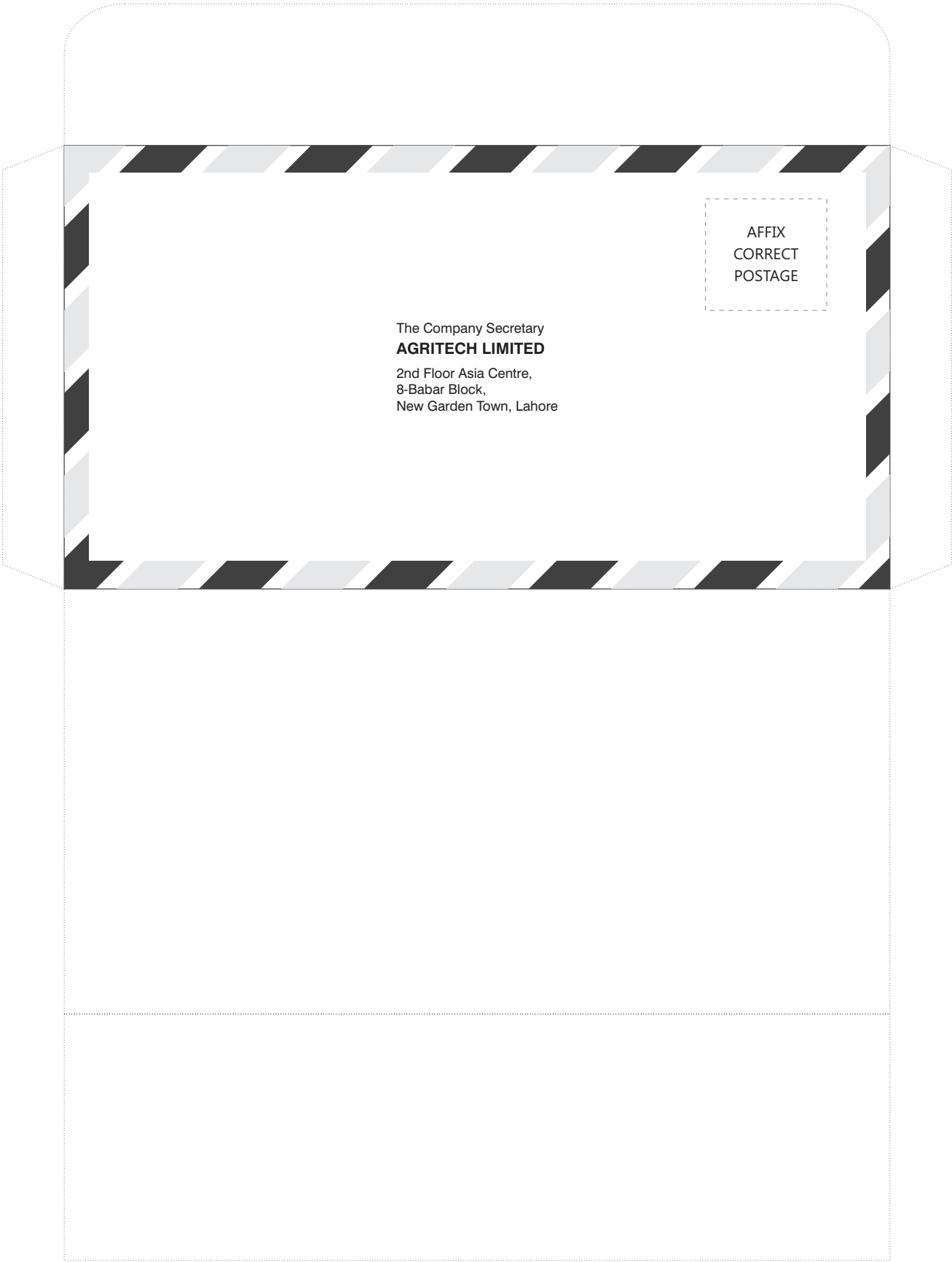
2. Signature: _____
Name _____
Address _____

CNIC: _____

Member's Signature

NOTE:

1. The Forma of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.



AFFIX
CORRECT
POSTAGE

The Company Secretary
AGRITECH LIMITED
2nd Floor Asia Centre,
8-Babar Block,
New Garden Town, Lahore