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engro corp

moments of celebration

Annual Report 2015

moments of celebration

The Engro story is a story of great moments. Together, we've shared many proud moments during the course of 50 years and 2015 was the year when we celebrated those moments. At Engro, when celebrations stir the air and joy rejoices the leap of feat, in that moment, engro embraces success. When all eyes are on the future and when that future becomes a reality, in that moment, engro foresees growth and learns the spirit of achievement.

Every day, engro stirs moments that are full of joy and nourishment. Every day, engro enables moments where the present lights-up the future. And there is nothing like those moments when you connect with others in celebration of shared achievements.

So we must celebrate these moments and let the energy spread beyond all boundaries. We're sure that in the years to come we will see many more moments that will make us proud. And while we celebrate our victories, let's never forget how far we've come, and how far we have yet to go.

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moments of achievement

company information

1957

The company is incorporated as Esso Pakistan Fertilizer Company Limited, to manufacture and market fertilizers.

1968

A state-of-the-art urea plant Is commissioned and launches Pakistan's first ever fertilizer brand.

1978

Esso pakistan fertilizer company limited renamed as Exxon Chemical Pakistan Limited.

1981

Hassan Imam Kazmi assumes role of first Pakistani CEO and President of Exxon Chemical Pakistan Limited.

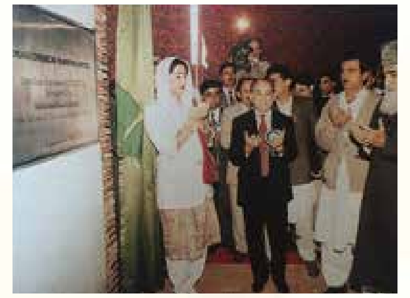
1988

Shaukat Mirza takes over as the CEO and President of Exxon Chemical Pakistan Limited.

1991

Exxon divests its equity from fertilizer business globally; the company is renamed Engro Chemical Pakistan Limited through an employee led buyout.

1993



Engro's first post start-up expansion project Pakven 600 is completed.

1995

Engro enters the chemical storage and handling business in a joint venture with Royal Vopak of Netherlands.

1997

Zaffar A. Khan Takes control as CEO and President of Engro Chemical Pakistan Limited.

1997

Engro enters petrochemicals business as the sole manufacturer of PVC in Pakistan through a joint venture with Mitsubishi and Asahi Glass.

2000

Engro sets up npk plant in karachi at port qasim and launches Engro Zarkhez.

2002

Dawood Hercules group becomes Engro's patron shareholder.

2003

Engro Eximp formally launched as a trading entity and launches Zorawar which became the first branded phosphatic fertilizer In Pakistan.

2004

Asad Umar becomes CEO and President of Engro Chemical Pakistan Limited.

2005

Engro enters energy business and begins work on a 220 MW power plant based on flared gas.

2006

Mr. Hussain Dawood Is appointed the Chairman of the Board of Directors for Engro Corporation (then Engro Chemical Pakistan ltd.)

2006

Engro enters foods business and sets up milk processing plant at Sukkur and launches Olper's.

2007

Engro Foods launches the largest liquid tea-whitener brand Tarang.

2009

Engro enters into the largest public-private partnership in the history of Pakistan by setting up Sindh Engro Coal mining Company with the Sindh Government.

2010

Engro Chemical Pakistan Limited demerges into a diversified conglomerate with Engro Corporation limited as the holding company. Engro adopts a logo change to reflect a uniform brand identity across its diverse businesses.

2010

Engro launches its rice business by setting up a state-of-the-art rice processing facility at muridke.

2012

Muhammad Ali Ansari takes over as the CEO and President of Engro Corp.

2012

Elengy Terminal Pakistan Limited is incorporated and effectively becomes the first intiative for the development of import infrastructure and provision of lng services in pakistan with the 1st lng terminal coming nline in 2015.

2013

Engro enters into a power project in Nigeria called the Gel Utility project.

2013

Engro Fertilizers conducts a successful IPO – oversubscribed by three times.

2014

Engro Powergen Qadirpur Limited conducts a successful listing through offer for sale (OFS).

2015

Khalid Siraj Subhani takes over as the CEO and President of Engro corp.

2015

This year, Engro marks the beginning of a new chapter. A chapter that appears after 50 stellar years of a national success story and a trusted name.

company information

Board of Directors

Hussain Dawood, Chairman
Khalid Siraj Subhani -President
Muhammad Abdul Aleem
Abdul Samad Dawood
Shahzada Dawood
Muneer Kamal
Mansur Khan
Waqar Malik
Shehzad Naqvi
Isfandiyar Shaheen

Company Secretary

Andalib Alavi

Bankers

MCB Bank Limited
Standard Chartered Bank Ltd
Soneri Bank Ltd
National Bank of Pakistan
Habib Bank Ltd
Askari Bank Ltd
NIB Bank Ltd
United Bank Ltd
Samba Bank Ltd
Bank Al-Falah Ltd
Bank Al-Habib Ltd
JS Bank Ltd
Faysal Bank Ltd
Allied Bank Ltd
Citi Bank Ltd
Summit Bank Ltd
Burj Bank Ltd
Bank Al-Islami Ltd
Meezan Bank Ltd
Habib Metropolitan Bank Ltd

Auditors

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

Registered Office

7th & 8th Floors, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501 – 35297510
Fax:+92(21) 35810669
e-mail: info@engro.com
Website: www.engro.com

key figures

	2015	2014	2013
Total Assets (Rs. in million)	196,292	217,087	207,163
Sales Revenue (Rs. in million)	184,264	175,958	155,360
Weighted Average Number of Ordinary Shares (in thousands)	523,785	515,591	511,269
Profit After Tax Attributable to owners (Rs. in million)	13,784	7,007	7,818
Earnings Per Share (Rupees)	26.32	13.59	15.29
Market Capitalization (Rs. in million)	146,340	116,024	80,975
Dividends Paid (Rs. in million)	9,484	1,218	170
Capital Expenditure (Rs. in million)	9,816	9,433	8,845
Total Equity (Rs. in million)	85,673	68,025	55,683
EBITDA (Rs. in million)	43,750	32,306	37,030
Price to Earnings Ratio	10.62	16.30	10.36
Closing Price	279.39	221.51	158.38

our vision

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

core values

Innovation & Risk Taking

Success requires us to continually strive to produce breakthrough ideas that result in improved solutions and services. We encourage challenges to the status quo and seek organizational environments in which ideas are generated, nurtured and developed. Engro appreciates employees for well thought out risks taken in all realms of business and for the results achieved due to them, cknowledging the fact that not all risks will result in success.

Health, Safety & Environment

We will manage and utilize resources and operations in such a way that the safety and health of our people, neighbors, customers and visitors is ensured. We believe our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities.

Ethics & Integrity

We do care how results are achieved and will demonstrate honest and ethical behavior in all our activities. Choosing the course of highest integrity is our intent and we will establish and maintain the highest professional and personal standards. A well-founded reputation for scrupulous dealing is itself a priceless asset.

Community & Society

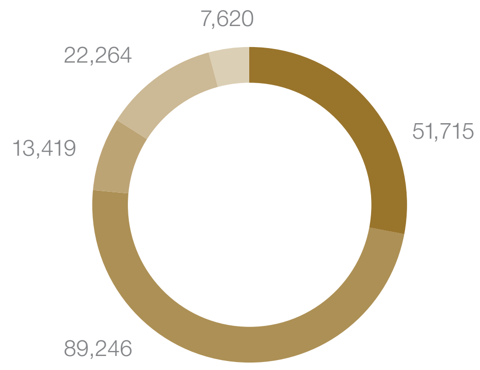
We believe that a successful business creates much bigger economic impact and value in the community, which dwarfs any philanthropic contribution. Hence, at Engro, sustainable business development is to be anchored in commitment to engage with key stakeholders in the community and society.

Our People

We strongly believe in the dignity and value of people. We must consistently treat each other with respect and strive to create an organizational environment in which individuals are fairly treated, encouraged and empowered to contribute, grow and develop themselves and help to develop each other. We do not tolerate any form of harassment or discrimination.

at a glance

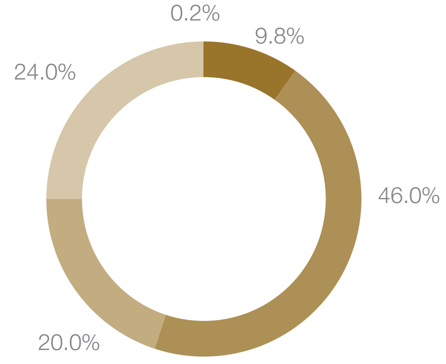
Business Revenues (Rs. in million)



Consolidated Revenue
(Rs. in million)
184,264

Foods · Polymer · Others · Fertilizers · Powergen

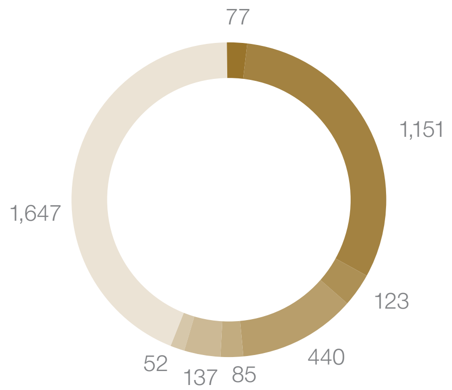
Wealth Generated



Wealth Generated
(Rs. in million)
89,390

To Employees · To Providers of Capital · To Society · To Government · Retained for reinvestment and future growth

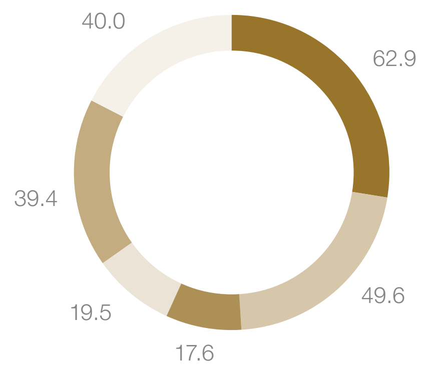
Employees



Total Employees
3,712

Corp · Fertilizer/Eximp · EEAP · Polymer · EVTL · Powergen · SECMC · Foods

CSR (Rs. in million)



Total Social Spend
in 2015 (Rs. in million)
229.10

Livelihoods · Health · Others · Education · Infrastructure · Fixed Cost

moments of togetherness

chairman's message

Dear Shareholders,

It is my privilege to write to you once more. This year is special, for Engro celebrates its 50 years of existence. Therefore, rather than sharing the achievements and results in this letter which have either been covered in the Directors Report, or that you can easily Google, I want to share with you what Engro Corporation means to me.

In 1965, Esso-Mobil laid the foundations of enabling excellence in Pakistan. Today I write to you not as Chairman of Engro Corporation, but as a Pakistani who has spent most of his life wondering why our great country has not produced many globally competitive companies.

When Dawood Hercules Group (DH) decided to become the largest shareholder of Engro Chemicals in 2002, I was excited but also apprehensive. It was my mission to harmonize the institutionalized culture of Engro with the entrepreneurial capabilities of DH. For Engro to become globally competitive, it was essential to synergize capital and best talent to solve some of the most important national problems.

Looking back, after almost two decades, I am extremely happy to share that investing in Engro has turned out to be one of the most defining decisions of my life, not only because the investment significantly contributed to the growth of our economy through profitable operations, but more importantly because Engro produced some of the finest professionals Pakistan has ever seen. Today our ex-colleagues are leading some of the most influential organizations in the country.

As Engro turns fifty, the challenges and opportunities that we face are even more demanding. In an increasingly interconnected and flatter world, the pace of development and innovation has never been faster. In order to thrive and succeed in this new environment, we must focus on our core competencies, build the right strategic partnerships and make smarter decisions at a faster rate. I am sure you would agree that this is critical, if we are to sustain growth and value creation in the longer term.

I have tremendous faith in the people of Engro. It is my constant endeavor to seamlessly integrate the institutional culture with an entrepreneurial mindset by having a shared common purpose and most importantly, by establishing mutual trust. Our shared business vision is to passionately and professionally resolve critical societal issues. We have a very exciting future ahead, and I am confident that if we keep our focus on addressing and solving big problems which affect our country, we will Insha'Allah inspire a trend which will produce many globally competitive companies like Engro.

Today I want to thank you for reposing your confidence in me as Chairman of Engro Corporation. It is a distinct pleasure for me to express my gratefulness to you for the enduring trust and support that you have given me these many years.

Hussain Dawood
Chairman

Looking back, after almost two decades, I am extremely happy to share that investing in Engro has turned out to be one of the most defining decisions of my life, not only because the investment significantly contributed to the growth of our economy through profitable operations, but more importantly because Engro produced some of the finest professionals Pakistan has ever seen.

president's message

2015 proved to be another year of successes and celebrations for Engro. We not only marked 50 years of operational excellence, but made history by setting up the first LNG Terminal in Pakistan. Resultantly we closed the year on a strong positive note and achieved a record turnover of PKR 184 billion with an astounding profit-after-tax of over PKR 13 billion.

We continued to create positive returns for a wide category of stakeholders and distributed PKR 89Bn of wealth amongst employees, government, investors and communities while our total shareholder return grew by 33% in 2015, significantly higher than the 2% return provided by KSE 100. With a head for delivering performance we registered double-digit bottom-line growth and our market capitalization grew by PKR30 billion to more than PKR146 billion. Due to our determined approach towards risk mitigation, PACRA upgraded Engro's long-term rating to AA, while maintaining short-term rating at A1+.

The Company's businesses maintained a strong performance following a prudent consolidation strategy where the fertilizer business acquired the trading arm – Engro Eximp – which now performs end-to-end trading for the Company's blended fertilizer portfolio. On the other hand Engro Eximp Agriproducts has been merged under Engro Corporation and launched wheat and rice brands under the umbrella of 'Onaaj' through the year. Fertilizers continued its growth trend and increased its sales by 43%, while making steady gains in the market share of urea and declaring a profit of PKR 14.8 billion. Moreover, this year the fertilizers business also launched the Farmer Connect Program, which aims to increase farm productivity of small to medium growers through capacity building initiatives.

On the energy front, our focus remains on exploring groundbreaking alternatives to power the country. Engro secured the loan financing for the Thar Coal Project in Beijing, enabling us to venture into both mining and power generation projects in the Thar coal field – a historic milestone since the project remains one of the priority projects under the China Pakistan Economic Corridor (CPEC). Apart from local energy projects, Engro's first overseas power plant – GEL Utility Limited– completed its first year of operations successfully.

At Engro, we believe that we are very well placed to be the catalysts for creating impact as we know how to strategize, plan and execute through a strong enterprise culture which creates benefits for a wide category of stakeholders. Thus we are capable of addressing the big problems affecting society like the energy crisis, food security and consumer nutrition facing Pakistan and other emerging countries.

While we continued our growth trajectory on the business front, the well-being of the people at Engro remained a key focus area for us. Through the year, HR teams across the group deployed various measures to improve our overall organizational health – our Employee Engagement Index improved by 9% on a consolidated basis taking it to 71%, signaling that Engro employees are motivated by the company's mission and its ability to foster and execute innovative and smarter strategies.

We believe that the first principle of business is safe and reliable operations. Year on year we strive to invest in world class safety systems. Our flagship fertilizers business has the unique recognition of becoming a world-class manufacturing facility with the only Level 4.0 fertilizer complex amongst DuPont's HSE aligned companies worldwide.

One of the key philosophies at Engro is to create sustainable livelihoods under the ambit of Engro Foundation by implementing the business inclusiveness model. The purpose is to target "bottom of the pyramid" communities around our business operations and raising their economic conditions. This is being achieved by providing low income communities with the opportunities of skills development and livelihood. The model is enabling underprivileged members of our society to emerge as potential business partners and become vendors, customers and employees in our business value chains.

The people at Engro continued to impact our host communities by volunteering for a variety of causes for the under-privileged individuals and making an effort to improve their lives through monetary and non-monetary contributions. By year end, employees had clocked an astounding 14,000+ volunteer hours in service of the nation – which is considerably higher than that of last year.

Over the course of the past five decades we have crafted strategies and provided solutions that have mutually benefitted the shareholders, customers, communities, and society at large. Now in our 50th year, we stand re-energized and are very fortunate to be critically positioned to provide leadership for tomorrow's issues. As we march ahead in 2016, I have full faith in the resources of the Company and the commitment of its people to advance Engro on the path of success for another 50 years. I thank all the stakeholders in placing their trust in us, and giving us the invaluable opportunity to contribute towards the betterment of our economy and the citizens of this country.

Khalid Siraj Subhani
President

We continued to create positive returns for a wide category of stakeholders and distributed PKR 89Bn of wealth amongst employees, government, investors and communities while our total shareholder return grew by 33% in 2015, significantly higher than the 2% return provided by KSE 100.

board of directors*

Left to Right (Sitting)
Shehzad Naqvi
Waqar Malik
Hussain Dawood (Chairman)
Khalid Siraj Subhani (President)
Muhammad Abdul Aleem

Left to Right (Standing)
Muneer Kamal
Mansur Khan
Abdul Samad Dawood
Shahzada Dawood
Isfandiyar Shaheen

*as of December 31, 2015

directors' profiles

Hussain Dawood
Chairman

Hussain Dawood is a Pakistani industrialist and ardent philanthropist. He chairs an array of profit and not-for-profit ventures namely Dawood Hercules Corporation Ltd. the group's flagship holding arm with investments in foods and energy, Engro Corporation Ltd.; Hub Power Company Ltd., the largest Independent Power Producer in Pakistan; Karachi Education Initiative, which funds the graduate management school Karachi School of Business & Leadership, and The Dawood Foundation, with its legacy of establishing various education and health institutions across the country.

His social responsibilities include Memberships of the World Economic Forum and its Global Agenda Councils of Anti-Corruption and Education. He was conferred the award "Ufficiale Ordine Al merito della Repubblica Italiana" by the Republic of Italy. Hussain Dawood holds an MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK. He joined the Board in 2003.

Khalid Sirhaj Subhani
President

Khalid S. Subhani is the President of Engro Corporation Limited since 2015.

He is the Chairman of the Board of Engro Fertilizers Limited., Engro Eximp (Private) Limited, Engro Eximp AgriProducts (Private) Limited, Engro Polymer & Chemicals Limited, Engro Polymer Trading (Private) Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, Engro Elengy Terminal (Private) Limited, Elengy Terminal Pakistan Limited and Thar Power Company Ltd.

He has also served as Chairman of the Board of Avanceon in the past. Mr. Subhani is a Director on the Board of Engro Corporation Limited, Engro Foods Limited, Sindh Engro Coal Mining Company Limited. He is also a Director of the Board of The Hub Power Company Limited and Laraib Energy Limited.

Mr. Subhani began his career in the Manufacturing Division at Exxon Chemical Pakistan Limited in 1983 and has held a variety of leadership roles within the Company, including long term assignment with Esso Chemical Canada. He has served as Manager for New Projects, General Manager for Operations, Vice President for Manufacturing, Senior Vice President for Manufacturing and New Ventures and as President & Chief Executive Officer for Engro Fertilizers Limited.

He is a member of the Pakistan Engineering Council, Business Advisory Council of the Society for Human Resource Management (SHRM) Forum Pakistan, Academic Council of Institute of Business Administration – Sukkur, Faculty Selection Board of Institute of Business Administration – Sukkur, and Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry.

He graduated from NED University of Engineering and Technology, Pakistan with a degree in Chemical Engineering and has completed programs on advance management from MIT and Hass School of Business Management, University of Berkeley, USA. He joined the Board in 2006.

Muhammad Abdul Aleem
Director

Muhammad Abdul Aleem is a Fellow Chartered Accountant (FCA) and a Fellow Cost & Management Accountant (FCMA). He has worked for 16 years in Senior positions with Engro Corporation Ltd and Esso Singapore. Thereafter, he has worked for another 14 years with British American Tobacco Group UK (BAT) in Pakistan and Overseas. For over 10 years he served as CEO of BAT operations in Cambodia, Mauritius and Indian Ocean.

Since 2004, he has served in Senior positions with large Government owned organizations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Limited. Currently, he is the CEO/ Secretary General of Overseas Investors Chambers of Commerce & Industry.

He is also serving on the Boards of Meezan Bank Ltd. and Dawood Hercules Corporation Ltd.He joined the Engro Board in 2015.

Abdul Samad Dawood
Director

Abdul Samad is the Chief Executive Officer of Dawood Hercules Corporation Limited. He is the Chairman of Engro Foods Limited. He is also Director on the Boards of Dawood Corporation Private Limited, Engro Fertilizers Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon, The Hub Power Company Limited, Hub Power Holding Ltd, Patek Private Limited and Towershare Private Limited. Mr. Dawood is a graduate in Economics from University College London, UK and a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He was recently appointed Italian Honorary Consul General in Lahore. Mr. Dawood is also a member of the Young President's Organization. He joined the Board in 2009.

Shahzada Dawood

Director

Shahzada Dawood serves as a Director on the Boards of Dawood Hercules Corporation Ltd, Engro Corporation Ltd, DH Fertilizers Ltd, Dawood Corporation (Pvt) Ltd. He is a Trustee of The Dawood Foundation, which is one of the largest public charitable trusts in Pakistan, supporting education and health initiatives. He is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, and an LLB from Buckingham University, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance. He joined the Board in 2003.

Muneer Kamal

Director

Muneer Kamal, Chairman of Pakistan Stock Exchange (PSX) (Formerly: Karachi Stock Exchange), has over 35 years of experience in the banking and financial sector. With an MBA degree from University of Karachi, his career started with Citibank where he served locally and internationally on various senior positions, including his terms as Director, Head of Country Public Sector and Financial Institutions between 1979 and 1994.

Mr. Kamal then joined Faysal Bank Limited as the CEO and expanded the footprint of the bank from 3 branches to 11, while increasing the balance sheet size from Rs.3 billion to Rs.30 billion.

Mr. Kamal later held the positions of CEO, Vice Chairman and Chief Operating Officer (International) of the Union Bank Limited (UBL), where he was instrumental in carrying out various acquisitions, including Bank of America and American Express Credit Cards among others.

After his stint with UBL, Mr. Kamal began his association with KASB Group – first as the CEO of KASB Bank Limited from 2005 to 2010, and later as Vice Chairman of KASB Group. For KASB Bank, he led the expansion of operations coupled with acquisition of other entities and introduction of new offerings, policies and systems.

In addition to his role as the Chairman of PSX, Mr. Kamal is the Chairman of Nomination Committee and Human Resources & Remuneration Committee; member of Voluntary De-listing Committee of PSX's Board; Chairman, National Bank of Pakistan; Director, Government Holdings (Private) Limited; Trustee, Shaukat Khanum Memorial Cancer Hospital & Research Centre and Director, Karachi Education Initiative. He joined the Engro Board in 2015.

Mansur Khan

Director

Mansur Khan is the Managing Director of Pak Kuwait Investment Company (Pvt) Ltd. He has over 25 years of diversified experience in Development, Commercial, and Investment Banking. He completed his MBA (with distinction) from Pace University, USA, majoring in Financial Management. Mr. Khan was a Fighter Pilot in the Pakistan Air Force from 1970 to 1978.

Mr. Khan has served as the CEO of Zarai Taraqiati Bank Limited (ZTBL) and SME (Small and Medium Enterprises) Bank Limited. He has also served as the Managing Director of Punjab Small Industries Corporation (PSIC) and the Sudanese Microfinance Development Facility (SMDF). He has international experience of working in Asia, Africa, USA, Europe and the Middle East. Prior to joining Pak Kuwait as Managing Director, he was associated with Weidemann Associates Inc., a Crown Agents USA Company.

He has held Directorships in SMDF, ZTBL, National Commodity Exchange Ltd, Saudi-Pak Agricultural & Investment Company Ltd, National Database & Registration Authority, Kissan Support Services Ltd, SME Bank Ltd, SME Leasing Ltd, TMT venture Capital Fund, SME Development Authority, Business Competitiveness/Support Funds, Punjab Small Industries Corporation, and Pakistan Steel Mills Corporation Ltd.

A certified director from the Pakistan Institute of Corporate Governance (PICG), he currently serves on the boards of Pakistan Kuwait Investment Company (Private) Ltd, Pak-Kuwait Takaful Company Ltd, The General Tyre & Rubber Company of Pakistan Ltd, and The National Clearing Company of Pakistan Ltd. He joined the Engro Board in 2015 and subsequently resigned in 2016. Ghias Khan has been co-opted as a Director on the Board w.e.f. February 2016.

Waqar Malik

Director

Waqar Malik is a fellow of The Institute of Chartered Accountants in England and Wales and is also an Alumnus of the Harvard Business School and INSEAD. A specialist in Strategy, Corporate/Business leadership and Board Governance, his professional experience includes managing and leading corporates in the petrochemicals, consumer and the life sciences industry.

Mr. Malik has a career spanning over 27 years with Fortune 500 companies. His career with the ICI PLC group based in the UK and then Akzo Nobel in the Netherlands provided the opportunity to work in Europe and the Americas. In Pakistan, he was the Country Head of ICI PLC's operations. He served as CEO of ICI Pakistan Limited and also the CEO and Chairman of Lotte Pakistan limited (formerly Pakistan PTA Limited).

He currently serves as the Board Member & Chairman of Pakistan Petroleum Limited; Board Member, TPL Direct Insurance Limited; Advisory Board, Institute of Business Administration; Board Member, British Business Centre; and Trustee, i-Care Foundation.

Previously, Mr. Malik served as Board member, State Bank of Pakistan; President, Overseas Investor's Chamber for Commerce and Industry (OICCI); President, Management Association of Pakistan; Board Member, Lahore University of Management Sciences; Board Member, Indus Valley School of Art and Architecture; Chairman, Sui Southern Gas Company; Board Member, Engro Polymer Limited; Board member, IGI insurance limited; and Director, Pakistan Business Council.

He was awarded Prince of Wales medal as a Trustee of the Prince of Wales Pakistan Recovery Fund for the flood victims in 2010. Mr. Malik joined the Engro Board in 2015.

Shehzad Naqvi
Director

Shehzad Naqvi has had a long standing relationship with ABN Amro Bank as well as Citibank. He first joined ABN AMRO in 1993 as Country Head in Pakistan and was then appointed head of Asia-Pacific Management and Structured Finance, based in Hong Kong and Singapore. In 1996, he joined Citibank as Country Head in Singapore. Moving back to Pakistan as Country Head in 1998, he was subsequently appointed as Regional Head of Citibank's global corporate and investment banking operations in the Gulf and Pakistan, based in Dubai. In 2003, he moved to London to develop outsourcing centers for Citibank's European consumer and commercial banking back-office needs. From 2005-2008, he served as President and Chief Executive of Crescent Commercial Bank in Pakistan.

He has served on the Managing Committee of the Singapore Stock Exchange. He has also served as a director on the board of MasterCard SAAMEA and as a member of the National Advisory Council to the Prime Minister of Pakistan. He is a graduate in Economic Institutions and Planning from the London School of Economics. He joined the Board in 2015.

Isfandiyar Shaheen
Director

Isfandiyar Shaheen joined Dawood Hercules Group as Head of Growth Equity in June 2011. Currently he serves as a Director and Investment Committee member on the boards of Engro Corporation and Towershare Inc. Prior to joining Dawood Hercules Group, Mr. Isfandiyar served as Head of Investment Banking for Foundation Securities, where he co-managed the acquisition of British Petroleum's Pakistan assets by United Energy Group. Prior to joining Foundation Securities, he was the Founder and CEO of The Kadmos Initiative – a financial services company he set up in 2009. Mr. Isfandiyar started his investment banking career in New York with Seabury Group and graduated from Franklin and Marshall College with a degree in Mathematics & Economics. Currently, he teaches Financial Modelling courses at IBA's Center for Executive Education. He also serves on the advisory board of The Nest I/O (Pasha's tech incubator) and the Reading Room Project. He joined the Board in 2015.

governance control framework

Internal Control Framework

Responsibility
The Board is ultimately responsible for Engro's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board, whilst maintaining its overall responsibility for managing risk within the Company, has delegated the detailed design and operation of the system of internal controls to the Chief Executive.

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

Review
The Board meets quarterly to consider Engro's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

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

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

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

Directors
As at December 31, 2015, the Board comprises of one executive director, three independent directors and six non-executive directors. The Board has the collective responsibility for ensuring that the affairs of Engro are managed competently and with integrity.

A non-executive Director, Mr. Hussain Dawood, chairs the Board and the Chief Executive Officer is Mr. Khalid S. Subhani. Biographical details of the Directors are given previously in this section.

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

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

statement of compliance with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged) 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 December 31, 2015 the Board included the following members:

Category	Name
Independent Directors	Waqar Malik Shehzad Naqvi Mansur Khan
Executive Director	Khalid S. Subhani
Non-Executive Directors	Hussain Dawood Abdul Samad Dawood Shahzada Dawood Muhammad Abdul Aleem Muneer Kamal Isfandiyar Shaheen

The independent directors meet the criteria of independence under clause i (b) of the CCG.

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 Companies are registered as Tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. Three casual vacancies occurring on the Board on 11.5.2015, 5.6.2015 and 18.6 2015 were filled up by the directors within 1, 1 and 62 days respectively

5. The Company has prepared a "Code of Conduct" comprising of Ethics and Business Practices policies and has ensured that appropriate steps have been taken to disseminate it through 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, remuneration for the Chairman, and the meeting fees payable to the non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers were circulated at least seven days before the meetings, except for the meetings held on short notice to discuss urgent matters. The minutes of the meetings were appropriately recorded and circulated.

9. Six of the directors attended the directors' training course conducted by the Pakistan Institute of Corporate Governance (PICG) earlier. Three of the directors are exempted from taking the directors training course and the remaining one director has already attended the course in early January 2016.

10. The Board has approved appointment of the CFO, Company Secretary and Head of Internal Audit, 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 the CEO and the 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 comprising 4 members, of whom one is an independent director, and 2 are non-executive directors including the Chairman.

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 a Human Resource and Remuneration Committee, called the Board Compensation Committee. It comprises of 4 members, of whom two are non-executive directors and two are independent directors including the Chairman.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are involved in internal auditing activities on a full time basis.

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 Institute of Chartered Accountants of Pakistan (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 the 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 the stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

review report to the members on statement of compliance with the code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Corporation Limited (the Company) for the year ended December 31, 2015 to comply with the Code contained in Regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged), 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 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, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of 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 December 31, 2015.

Chartered Accountants
Karachi
Date: March 15, 2016
Engagement Partner: Waqas A. Sheikh

moments of delivery

directors' report

The Directors of Engro Corporation Limited are pleased to submit the annual report and audited accounts for the year ended December 31, 2015.

Principal Activity

The principal activity of the company is to manage its investments in subsidiary companies and joint ventures, engaged in fertilizer manufacturing and trading, PVC resin manufacturing and marketing, food, energy, exploration, LNG and bulk chemical handling terminal and storage businesses.

Economic Environment

According to World Bank the global growth fell from 2.6% in 2014 to 2.4% in 2015 amid continuation of the oil rout and weak growth in China, Europe and commodity driven economies. The slowdown in China is due to a shift from export driven growth to consumption driven growth, part of a longer term goal of the World's second largest economy.

The economy grew at a rate of 4.2% in FY 2015 compared to 4% in FY 2014, highest growth in the last seven years. Oil price rout led to decade low inflation numbers of 4.5% in FY 2015 as compared to 8.6% in FY 2014

China and its currency, Yuan, remained in the limelight throughout the year as China faced a slowdown pressure following low growth numbers and Yuan remained volatile on account of change in its pricing mechanism partly allowing market forces to determine prices for the strictly state controlled currency. Despite leading to currency's depreciation, Yuan reforms managed the currency to be included in the IMF's benchmark currency basket, as intended. This inclusion is likely to fuel demand for the currency as it marks a historic milestone in Chinese integration into global financial markets.

For another year running, oil remained a talking point globally. The year started with Brent Crude Oil prices at an already 5-year low of $55 per barrel, but continued supply and sluggish demand during the year kept prices under pressure. Further, for the second year in a row, OPEC's refusal to curb production closed the year for Brent Crude Oil near an 11-year low of $37 per barrel. The expectations of Iran to re-enter the market also played its part in keeping the prices low. This led to significant fiscal deficits for major oil dependent economies such as Russia and Arab nations. On the other hand, while this lowered the import bill for oil importing nations; it also forced the central banks to let loose their monetary policy to instill demand with deflation fears looming. However, the year closed with some positivity owed to US economy's stable growth and improved employment figures which led US Fed to finally hike the interest rates after almost a decade.

Pakistan is currently undergoing structural economic changes to consolidate its economy. These economic reforms are a part of the $6.64 billion Extended Fund Facility (EFF) program of the IMF, which Pakistan entered to protect its economy from collapse in 2013. Back then, with SBP's foreign reserves at $3 billion, the country faced a severe Balance of Payments crisis. IMF agreed to offer the facility, but with tough economic reforms, to ensure the stability of the economy in the long term. In December'15, ninth review of EFF was completed which brought the total disbursements under the facility to approximately $5 billion. Near-term vulnerabilities have receded and the drop in global oil prices has allowed Pakistan to implement economic reforms, strengthen its economy and accumulate foreign reserves. The foreign reserves at year-end stood close to an all-time high of $16 billion. Conversely, with foreign loan repayments scheduled in the medium term, Pakistan will need to focus on improving its declining exports and investments to stabilize the reserves and exchange rate.

The economy grew at a rate of 4.2% in FY 2015 compared to 4% in FY 2014, highest growth in the last seven years. Oil price rout led to decade low inflation numbers of 4.5% in FY 2015 as compared to 8.6% in FY 2014. This allowed SBP to continue with its monetary easing policy initiated in November'14 by cutting discount rate by 50 basis points to 9.5%. During 2015, discount rate was slashed further by 300bps bringing it down to 6.5%, in order to boost credit off-take in the economy. The current account deficit shrank 48.5% to $1.2 billion in July-December FY 2016 from $2.4 billion in the first half of the preceding fiscal year, owing to reduced oil imports, healthy workers' remittances and realization of the Coalition Support Fund. Also, the security situation has improved compared to last year due to ongoing joint military offensive against terrorism. Furthermore, realization of investment inflows stemming from the China-Pakistan Economic Corridor would indeed strengthen the external sector outlook over the medium to long term. However, energy crisis and security situation still remain key impediments to growth and foreign investments in the country. Despite journeying in the right direction, the economic growth needs to pick pace to cater the growing population of the country.

According to United States Department of Agriculture (USDA), world wheat production is projected to reach 735.4 million tons in 2015/16, surpassing last year's record production by 9.5 million tons.

Agricultural & Dairy Environment

According to United States Department of Agriculture (USDA), world wheat production is projected to reach 735.4 million tons in 2015/16, surpassing last year's record production by 9.5 million tons. The increase in production revolves around prospects of exceptional yields in EU, Russia and Pakistan. The wheat production is expected to reach 25.5 million tons for Pakistan, a 0.5 million tons increase over last year. The wheat market remained oversupplied so prices were always on the fall amid higher ending stock levels of previous year.

According to USDA, the 2015/16 global rice production forecast is 470.1 million tons, 2 percent below a year earlier. This is the second consecutive year of decline in the global production due to both smaller area and a lower average yield. The rice production is expected to be 6.9 million tons for Pakistan in 2015/16, a 1.5% decline compared to last year as a result of poor farm economics and carryover of previous season's stock. The global rice consumption for 2015/16 is projected to be 484.3 million tons, 2.4 million higher than a year earlier which presents a beneficial opportunity to rice exporting nations as prices are expected to trend upwards amid declining inventories.

Further, the global dairy markets continue to struggle on account of weak import demand and excess supplies. According to USDA, the milk production during 2015 is estimated to expand by 1% over last year, a sharp correction from 4% growth witnessed in 2014 amid relatively weak skimmed milk powder (SMP) and whole milk powder (WMP) prices. The outlook also looks weak due to continuation of the Russian ban on import of dairy products from EU, weak import demand from China due to reliance on inventories and a stronger dollar. The local dairy production industry in Pakistan continues to suffer on back of these lower international powder prices, as powder imports provide an economical substitute to the locally produced raw milk. Milk processing industry stands to benefit from this development as it now has cheaper alternates available. The milk volumes in FY 2015 grew compared to FY 2014 but due to excess supply amid cheaper powder imports the milk inflation figures remained depressed.

Energy Environment

The oil glut continued during 2015 as OPEC decided to defend its global market share rather than cut output to support prices. On the demand side, slowdown in China and EU kept the oil prices under pressure. Also, following the successful talks between Iran and the permanent UN Security Council members to lift economic sanctions, Iran is ready to pump more oil into the market glut. Hence, the global benchmark Brent crude oil prices fell by 35% in 2015 closing the year at $37 a barrel, near an 11 year low. In 2016, oil prices are expected to remain depressed and face high volatility depending upon responsiveness of oil producers to control supply and the pace and volume with which Iran would re-enter the market. The Engro group stands to have mixed impacts of these lower oil prices, with the petrochemicals sector to have pressure on its margins while most of the rest sectors tend to benefit from these lower energy costs.

Pakistan continued to be marred by energy shortages throughout 2015 with all sectors being affected negatively. The Power sector of Pakistan is primarily operated through the National Transmission and Dispatch Company (NTDC) which is responsible for electricity distribution across Pakistan except for Karachi which is supplied by K-Electric. Currently there are around 35 Independent Power Projects (IPPs) contributing more than 40% of total electricity generation in the country. Domestic users are the largest consumers of electricity, consuming approximately 44%, followed by the industrial sector using 27%, agriculture 11% and the commercial sector 6% respectively. Circular debt has been a persistent problem in the domestic energy sector and a cause of concern for the whole power sector. The underlying issues fueling circular debt are expensive generation mix and high transmission & dispatch losses. The resolution of circular debt in 2013 was a positive move, but due to lack of any structural reforms by the Government, circular debt continues to pile up. While the Government of Pakistan (GOP), in an effort to alleviate the severe liquidity constraints of IPPs, has taken steps to reduce the principal overdue amounts due to IPPs, there has been no improvement in the settlement of outstanding interest despite several commitments. The buildup of circular debt during the year was slowed down due to the unprecedented fall in global oil prices which gave much needed breathing space to oil based IPPs. Nonetheless, circular debt will continue to remain a challenge for the federal government and the energy sector in the future, unless concrete policy measures are taken to address the underlying causes.

The GOP is undertaking various initiatives to resolve the power crisis in the country. It intends to address energy shortage in the Country through key measures such as imported Liquefied Natural Gas (LNG) and coal based power generating projects. Engro Elengy Terminal went operational during the year contributing to reduce the gas shortage faced in the country. Further, Pakistan and Qatar have inked a government-to-government (G2G) deal for the import of LNG into the country. Also, during the year GOP floated the tender for the second LNG terminal. However, to address the energy crisis, GOP needs to bring new supply sources online at an accelerated pace.

Fertilizer Environment

During 2015, the international urea prices fell on account of downturn in global commodity prices leading to poor farmer economics further compounded by depressed coal and natural gas prices in Urea producing countries. The international urea prices have come down from USD 304/ton (CFR Karachi) at the beginning of the year to USD 252/ton at year end which equivalents to PKR 1900/bag.

> Though the industry shrank, share of locally produced branded urea increased to 91% vs. 86.6% in 2014. This was mainly due to higher domestic production, 5,285 KT vs. 4,891 KT in 2014, as a result of higher gas availability to the industry.

Domestic urea prices were largely stable in the first half of 2015. Gas prices for all segments including fertilizer sector were increased effective September 1, 2015, which was followed by an increase of PKR 160 per bag (inclusive of GST) in urea prices by all manufacturers. This, followed by the announcement of farmer package by the Government, led to an uncertainty on urea prices. Pending clarity from the government on the farmer package, manufacturers announced discounts effectively reversing majority of the price increase. Subsequent clarity on the farmer package did not give any relief on urea demand, forcing manufacturers to absorb most of the increased gas price impact.

Pakistan's urea industry demand dropped slightly in 2015 by 1% vs. 2014 to 5,573 KT. The decline was mainly due to a decrease in demand during Kharif season as a result of monsoon rains. Furthermore due to poor crop economics farmers chose not to sow early Bt cotton (genetically modified cotton variety) also contributing to the same. However, high demand during 4Q covered for lower demand in 3Q. Though the industry shrank, share of locally produced branded urea increased to 91% vs. 86.6% in 2014. This was mainly due to higher domestic production, 5,285 KT vs. 4,891 KT in 2014, as a result of higher gas availability to the industry.

Chlor-Vinyl Environment

PVC

Global PVC downstream demand stood above 41 Mn Metric Tons in 2015 with 5-year Compound Annual Growth Rate (CAGR) of 3.7%. PVC market continued to be oversupplied in 2015 with cumulative overcapacity rising to 16 Mn Metric Tons. Producers were challenged to achieve cost efficiencies in order to compete in this oversupplied market. Operating rates in 2015 were at 66%, the same as last year. Pipe & Fittings segment was the major consuming sector accounting for approximately 43% of consumption, Films & Sheets was 18% and Profiles & Tubes was 17%.

In terms of consumption, Asian demand accounted for approximately 64% of global demand with major contribution coming from Northeast Asia with 46% of total global demand. China remained a major player in the PVC market accounting for 40% of global demand. China's forecasted expansion rate of 3% till 2024 is expected to surpass the rate of any other country in the region.

Pakistan has per capita PVC resin consumption of 0.9 Kg, one of the lowest in the region. The low per capita consumption relative to other regional economies implies that there is potential for growth of PVC consumption in Pakistan. Rising construction activity and preference of PVC in large infrastructure projects in Pakistan is likely to enhance PVC consumption in the country.

In 2015, international PVC prices ranged between $ 705/ton to $ 885/ton. PVC prices remained relatively stable in the first half of 2015 but declined in the second half due to decline in crude oil and ethylene price. PVC prices saw its lowest point of the year in December at $705/MT as a result of subdued demand and excess supply in the international market.

Ethylene prices bounced back in second quarter of 2015 due to supply tightness during the traditional turnaround season. This rise was further supported by stable to firm crude oil prices during the period. However as crude oil price started to take a tumble, international ethylene prices followed suit. In September 2015, Ethylene price touched its lowest point since 2010 with Southeast Asian benchmark at $825/MT.

Caustic & Allied Products

In 2015, global Caustic Soda demand crossed 72 Mn tons, growing at a 5 year CAGR of 3.6%. Region wise, Asia retained its position as global leader accounting for approximately 60% consumption. Excess capacity remained one of the major challenges for Caustic Soda industry; capacity utilization was at 73% in 2015 to match market demand.

The majority of Caustic Soda production was consumed in Alumina, Inorganic Chemicals, Pulp & Paper, Organic Chemicals, Textile and Detergents. The global Caustic Soda consumption per capita in 2015 was estimated to be around 10 kg which is slightly higher than 2014's figure of 9.8 kg. Global Caustic Soda prices remained stable for most of the year; price range for Southeast Asian market was $315/MT to $365/MT. Price fall was observed in the last two months of the year. Over supply in Caustic soda industry is expected to overshadow any demand growth outlook for the coming year with operating rate forecasted to rise to 81% by 2020.

Country's Caustic Soda market stood at approximately 260 KT in 2015. Most of the demand in Pakistan is generated by textile and soap & detergent segments. Growth in these segments can propel growth in Caustic Soda demand in the country. During 2015, demand in textile sector remained low due to production inconsistency owing to gas outages coupled with hike in power tariffs. The much expected textile policy was also not promising. The overall production capacity in the country increased keeping the prices under pressure. On the competition front, all players were striving for market share therefore they adopted competitive pricing strategy.

$705/MT

PVC prices saw its lowest point of the year in December

business overview

Engro Corporation had another great year running with record revenue of PKR 184,264 million vs. PKR 175,958 million in 2014 on a consolidated basis, achieving a 4.7% YoY top line growth. The company posted consolidated profit-after-tax (attributable to owners) of PKR 13,784 million as opposed to PKR 7,007 million during 2014.

Engro Fertilizers had an unprecedented year on the back of 2-plant operations owing to continued gas supply throughout the year and implementation of concessionary gas pricing – effective 16th March, 2015 onwards. Also during the year, Engro Corporation successfully restructured its fertilizer trading and rice businesses as EXIMP was acquired by Engro Fertilizers and Engro EXIMP Agriproducts was acquired by Engro Corporation. Engro Foods continued its strong display by achieving highest ever UHT market share and profitability. Engro Powergen Qadirpur and Engro Vopak continued to perform in line with their stable business models. However, the profitability was partially offset by losses in rice business primarily due to impairment loss of PKR 3,384 million booked against Property, Plant & Equipment and Stores & Spares. Also, the Petrochemicals business, in line with the bearish global commodity prices, suffered losses due to declining Ethylene-PVC price delta. However, there was some relief in the FY 2016 Budget for the petrochemicals business as regulatory duty on the import of Ethylene was reduced (from 5%) to the minimum slab of 2% effective from 1st July, 2016.

This year also marked the commencement of commercial activities for the LNG terminal business thus contributing towards the Group's profitability and alleviation of the ongoing energy crisis in the country. Also during the year, Engro Corporation divested 8.16% (93 million shares) of its holding in Engro Fertilizers through a private placement, to fuel its growth in new energy related projects. Further, major foreign financing agreements for Sindh Engro Coal Mining Company and Engro Powergen Thar were signed on 21st December, 2015 in Beijing.

The company's share also reflected the astounding growth display as Engro Corporation once again out-performed the KSE 100 Index by posting annual return of 33% (dividend adjusted) as compared to the KSE 100 Index return of 2.1%. Also, Engro Corp's long term rating was upgraded to AA while short term rating was maintained at A1+.

This year, Engro celebrated 50 years of its journey. The journey began back in 1965 with incorporation of Esso Pakistan, a fertilizer manufacturing and marketing operations company, whereas today Engro stands as a conglomerate with business interests in multiple sectors.

Consolidated Revenue
(Rs. in million)

184,264

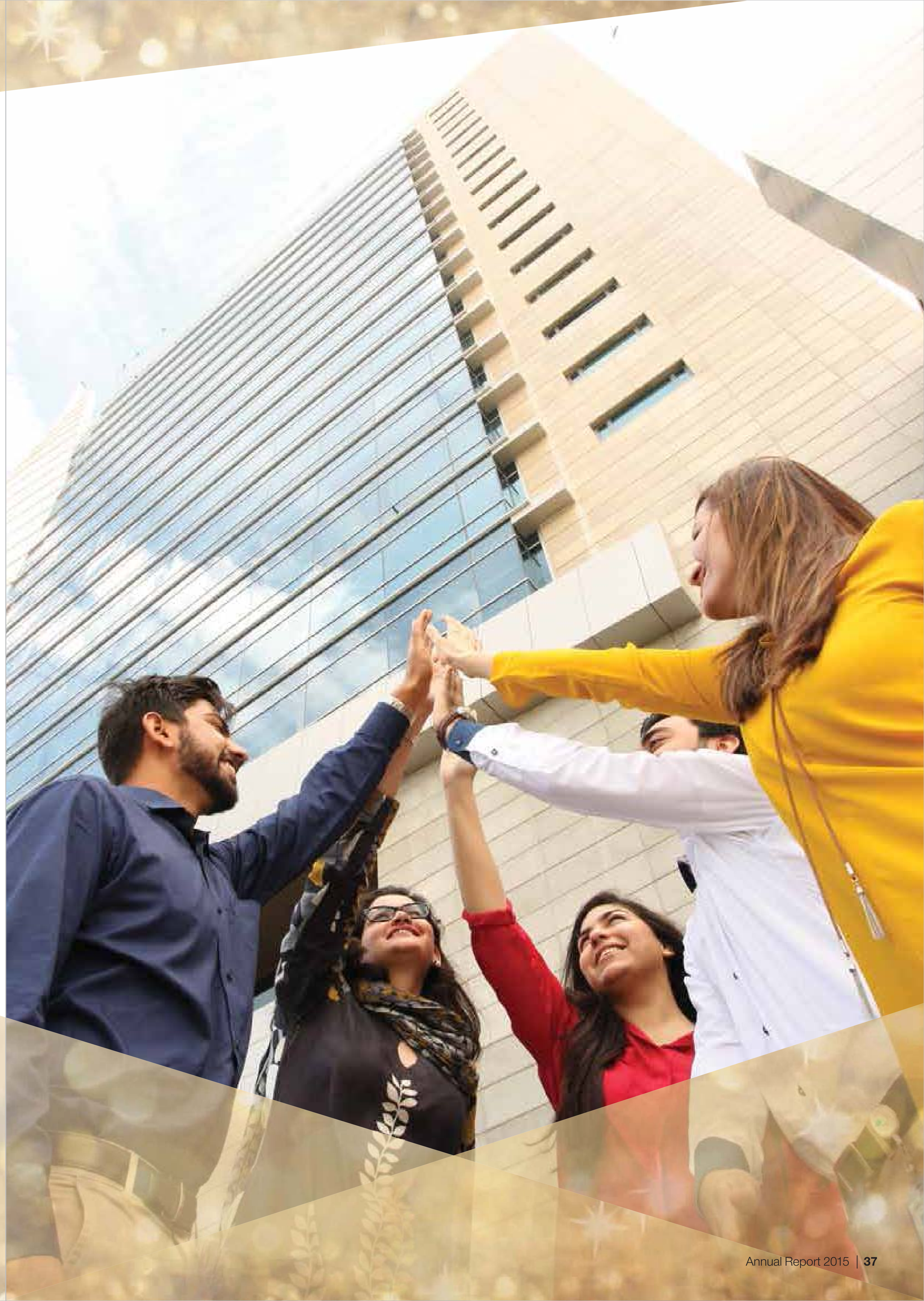
2015

Consolidated Profit After Tax*
(Rs. in million)

13,784

2015

*attributable to the owners of the holding company



engro fertilizers

In addition to the Phosphates business, concessionary pricing added to the year-on-year growth in gross profit. Furthermore, financial charges decreased by PKR 1,998 million to PKR 4,627 million.

Engro Fertilizers Limited continued to receive the gas allocation of 60 MMSCFD from Guddu/Mari Shallow throughout 2015 based on ECC's decision in December 2014 in respect of the company installing gas compressors for Guddu Power Plant (GENCO II) at its own cost. The company's overall urea capacity utilization in 2015 was 87% vs. 80% in 2014.

Post enactment of the GIDC Act 2015, the company has obtained stay orders against the retrospective applicability of GIDC. However, on the request of the Government, and without compromising its legal stance, the company has paid the complete accrued amount since 2011 of PKR 15.2 Billion against non-concessionary gas supplied. Currently, the company is paying GIDC on all non-concessionary gas.

The company has also obtained a stay order against GIDC applicability on concessionary gas and therefore no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and the company's gas supply contracts on the basis of which the company invested USD 1.1 billion to expand its fertilizer manufacturing capacity.

Urea

The company produced 1,968 KT of urea, 8% higher than 1,819 KT produced in 2014 and also produced its fastest ever 1.5 million tons of urea in 278 days. The company reported urea sales volume of 1,878 KT in 2015, 3% higher than 2014. Resultantly, Engro's 2015 urea market share increased to 34% from 32% last year while market share in branded urea remained stable at 37%.

Phosphates

The company sold 391 KT of DAP, which constitutes a 22% market share in the industry for the brand Engro DAP during the year. With the decline in commodity prices in the world, DAP prices followed a similar trend with prices falling from USD 490/Ton (CFR Pakistan) at the start of the year to USD 400/Ton at the end of the year.

Zarkhez

The company's blended fertilizers' (Zarkhez & Engro NP) sales for the year increased by 8% to 135 KT compared to 125 KT during 2014 led by higher NP sales. Overall domestic Potash industry saw a decline of 16% from 2014 due to poor crop economics. However, the market share of Zarkhez increased to 51% (42% in 2014).

On a consolidated basis, sales revenue for 2015 was PKR 88,033 million which was higher by 43% as compared to the PKR 61,425 million last year. Increase in sales revenue is primarily due to the addition of Phosphates business, revenue for which clocked at PKR 23,606 million in 2015. Gross profit for the year 2015 was PKR 32,309 million as compared to PKR 22,603 million for the same period last year. In addition to the Phosphates business, concessionary pricing added to the year-on-year growth in gross profit. Furthermore, financial charges decreased by PKR 1,998 million to PKR 4,627 million during the year mainly on account of deleveraging in 2014, refinancing & repricing of debt in 2015 and declining interest rates in the country. Other income reduced to PKR 1,781 million from PKR 2,449 million in 2015 due to payment of GIDC and dividends during 2015 resulting in lower surplus cash vs. last year. The consolidated profit for the year was PKR 14,819 million, 81% higher than last year's profit of PKR 8,208.

During the year, PACRA has upgraded the long term credit rating from A+ to AA-. The short term rating was also upgraded from A1 to A1+.

Revenue
(Rs. in million)

88,033
2015

engro foods

In 2015, after a successful year in terms of market share growth in 2014, the company focused on consolidating its position of market leadership within the UHT category. In light of resurgent competition in all categories, the company focused on strengthening its core competencies vis a vis product quality, communication, differentiation and distribution expansion. These efforts contributed towards robust top line and bottom line growth.

The company reported PKR 49.8 billion in revenue vs. PKR. 42.6 billion reported last year exhibiting a growth of 16.9%. Brand development based on relevant consumer insights and an efficient product mix remained key elements in the achievements of growth in topline of 2015.

Gross margin improved from 18.8% to 24.2% due to declining commodity and fuel prices as well as implementation of a number of efficiency projects. On an overall basis, company's profit increased from PKR 889 million in 2014 to PKR 3,162 million in 2015.

Dairy and Beverages

During the year, the company achieved highest ever UHT market share of 57% in September 2015 as compared to previous year's high of 55% in November 2014 as per A.C. Nielsen.

The Specialized Tea Creamer category witnessed multiple players jockeying for market share through heavy trade discounting as well as the entry of a new competitor backed by significant brand investment. Despite these challenges, Tarang remained steady on its path of growth, registering double digit growth on key SKUs. Brand health and distribution measures increased, enabling the brand to consolidate its position as the largest brand within the total UHT dairy market.

Olper's continued its trend of impressive growth over the past year despite competitive pressure. The engine of growth for the brand remained the portion pack, which grew on the back of improved distribution and differentiation against competition due to its innovative packaging. The brand remains the only player in the category with unique SKUs in all sizes, and is expected to continue its upward trajectory in the years to come. Dairy Omung has recovered from the multiple challenges it faced in the past validated by the strengthened leadership in the all-purpose economy category. The turnaround is attributable to improved availability of the product backed completely by the benefit of a single minded message that has resonated well with the consumers of the brand.

The Dairy and Beverages segment reported a topline of PKR 47 billion registering a growth of 17.5% over last year. Segment contributed PKR 3,227 million to the company's profitability this year registering a growth of 88.7%.

Ice Cream and Frozen Desserts

During 2015, the Engro Foods ice-cream and frozen desserts business further built on its success in 2014 and maintained volume recovery and new product development in the brand portfolio. Innovations played a major role in achieving success in 2015 with the Funsticks portfolio reviving stagnant SKUs and a co-branding partnership with Warner Bros. to launch Omore Tom and Jerry bringing excitement in the kids' category. On the sales front, Omore continued to invest in the market by deploying new freezers and tapping into new geographical territories with sustained focus on retailer and distributor ROIs to boost sales volume. The Ice Cream & Frozen Desserts segment reported revenue of PKR 3.5 billion, a growth of 18.5% over last year. The segment managed to reduce its loss from PKR 292.5 million in 2014 to PKR 75 million in 2015.

Dairy Farm

The company's Nara Dairy Farm continued to remain a rich and nutritious source of quality milk for their dairy segment. The farm currently produces 35,095 (2014: 33,108) liters per day with a total herd size of 5,429 animals of which 2,227 are part of the milking cycle. Due to improved production yield, the Nara farm significantly improved its results with a profit of PKR 12.5 million in 2015 as opposed to a loss of PKR 31.4 million in 2014.

JCR-VIS has assigned a medium to long term credit rating of "A+" (Single A Plus) to Engro Foods' Sukkuk issue. The rating reflects the company's financial and management strength and denotes a low expectation of credit risk and the capacity for timely payment of financial commitment.

Revenue
(Rs. in million)

49,834
2015

engro eximp agriproducts

The company is also currently running a commercial pilot to assess the consumer staples market. The company under this commercial pilot launched consumer staples brand for wheat, Onaaj, in end August.

The company went through a major restructuring in April 2015 to reduce its fixed costs and increase competitiveness. In addition, changes were instituted in the company's business strategy to reduce commodity price risk exposure, improve operational efficiencies and improve margins.

In the year 2015, the company achieved a total husking of 18,415 KT of paddy and processed 8,519 KT of rice which represents a decline of 69 % vs. 2014. The company exported 9,951 KT of rice during 2015, a decline of 70% year-on-year (2014 Export: 33,633 KT). Processing and sales volumes were lower due to management's decision to reduce open position taking on paddy.

During the year, the company booked an impairment loss of PKR 3,384 million against Property, Plant & Equipment and Stores & Spares. Also, total NRV of PKR 325 million was booked in 2015 on stock primarily due to fall in market price and cooking issues of old crop.

The company achieved a major milestone of completing 18.30 million man hours without LWI during 2015. In addition, an external quality audit by Bureau Veritas for quality re-certification was successfully completed based on which EEAP has the highest number of quality certifications amongst rice players in Pakistan.

The company is also currently running a commercial pilot to assess the consumer staples market. The company under this commercial pilot launched consumer staples brand for wheat, Onaaj, in end August. After one month of product fill, marketing communication was launched to boost sales. Also, rice was launched under the Onaaj umbrella to mark the shift from B2B to B2C market. Initial response is positive with sales in line with expectation.

Revenue
(Rs. in million)

1,878
2015

engro powergen

Engro Powergen is a wholly owned subsidiary of Engro Corporation and has been established with the primary objective to analyse potential opportunities in the Energy and Power sector and undertake Independent Power Projects based on the feasibilities of new ventures. Engro Powergen owns and operates Engro Powergen Qadirpur Limited (EPQL) - a 217 MW combined cycle power plant, and has also ventured into a Thar Coal Mining project with the Government of Sindh as the majority shareholder by forming the Sindh Engro Coal Mining Company (SECMC). Also, Engro Powergen Thar (Private) Limited - was incorporated in 2014 to set up a 2 x 330 MW power plant based on Thar coal. Engro Powergen is also a 45% equity partner in GEL Utility Limited (GEL), Nigeria, a 72MW triple redundancy captive power plant, which commenced commercial operations from 2014.

Engro Powergen Qadirpur Limited:

EPQL is a unique project as it converts permeates gas (low-BTU and high sulphur content gas) which was previously being flared, into much needed electricity. Electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement. EPQL has a Gas Supply Agreement with Sui Northern Gas Pipelines Limited (SNGPL), for allocation of 75 MMCFD permeate gas from the Qadirpur gas field, for the term of the project. Due to the unique nature of fuel supply the company faces a significantly lower risk of gas curtailment. Although the existing source of gas supply from the Qadirpur gas field may deplete over the life of the project, the company is isolated from the effects of gas depletion as its agreements allow it to comingle fuel i.e. run on both gas and HSD. Further under the terms of the Implementation Agreement, the Government of Pakistan is obligated to reimburse the company for fuel conversion costs and subsequent operations on alternate fuel as a gas depletion mitigation option. Subsequently, the company has commenced work on finding a long term alternate fuel option.

During 2015, EPQL demonstrated a billable availability factor of 99.7% compared to 99.9% last year. It dispatched a total net electrical output of 1,424 GWh to the National Grid demonstrating a load factor of 76.7% compared to 92.6% last year. The decrease in load factor this year was primarily on account of a planned major inspection activity carried out in April/May 2015. This maintenance activity is carried out after every 6 years of plant operations. The Plant also conducted planned outages in 2H of 2015 on account of annual turnaround of Qadirpur gas processing facility and other maintenance activities. All these planned outages were billable to the power purchaser under the PPA and were completed well within the allocated time allowing the Plant to come back online well before schedule.

For 2015, EPQL's revenue was PKR 13,354 million compared to PKR 12,041 million last year. The increase in sales revenue is mainly on account of retrospective billing of Gas Infrastructure Development Cess pertaining to 2013 and 2014. Gross profit for the year was PKR 2,465 million against PKR 2,702 million last year. The decline in gross profit is attributed to higher planned outages and lower demand due to grid issues this year. Other income this year was recorded at PKR 7 million compared to PKR 154 million in 2014. Last year's other income mainly represents reimbursement for procurement of new rotor through insurance coverage. Improvement in working capital position, lower running finance costs and timely payments to the fuel supplier helped to reduce financing cost this year which stood at PKR 2 million compared to PKR 579 million last year. Overdue from NTDC stood at PKR 1,691 million as on December 31, 2015 vs. PKR 1,210 million as on December 31, 2014. Similarly overdue amount payable to SNGPL on December 31, 2015 was PKR 583 million vs. PKR 232 million in 2014. The company earned a net profit of PKR 1,797 million for 2015 as compared to PKR 2,021 million last year.

GEL Utility Limited

Commercial operations of GEL were achieved in November 2014. This was preceded by Engro's O&M team taking control of the facility. During 2015, the O&M team deployed at GEL plant successfully completed one year of operations. The plant achieved an annual availability of 99.95%, exceeding the bonus availability target of 98% and completed 425,467 man hours with zero TRIR.

Thar Coal Project

Engro remains at the forefront of solving the national energy crisis by commencing groundwork on Thar Coal Project. The Thar coal field has estimated lignite reserves of 175 billion tonnes, equivalent to total oil reserves of Saudi Arabia and Iran combined and can be used to produce 100,000 MW for 100 years. Engro has ventured into both mining and power generation projects in the Thar coal field to use indigenous national resources to alleviate the energy crisis in the country.

Sindh Engro Coal Mining Company (SECMC)

During the year, overburden removal of 3.7 million Banked Cubic Metre (BCM) was completed. EPC Contractor, CMEC, completed 80% of Basic Engineering Design which has been reviewed by SECMC and RWE Germany. SECMC team received training by Huolinhe Open Cast Mine a subsidiary of CPI Mengdong in Inner Mongolia, China. CMEC team mobilized to site for the construction of temporary site facilities and main access road for Mine and Power Plant.

Determination for SECMC's Contract Stage Coal Tariff was signed by MD TCEB on June 6, 2015. Furthermore, first-ever Coal Supply Agreement of Thar Coal was negotiated and executed between SECMC and Engro Powergen Thar (Pvt) Limited (the 2x330 MW power plant IPP) during the year.

Efforts for land acquisition continued for approximately 6,000 acres of Phase-I and approximately 5,400 acres of Phase-II. SECMC has deposited PKR 670 million with Revenue Department and ~2,574 acres privately owned land has been mutated in favor of the company.

Work on both Phase I & II of LBOD water supply scheme remained in progress with 68% & 38% project completion respectively. Target completion date for both Phase I & II is Sep 2017 and the project is on-track for completion. Progress on 50 Cusec effluent disposal scheme remained behind schedule. However, GoS has recently taken some concrete measures to increase the pace of work. Current completion target is March 31, 2016. SECMC is continuously monitoring the Quality & Progress of both LBOD & 50 Cusec Effluent Disposal schemes through in-house resources & by engaging reputable 3rd party consultants to ensure optimum quality of work and on time completion of both infrastructure projects.

During the year, project cost for Phase I was firmed up at USD 845 million. Out of this USD 211 million is to be raised through equity while USD 634 million is to be financed through debt. Four new equity partners; HUBCO, Thal, HBL and CMEC, were inducted during the year. All the major financing agreements have been signed on Dec 21, 2015. Financial close and disbursement of loan is expected after execution of security documents and completion of legal formalities. Subsequent to year end, Sovereign Guarantee for local lenders was issued on January 11, 2016.

Engro Powergen Thar (Private) Limited

Concrete and landmark progress was achieved during the year for financial close. EPTL obtained Generation License from NEPRA effective on March 18, 2015. Subsequently, EPTL also received Letter of Support from Private Power and Infrastructure Board (PPIB) dated April 17, 2015. On May 4, 2015, EPTL entered into Power Purchase Agreement (PPA) with National Transmission and Dispatch Company and Implementation Agreement (IA) and Supplemental IA with Islamic Republic of Pakistan. EPTL also signed Coal Supply Agreement with SECMC on June 7, 2015. Basic engineering studies were initiated and preliminary geotechnical & topographic surveys were also completed during the year.

CMEC has completed Geotechnical & Topographic Surveys. 96 Bore holes (Up to 50m depth) have been done and topographic survey of Power Plant Site has also been completed. Piling test activity has been initiated at Power Plant Site by CMEC and 8 confirmatory bore holes have been completed.

During the year, EPTL finalized its envisaged shareholding structure and signed financing agreements with local and foreign lenders. EPTL's project cost is expected to be ~USD 1,108 Mn of which ~USD 831 Mn is to be arranged through debt while ~USD 277 Mn in the form of equity based on a debt to equity ratio of 75:25. Engro Powergen Limited will be the majority ordinary shareholder in the project with a proposed 51% common equity investment. Rest of the equity is planned from the CMEC Thar Power Investments Limited and other local investors (Habib Bank Limited and Liberty Mills).

Major financing agreements were executed on December 21, 2015. Financial close and disbursement of loan is expected after execution of security documents, issuance of guarantee and completion of legal formalities.

Revenue
(Rs. in million)

13,419
2015

engro polymer & chemicals

For Engro Polymer, 2015 was a challenging year. The company posted a loss after tax of PKR 644 Mn in 2015 as compared to a loss after tax of PKR 1,109 Mn last year. The company witnessed loss, primarily due to volatile commodity prices which wiped out the impact of sales growth achieved in domestic PVC industry. Increase in natural gas price together with production issues at Chlor Alkali unit caused further dent in profitability. However, positive swing in exchange rate, immunity from retrospective payment of industrial portion of GIDC and reduction in 5% import duty on Ethylene to 2% helped the company to offset some financial burden.
On the production front, the company remained steadfast to its strategy of converting maximum VCM to PVC and meeting all its PVC production requirements through in house VCM. During 2015, the company produced the highest level of PVC i.e. 161 KT, while the VCM production stood at 162 KT and Caustic soda at 98 KT.

In 2015, domestic PVC market size stood at 179 KT. The company witnessed substantial volumetric growth in sales which was primarily driven by increased penetration in the domestic market and import substitution. Domestic PVC is manufactured solely by Engro Polymer & Chemicals which sells under the brand name of "SABZ". In 2015, EPCL's market share rose to 83% as compared to 77% in 2014. PVC Scrap imports were estimated to be approximately 6 KT in 2015 in Pakistan, which is an estimated decline of 63% from 2014. Low differential between Resin and Scrap price encouraged scrap users to consume Resin, which supported EPCL sales in the domestic market. In the domestic market, pipes and fittings constituted a significant portion of the PVC market. Strong demand from construction sector combined with increased consumption of PVC pipes in government and large scale infrastructure projects contributed towards significant growth in domestic PVC sales to 145 KT in 2015 vs. 125 KT last year.

The company is channelizing efforts to enhance PVC pipes demand in the country and is working with private and public sectors to encourage use of PVC pipes in the newly developing products. EPCL will continue to direct its efforts towards development of this sector and in spreading awareness about advantages of PVC over competing materials. The company is pursuing an aggressive marketing strategy and is working extensively with its customers, government agencies, architects and construction consultants for PVC market development. The company is hopeful that these efforts will continue to bear fruit for the stakeholders in times to come. Also, improved outlook of construction sector, Public Sector Development Programme along with positive economic activity especially the launch of China Pakistan Economic Corridor (CPEC) is likely to support PVC demand in the domestic market.

The company sold 83 KT in domestic Caustic Soda market during the year, 10 KT lower than last year due to aggressive market competition coupled with production issues at the plant which have now been resolved. Thus the market share fell from 36% last year to 32% in 2015. Despite these challenges, the company maintained its position as the leader in the South Caustic Soda market.

Also, towards the year end the company received an interest from A.T.S Synthetic (Private) Limited to acquire Engro Corporation Limited's 56.19% shareholding in the company. All stock exchanges were duly notified about this development.

Revenue

(Rs. in million)

22,264

2015

engro elengy terminal

The project has yet again demonstrated Engro's commitment towards the betterment of the country as it will enable the Government of Pakistan to alleviate the increasing natural gas shortage of the country by up to 30%.

In 2014, Engro embarked on the journey to build Pakistan's first LNG Storage and Regasification Terminal. An LNG Operations and Services Agreement (LSA) was entered into with Sui Southern Gas Company Limited (SSGCL) in April 2014, whereby Engro committed to achieving commercial operations by March 31, 2015. On March 29, 2015, the company received Certificate of Acceptance from SSGCL after successful completion of tests as per LSA and initiated delivery of re-gasified LNG to SSGCL. The project was constructed ahead of time on March 29, 2015, in a record time of 332 days at a total cost of USD 122 million. The project has yet again demonstrated Engro's commitment towards the betterment of the country as it will enable the Government of Pakistan to alleviate the increasing natural gas shortage of the country by up to 30%. The Project has been built utilizing the existing infrastructure of Engro thus resulting in reduced capital expenditure as compared to other terminals across the globe and one of the lowest tariffs in the world of \$0.66/mmbtu. During the year, the terminal handled 17 cargoes and 1,030,557 MT of LNG. It delivered 48.05 bcf re-gasified LNG into the SSGC network adding approximately 51 billion BTUs of energy. Further, it has maintained 100% of RLNG regasification nomination given by SSGCL. The overall service factor was 86.1% despite the use of the Floating Storage Regasification Unit (FSRU) for shuttling.

The project was approved on a 75:25 Debt to Equity ratio. The company has signed agreements with all lenders for a cumulative USD 92.5 M term finance loan. The amount is expected to be disbursed during 1Q 2016 and the proceeds will be utilized to settle the subordinated debt from Engro Corporation.

LNG supplied
(volume in thousands)

1,031MT

2015

engro vopak

During the year, Engro Vopak completed 18 years of safe operations without any lost time injury. On the operational front, 106 KT of LPG and 691 KT of Phosphoric Acid were handled at EVTL, making these quantities highest tonnage handled for these products for a single business year in EVTL's history. Also, EVTL recorded highest ever volumes of chemical handled at site totaling to 1,286 KT vs. 1,172 KT last year. The company continued its stable financial operations with revenues of PKR 2,599 million vs. PKR 2,168 million in 2014, posting profit after tax of PKR 1,574 million vs. PKR 1,419 million in 2014.

Revenue
(Rs. in million)

2,599

2015

Social Investments

As part of our continuing commitment towards improving the life of our stakeholders, and specifically that of our host communities, we contributed approximately PKR 229 million (inclusive of donor spend) under our social investments commitments in 2015, as compared to PKR 235 million in 2014. Our social investments programs are managed by Engro Foundation – the single CSR front for all Engro companies. Engro Foundation together with its partners worked in the areas of education, health, infrastructure, and livelihoods to provide socio-economic opportunities to a multitude of individuals and households in our host communities.

Engro Foundation works towards generating greater sustainable impact by focusing on business inclusiveness. The objective going forward is to improve livelihoods in our value chains to empower communities. Our flagship projects for the year included SPIRiT farmer training project, Technical Training College, SEaDS – Net dairy training program, Katcha Education Program; amongst others.

As an organization we pride ourselves on our deep understanding of our responsibility to the society. With this guiding principle we provided support to employees to enable them to positively impact the communities around them. In 2015, the employees volunteered in excess of 14,000+ hours versus an aggregate of 11,000 hours in 2014.

Our Human Resources

Recognizing that our people make all the difference, we strive to consistently attract, hire and retain high quality talent, so that together we can combine our strengths and skills to build a successful partnership that can help us sustain our competitive edge. Our key areas of focus for the year 2015 remained diversity & inclusion; talent development; automation of our HR processes; and the Management Trainee Program across the group.

Consequently with an enhanced focus on the above mentioned areas, we worked consistently to deploy initiatives that ensured top employee performance and satisfaction as illustrated by an 9% increase in our Employee Engagement Index which stood at 71% at the end of 2015 versus 62% the previous year.

Through the year, our emphasis on training and development of our employees led to 29.9 training hours per employee in 2015. Women account for 9% of the workforce*, while we continue to champion recruitment of People with Disabilities at the Company to ensure that we deliver on our promise of being an equal opportunity employer. Moreover, through the year we also worked on implementing a rigorous talent development framework which focused on multi-pronged areas and ensured a healthy talent pipeline that guarantees presence of well-rounded future leaders for the organization.

*9% of the positions that can be reasonably accommodated with women.

Volunteerism Hours

14,000+

2015

Employee Engagement Index

71%

2015

Health, Safety & Environment

At Engro, we believe in doing business with a conscience and leading by example and that is why we undertake strategic investments that incorporate a strong consideration for the safety of our people, plants and the planet at large.

Moreover, we maintained our focus on safety management systems keeping in view international best practices including Occupational Safety and Health Administration (OSHA) and DuPont Workplace Safety Standards amongst others. Resultantly, through the year our Total Recordable Injury Rate (TRIR) stood at 0.15.

Total Recordable Injury Rate

0.15

2015

Engro Islamic Rupiya

The company issued Islamic Sukuks to target institutional and individual investors in 2014. The Sukuks offer a return of 13% and 13.5% per annum, over a period of 3 years and 5 years respectively with semi-annual profit payments. Pakistan Credit Rating Agency in its annual review has upgraded the rating of the instrument to AA+.

Capital Investment, Capital Structure and Finance

Consolidated shareholders' equity at the end of the year increased by PKR 17,648 million to stand at PKR 85,673 million. Owners' portion accumulates to PKR 69,241 million. This increase is mainly due to profits for the year.

Long-term borrowings at year end decreased to PKR 59,583 million from PKR 73,325 million at 2014 year end, primarily due to the significant deleveraging by Engro Fertilizers.

Adverse profitability of some of the businesses had a toll on their cash flows but effective financial management enabled them to sustain operations without compromising on required Capex and debt obligations. The cash flows were carefully allocated for required Capex throughout the year to ensure plants reliability, volumetric growth and operational efficiency.

The balance sheet gearing (company's long term debt and equity share in capital) for the year ended 2015 is 41:59 vs. 52:48 as at 2014 year end.

Credit Rating

As a result of the improved financial performance, Pakistan Credit Rating Agency in its annual review of the company's credit worthiness has upgraded Engro Corp's long-term rating as AA and maintained short-term rating as A1+. These ratings reflect the company's financial and management strength and denote a low expectation of credit risk and the capacity for timely payment of financial commitment.

Major Judgment Areas

Main areas related to Group relief & Group tax, GIDC, Sales tax, Alternate Corporate tax, Minimum Tax on Turnover and apportionment of expenses etc. in the subsidiaries are detailed in Notes to the Accounts.

Treasury Management

The treasury activities are controlled and carried out in accordance with the policies approved by the Board. The purpose of the treasury policies is to ensure that adequate cost-effective funding is available at all times and that exposure to financial risk is minimized. The risks managed by the Treasury function are liquidity, interest rate, credit, market and currency risks. We use derivative financial instruments to manage our exposure to foreign exchange rate, interest rate, and the objective is to reduce volatility in cash flow and earnings. The treasury function does not operate as a profit center.

Interest Rate Management

At the end of 2015, Engro Corp's consolidated borrowings were PKR 59,583 million. A significant portion of this amount is of foreign currency, which is linked to LIBOR. Interest rates on foreign currency borrowings are hedged through fixed interest rate swaps for the entire tenor of the loans. The local currency borrowings are all based on KIBOR which is monitored regularly for adverse movements which may be mitigated by fixing the same.

Risk Management Framework

Engro Corporation launched the Lean Enterprise Risk Management framework in 2011, across its subsidiaries. It is our policy to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives. The businesses mandate assessment of their strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. Risks are identified from across the organization and are ranked based on their impact and probability. Risks are broadly categorized between Strategic, Commercial, Operational and Financial risks.

Upon identification of risks, a strategy is devised to mitigate its impact which is regularly monitored by the senior management. In early 2015, the Board of Engro Corporation approved a framework for the group wide implementation of financial risk management. The intent was to manage & mitigate financial risks in a structured and formalized manner. Under the framework all subsidiaries are required to develop formalized policies / SOPs along with periodic review and reporting of financial risks and mitigation strategies.

Liquidity Risk

In order to maintain adequate liquidity for its working capital requirements, the Boards of each subsidiary have approved adequate short termed funded facilities. Engro's policy is to ensure that adequate short term funding and committed bank facilities are available to meet the forecast peak borrowing requirements. We mitigate liquidity risk by careful monitoring of our cash flow needs, regular communication with our credit providers, and careful selection of financially strong banks as per the board approved criteria to participate in our operating lines.

Foreign Currency Risk

Where deemed appropriate, we eliminate currency exposure on purchases of goods and foreign currency loans through the use of forward exchange contracts and options as permitted by the prevailing foreign currency regulations. Some of the businesses have natural hedges for their foreign currency exposures - for e.g. the power business foreign currency exposure is taken by WAPDA, while Engro Vopak has certain dollar denominated contracts, and for the fertilizers business we have hedged USD 62 million out of its total foreign currency borrowings of USD 89.2 million. We will continue to monitor foreign currency trends and take appropriate actions as and when required.

Commodity Risk

In order to mitigate market risk, we monitor prices of commodities in the local and international markets regularly. Moreover we aim to minimize this risk by careful inventory procurement and maintaining it within approved limits as per board policies.

Credit Risk

Careful selection of financially strong banks with a high credit rating helps us mitigate this risk. Credit Limits are extended based on financial strength of the customer, credit references, market positioning and international industry practices.

Management Information Systems

Information Systems stepped into 2015 with a focused execution following an Information Technology strategy to transform 'Systems of Record' to 'Systems of Information' leading to 'Systems of Engagement'.

In line with IT transformation program, Project Orion was launched for the implementation of Business Intelligence tools to address business information needs via analytics & dashboards.

IT Enablement for HR was delivered via MyEngro – a HR transformation portal offering online performance management, recruitment, compensation & benefit automations making HR more flexible, more agile and more responsive to organizational changes & priorities. World Class Inventory Cataloguing system was deployed to modernize our existing Material Management system for effective utilization of e-procurement, inventory reductions and reduced procurement times with a vision to build Engro Buying Powerhouse. SAP continued to extend its footprint across other subsidiaries to foster process efficiencies.

Accounting Standards

The accounting policies of the company fully reflect the requirements of the Companies Ordinance 1984 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Ordinance as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Pension, Gratuity and Provident Funds

Engro Corporation maintains plans that provide post-employment and retirement benefits to employees across the Group. These include defined contribution (DC) and defined benefit (DB) pension plans (both curtailed), DC provident fund, DC gratuity and DB gratuity plans.

DB plans are funded schemes recognized by the tax authorities. The latest actuarial valuation of DB pension and gratuity schemes was carried out at December 31, 2015 and the financial statements of these have been audited up to December 31, 2014.

The latest audited accounts for the provident fund cover year ended June 30, 2015 and for the DC gratuity and DC pension funds cover year ended December 31, 2014. The Company has fully paid all its obligations on all the above schemes.

The value of net assets of provident fund (as at June 30, 2015), gratuity funds (as at December 31, 2014) and pension funds (as at December 31, 2014) based on their respective audited accounts are:

Provident Fund: PKR 3,064 Mn
DC Pension Fund: PKR 675 Mn
DB Pension Fund: PKR 34 Mn
DC Gratuity Fund: PKR 1,032 Mn
DB Non-MPT Gratuity Fund: PKR 152 Mn
DB MPT Gratuity Fund: PKR 264 Mn

The company's stock is amongst the actively trades shares on all the Stock Exchanges of the Country. During the year 1,007 million shares of the company were traded on the Karachi Stock Exchange.

Auditors

The existing auditors, A.F. Ferguson & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee have recommended their re-appointment as statutory auditors for the year ending December 31, 2016 and the Board have endorsed the communication.

Shares Traded and Average Prices

The company's stock is amongst the actively trades shares on all the Stock Exchanges of the Country. During the year 1,007 million shares of the company were traded on the Karachi Stock Exchange. The average price of the company's share based on daily closing rates was PKR 294.34, while the 52 week low-high during 2015 was PKR 222.1 – 344.7 per share respectively.

Pattern of Shareholding

Major shareholders of Engro Corporation Limited are The Dawood Group including Dawood Hercules Corporation Limited (DH). Other shareholders are Engro group company employees, annuitants and their relatives, local and foreign institutions and the general public.

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Executives and their spouses including minor children during 2015 is shown in the shareholding section of this report.

Board of Directors

The Board of Directors reviews all significant matters of the company. These include company's strategic direction, annual business plans and targets, decision on long term investment and borrowings. The Board of Directors is committed to maintain high standards of Corporate Governance. All of the directors required to attend the directors training course have attended the course conducted by the Pakistan Institute of Corporate Governance (PICG).

Statement of Director Responsibilities

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

i. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

ii. Proper books of accounts of the company have been maintained.

iii. Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards and reclassification of capital spares. Accounting estimates are based on reasonable prudent judgment.

iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.

v. The system of internal control is sound in design and has been effectively implemented and monitored.

vi. There are no significant doubts upon the company's ability to continue as a going concern.

vii. There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Board & Board Committees Meetings and Attendance

In 2015, the Board of Directors held 10 meetings to cover its complete cycle of activities. The Board was reconstituted via election on 22nd April, 2015 (after 1 meeting). The attendance record of the Directors is as follows;

Directors Name	Attendance
Mr. Hussain Dawood	10/10
Mr. Abdul Samad Dawood	10/10
Mr. Shahzada Dawood	8/10
Mr. Muneer Kamal	9/9
Mr. Shehzad Naqvi	9/9
Mr. Muhammad Abdul Aleem	9/9
Mr. Waqar Malik	9/9
Mr. Khalid S. Subhani *	8/8
Mr. Mansur Khan **	6/6
Mr. Isfandiyar Shaheen ***	6/6
Mr. Hasan Reza ur Rahim ****	3/3
Mr. Asif Saad ****	2/3
Mr. Muhammad Aliuddin Ansari †	2/3
Mr. Shabbir Hashmi †	1/1
Mr. Khawaja Iqbal Hassan †	1/1
Mr. Frank Murray Jones †	1/1
Mr. Ruhail Mohammed †	1/1
Mr. Shahid Hamid Pracha †	1/1
Mr. Saad Raja †	1/1
Mr. Sarfaraz A. Rehman †	1/1

* Appointed CEO w.e.f. 12th May, 2015 on resignation of Mr. Muhammad Aliuddin Ansari
** Appointed Director w.e.f. 5th June, 2015, in place of Mr. Hasan Reza ur Rahim
*** Appointed Director w.e.f. 18th August, 2015, in place of Mr. Asif Saad
**** Resigned before term completion
† Retired on completion of term

The Board Audit Committee held 7 meetings during 2015. The committee was reconstituted w.e.f. 27th April, 2015 (after 2 meetings). The attendance record of the Committee is as follows:

Directors Name	Attendance
Mr. Muhammad Abdul Aleem	5/5
Mr. Waqar Malik	5/5
Mr. Muneer Kamal	4/5
Mr. Mansur Khan*	3/3
Mr. Shabbir Hashmi	2/2
Mr. Khawaja Iqbal Hassan	2/2
Mr. Shahid Hamid Pracha	2/2
Mr. Shahzada Dawood	1/2
Mr. Hasan Reza ur Rahim**	1/1

* Replacement for Mr. Hasan Reza ur Rahim from 17th August, 2015 meeting onwards
** Resigned after the first meeting and was replaced by Mr. Mansur Khan

The Board Investment Committee met 10 times during 2015. The committee was reconstituted w.e.f. 8th May, 2015 (after 1 meeting). The attendance record of the Committee is as follows:

Directors Name	Attendance
Mr. Abdul Samad Dawood	8/10
Mr. Shehzad Naqvi	9/9
Mr. Muneer Kamal	9/9
Mr. Isfandiyar Shaheen*	5/6
Mr. Asif Saad**	2/2
Mr. Khawaja Iqbal Hassan	1/1
Mr. Shahid Hamid Pracha	1/1
Mr. Saad Raja	1/1

* Replacement for Mr. Asif Saad from. 24th August, 2015 meeting onwards
** Resigned after two meetings

The Board Compensation Committee met 5 times during 2015. The committee was reconstituted w.e.f. 27th April, 2015 (after 1 meeting). The attendance record of the Committee is as follows:

Directors Name	Attendance
Mr. Abdul Samad Dawood	5/5
Mr. Waqar Malik	4/4
Mr. Muhammad Abdul Aleem	3/4
Mr. Shehzad Naqvi	3/4
Mr. Hussain Dawood	1/1
Mr. Shahzada Dawood	1/1
Mr. Shabbir Hashmi	1/1
Mr. Saad Raja	0/1

Dividend

The Board is pleased to propose a final cash dividend of PKR 7 per share, for the year ended December 31, 2015. The total dividend attributable to the year is PKR 18 per share including the total interim cash dividends of PKR 11 per share during the year.

future outlook

Pakistan's economy is forecasted to out-perform last year's growth with focus on structural reforms on back of on-going IMF monitoring and strong growth momentum. However, managed currency depreciation will further build pressure on exports. Also, energy deficit remains a key risk to growth on account of supply issues faced by the industry. However, Engro Corporation remains committed to its mission of helping solve the country's energy crisis by developing Pakistan's largest hydrocarbon reserves - Thar coal, through integrated mining and power generation project.

For Engro, the theme for 2016 is capitalizing on all possible avenues for developing the three growth pillars; Energy & Related Infrastructure, Fertilizer & Agricultural Inputs and Consumer Business. To realize this growth strategy, the company is geared up to meet challenges on human resource, technical and financial fronts. Capital allocation decisions to strategically align the Engro portfolio are a top priority to achieve the desired returns.

Engro Fertilizers

Global Urea demand in 2016 is expected to grow moderately, while supply is expected to trend marginally higher, with new capacity coming on stream in North America, China, Nigeria and Azerbaijan. Global urea prices in 2015 followed the commodity market trend and fell by 16% over the year. Prices in 2016 are expected to further decline given the supply pressure. Gap between international and domestic urea prices is expected to remain thin in 2016.

Local urea demand for 2016 is expected to remain stable however any further decline in farmer economics may lead to a decline in demand. With new developments in local gas scenario and availability of gas via LNG, local production may see an increase thereby possibly eliminating the need for imports. The company will look to maximize production in 2016 subject to gas availability.

Furthermore, the pressure on international DAP prices is expected to continue in 2016 due to weak import demand from major demand centers and positive supply fundamentals. Moreover, the exhaustion of domestic subsidy on DAP by 1H 2016, coupled with continuation of weak farmer economics, should result in slight decline in farmer off take vs. 2015, thereby, softening local prices also.

Engro Foods

Engro Foods is confident and geared up to continue on its journey of growth and momentum in 2016 as well on the back of improving business parameters across all fronts. The company expects the depressed milk inflation figures and lower fuel prices will have an impact on its profitability. The focus on the existing business has also been complemented by a consistent effort to explore new areas and segments that can serve as the next engines of growth for the company. This will give the company the platform which should enable it to continue its growth trajectory while adding new businesses to further cement its position as the fastest growing dairy company in Pakistan.

Improving law and order situation, macroeconomic indicators and favorable factor prices have further portrayed a positive outlook of the country. With the growing proportion of youth and that too particularly in the middle class fueling increased buying power, the company remains confident of the potential that the country holds. Engro Foods will continue to live its purpose and bring affordable and nutritious products that guarantee wholesome goodness to its consumers.

Engro EXIMP Agriproducts

Going forward, the company's focus is on continuing to improve its operational efficiency, enhance export sales and develop local consumer brands to improve margins and reduce commodity price risk.

Engro Polymer

Going forward, the company is optimistic on account of government's intention of resolving the energy crisis and huge investments coming into the country under the Pak-China Economic Corridor. Also, low discount rates will further encourage credit up-take and investment in the economy.

The global PVC market demand remained stable in 2015 due to continued growth in global economy. Going forward, we expect that PVC demand will continue growing driven by growth in global economy but the quantum is expected to be muted on account of slowing growth in emerging economies especially China.

Local PVC market witnessed growth in 2015. The company benefited from economic expansion and growth in the construction sector. Going forward, we foresee 2016 to be another promising year on account of planned investments

For Engro, the theme for 2016 is capitalizing on all possible avenues for developing the three growth pillars; Energy & Related Infrastructure, Fertilizer & Agricultural Inputs and Consumer Business.

under infrastructure projects and strong demand in the construction sector. Further, prioritized focus on energy sector to overcome energy crisis is expected to improve availability of power supply, hence, consistent demand for PVC.

Domestic Caustic Soda market remained competitive during 2015 and the overall caustic demand growth remained muted. Temporary in-house production issues at CA plant also affected EPCL product supply in the market. However, adequate measures have been taken to maintain full production throughout 2016.

On regulatory front, recommendation of senate special committee to offer exemption on retrospective payment of captive power portion of GIDC could be a major breakthrough for company's cash flows, if adjudicated, as it will allow the company to reverse a significant portion of outstanding balance of GIDC provision.

The company is confident about displaying continued strong operational performance in 2016. It is hopeful that its marketing activities will continue to yield positive impact in the upcoming year. However, economic value creation of the company will continue to be influenced by uncontrollable factors such as vinyl chain prices, energy prices and currency volatility.

Engro Powergen

The company continues to seek new opportunities in energy sector around the world in partnership with international players to utilize Engro's unique engineering and project management skillset. In partnership with Government, the Thar mining and power projects are expected to remain on track for completion in next three years to help resolve the energy crisis in the Country.

The company's plant at Qadirpur would continue to receive uninterrupted supply of permeate gas in 2016. The recent changes in global crude oil price scenario are expected to play a role in NTDC's merit order. Furthermore, we expect the current issues in grid capacity to be resolved on priority basis thus resulting in higher dispatch from the power purchaser.

Despite improvement in payments to IPPs during 2015, the GOP has not been able to settle outstanding interest dues of IPPs which is a major component of circular debt in the energy sector. We believe that in the absence of any concrete measures to address its root cause, circular debt will remain a challenge for the industry going forward in the short-term.

Going forward the company will continue to maintain its focus on plant and equipment reliability and other performance improvement initiatives, thereby ensuring uninterrupted power supply to the national grid for the benefit of all stakeholders.

Engro Elengy

The project has started playing its role in alleviating some of the energy shortage faced by the country and will further place Engro at the forefront for other such projects in the future. The company expects to maintain stable operations.

Engro Vopak

The company expects to perform well and maintain its operations and profitability in a stable fashion due to its unique and leading position in liquid chemicals handling industry.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

horizontal analysis – balance sheet

(Rs. in million)	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.	11 Vs. 10 %	2010 Rs.	10 Vs. 09 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	5,238	-	5,238	2	5,113	-	5,113	30	3,933	20	3,277	10
Share Premium	13,068	-	13,068	24	10,550	-	10,550	-	10,550	-	10,550	-
Unappropriated Profits	45,891	35	33,997	27	26,833	47	18,268	(4)	18,986	49	12,776	52
Reserves	5,044	3	4,874	(1)	4,913	11	4,420	3	4,312	8	3,995	(5)
Non-Controlling Interest	16,431	51	10,847	31	8,274	76	4,714	16	4,080	16	3,516	9
	85,673	26	68,025	22	55,683	29	43,065	3	41,861	23	34,115	16
NON-CURRENT LIABILITIES												
Borrowings	36,993	(33)	55,380	(29)	78,321	7	73,257	(11)	82,560	(7)	89,152	6
Derivative Financial Instruments	17	(66)	51	(97)	1,611	152	640	(9)	702	(13)	805	27
Deferred Taxation	8,690	32	6,558	4	6,301	21	5,191	3	5,046	104	2,471	46
Others	161	(18)	198	(11)	222	1	220	10	201	(58)	484	47
	45,862	(26)	62,187	(28)	86,455	9	79,309	(10)	88,510	(5)	92,912	7
CURRENT LIABILITIES												
Current portion of												
Borrowings	22,589	26	17,945	22	14,755	(46)	27,437	27	21,566	39	15,544	554
Others	98	126	43	(6)	46	9	42	13	37	2	36	(12)
Trade and Other Payables	34,051	(36)	53,498	33	40,113	32	30,499	30	23,420	86	12,614	31
Accrued Interest / Mark up	1,328	(36)	2,068	(8)	2,252	(14)	2,614	(16)	3,114	19	2,619	45
Short-term Borrowings	6,177	(47)	11,765	84	6,380	9	5,828	36	4,284	(25)	5,716	339
Others	514	(67)	1,556	5	1,479	62	914	(29)	1,284	5	1,221	45
	64,757	(25)	86,875	34	65,025	(3)	67,334	25	53,706	42	37,751	136
TOTAL EQUITY AND LIABILITIES	196,292	(10)	217,087	5	207,163	9	189,708	3	184,077	12	164,778	25
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	128,404	(5)	134,507	2	131,969	(0)	132,553	(2)	135,092	5	129,068	17
Long-term Investments	3,120	14	2,735	46	1,874	48	1,268	(26)	1,717	234	515	3
Biological Assets	1,024	19	859	20	716	7	668	35	497	16	428	(2)
Intangible Assets	277	(7)	296	(63)	808	3	783	6	738	(16)	877	50
Others	4,888	104	2,399	21	1,979	5	1,883	54	1,224	533	193	26
	137,713	(2)	140,796	3	137,347	0	137,156	(2)	139,267	6	131,082	17
CURRENT ASSETS												
Store, Spares and Loose Tools	7,679	2	7,547	7	7,039	8	6,508	5	6,195	26	4,911	238
Stock-in-Trade	14,089	22	11,567	(44)	20,700	25	16,591	43	11,604	31	8,844	132
Trade Debts	6,734	46	4,615	52	3,033	(71)	10,638	71	6,215	21	5,131	45
Advances, Deposits and Prepayments	1,508	(12)	1,708	18	1,451	35	1,073	(47)	2,017	(18)	2,474	80
Other Receivables	7,935	49	5,317	6	4,996	62	3,088	36	2,265	76	1,288	13
Taxes Recoverable	2,350	(28)	3,253	5	3,086	(22)	3,966	30	3,056	23	2,494	140
Cash and Bank Balances	4,112	(66)	12,245	77	6,899	48	4,663	6	4,418	7	4,120	(40)
Short-term Investments	14,050	(52)	28,987	36	21,366	256	5,998	(28)	8,332	88	4,426	764
Others	122	(88)	1,052	(16)	1,246	4,633	26	(96)	708	8,779	8	(95)
	58,579	(23)	76,291	9	69,816	33	52,552	17	44,810	33	33,696	69
TOTAL ASSETS	196,292	(10)	217,087	5	207,163	9	189,708	3	184,077	12	164,778	25

vertical analysis – balance sheet

(Rs. in million)	2015		2014		2013		2012		2011		2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	5,238	3	5,238	2	5,113	2	5,113	3	3,933	2	3,277	2
Share Premium	13,068	7	13,068	6	10,550	5	10,550	6	10,550	6	10,550	6
Unappropriated Profits	45,891	23	33,997	16	26,833	13	18,268	10	18,986	10	12,776	8
Reserves	5,044	3	4,874	2	4,913	2	4,420	2	4,312	2	3,995	2
Non-Controlling Interest	16,431	8	10,847	5	8,274	4	4,714	2	4,080	2	3,516	2
	85,673	44	68,025	31	55,683	27	43,065	23	41,861	23	34,115	21
NON-CURRENT LIABILITIES												
Borrowings	36,993	19	55,380	26	78,321	38	73,257	39	82,560	45	89,152	54
Derivative Financial Instruments	17	0	51	0	1,611	1	640	0	702	0	805	0
Deferred Taxation	8,690	4	6,558	3	6,301	3	5,191	3	5,046	3	2,471	1
Others	161	0	198	0	222	0	220	0	201	0	484	0
	45,862	23	62,187	29	86,455	42	79,309	42	88,510	48	92,912	56
CURRENT LIABILITIES												
Current portion of												
Borrowings	22,589	12	17,945	8	14,755	7	27,437	14	21,566	12	15,544	9
Others	98	0	43	0	46	0	42	0	37	0	36	0
Trade and Other Payables	34,051	17	53,498	25	40,113	19	30,499	16	23,420	13	12,614	8
Accrued Interest / Mark up	1,328	1	2,068	1	2,252	1	2,614	1	3,114	2	2,619	2
Short-term Borrowings	6,177	3	11,765	5	6,380	3	5,828	3	4,284	2	5,716	3
Others	514	0	1,556	1	1,479	1	914	0	1,284	1	1,221	1
	64,757	33	86,875	40	65,025	31	67,334	35	53,706	29	37,751	23
TOTAL EQUITY AND LIABILITIES	196,292	100	217,087	100	207,163	100	189,708	100	184,077	100	164,778	100
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	128,404	65	134,507	62	131,969	64	132,553	70	135,092	73	129,068	78
Long-term Investments	3,120	2	2,735	1	1,874	1	1,268	1	1,717	1	515	0
Biological Assets	1,024	1	859	0	716	0	668	0	497	0	428	0
Intangible Assets	277	0	296	0	808	0	783	0	738	0	877	1
Others	4,888	2	2,399	1	1,979	1	1,883	1	1,224	1	193	0
	137,713	70	140,796	65	137,347	66	137,156	72	139,267	76	131,082	80
CURRENT ASSETS												
Store, Spares and Loose Tools	7,679	4	7,547	3	7,039	3	6,508	3	6,195	3	4,911	3
Stock-in-Trade	14,089	7	11,567	5	20,700	10	16,591	9	11,604	6	8,844	5
Trade Debts	6,734	3	4,615	2	3,033	1	10,638	6	6,215	3	5,131	3
Advances, Deposits and Prepayments	1,508	1	1,708	1	1,451	1	1,073	1	2,017	1	2,474	2
Other Receivables	7,935	4	5,317	2	4,996	2	3,088	2	2,265	1	1,288	1
Taxes Recoverable	2,350	1	3,253	1	3,086	1	3,966	2	3,056	2	2,494	2
Cash and Bank Balances	4,112	2	12,245	6	6,899	3	4,663	2	4,418	2	4,120	3
Short-term Investments	14,050	7	28,987	13	21,366	10	5,998	3	8,332	5	4,426	3
Others	122	0	1,052	0	1,246	1	26	0	708	0	8	0
	58,579	30	76,291	35	69,816	34	52,552	28	44,810	24	33,696	20
TOTAL ASSETS	196,292	100	217,087	100	207,163	100	189,708	100	184,077	100	164,778	100

horizontal and vertical analyses
profit and loss account

Horizontal Analysis (Rs. in million)	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13 Vs. 12 %	2012 Rs.	12 Vs. 11 %	2011 Rs.	11 Vs. 10 %	2010 Rs.	10 Vs. 09 %
Sales	184,264	5	175,958	13	155,360	24	125,151	9	114,612	43	79,976	38
Cost of Sales	(132,769)	(5)	(139,742)	22	(114,763)	19	(96,631)	17	(82,531)	38	(59,702)	34
Gross Profit	51,495	42	36,217	(11)	40,597	42	28,520	(11)	32,081	58	20,274	50
Admin, Distribution and Marketing Expenses	(14,603)	(1)	(14,789)	7	(13,784)	18	(11,636)	14	(10,177)	23	(8,290)	33
	36,892	72	21,428	(20)	26,812	59	16,884	(23)	21,905	83	11,984	65
Other Expenses	(6,681)	163	(2,543)	42	(1,794)	(7)	(1,935)	0	(1,930)	131	(837)	(1)
Other Income	2,980	(20)	3,719	36	2,732	20	2,280	11	2,057	129	897	130
Operating Profit	33,191	47	22,604	(19)	27,750	61	17,229	(22)	22,032	83	12,044	76
Finance Cost	(8,425)	(32)	(12,344)	(21)	(15,634)	1	(15,516)	26	(12,315)	185	(4,322)	95
Share of Income from Joint Venture and Associates	1,019	41	723	19	610	(18)	744	(57)	1,742	214	555	21
Net Profit Before Taxation	25,785	135	10,983	(14)	12,726	418	2,457	(79)	11,459	38	8,277	64
Provision for Taxation	(8,516)	168	(3,182)	(28)	(4,401)	567	(660)	(82)	(3,648)	99	(1,836)	37
Net Profit After Taxation	17,268	121	7,801	(6)	8,325	363	1,797	(77)	7,811	21	6,441	73
Non-Controlling Interest	3,484	339	794	57	507	9	464	(287)	(249)	(29)	(349)	296
Profit attributable to Owners of the Holding Company	13,784	97	7,007	(10)	7,818	487	1,333	(83)	8,060	19	6,790	78

Vertical Analysis (Rs. in million)	2015		2014		2013		2012		2011		2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	184,264	100	175,958	100	155,360	100	125,151	100	114,612	100	79,976	100
Cost of Sales	(132,769)	(72)	(139,742)	(79)	(114,763)	(74)	(96,631)	(77)	(82,531)	(72)	(59,702)	(75)
Gross Profit	51,495	28	36,217	21	40,597	26	28,520	23	32,081	28	20,274	25
Admin, Distribution and Marketing Expenses	(14,603)	(8)	(14,789)	(8)	(13,784)	(9)	(11,636)	(9)	(10,177)	(9)	(8,290)	(10)
	36,892	20	21,428	12	26,812	17	16,884	13	21,905	19	11,984	15
Other Expenses	(6,681)	(4)	(2,543)	(1)	(1,794)	(1)	(1,935)	(2)	(1,930)	(2)	(837)	(1)
Other Income	2,980	2	3,719	2	2,732	2	2,280	2	2,057	2	897	1
Operating Profit	33,191	18	22,604	13	27,750	18	17,229	14	22,032	19	12,044	15
Finance Cost	(8,425)	(5)	(12,344)	(7)	(15,634)	(10)	(15,516)	(12)	(12,315)	(11)	(4,322)	(5)
Share of Income from Joint Venture and Associates	1,019	1	723	0	610	0	744	1	1,742	2	555	1
Net Profit Before Taxation	25,785	14	10,983	6	12,726	8	2,457	2	11,459	10	8,277	10
Provision for Taxation	(8,516)	(5)	(3,182)	(2)	(4,401)	(3)	(660)	(1)	(3,648)	(3)	(1,836)	(2)
Net Profit After Taxation	17,268	9	7,801	4	8,325	5	1,797	1	7,811	7	6,441	8
Non-Controlling Interest	3,484	2	794	0	507	0	464	0	(249)	0	(349)	0
Profit attributable to Owners of the Holding Company	13,784	7	7,007	4	7,818	5	1,333	1	8,060	7	6,790	8

six years summary

		2015	2014	2013	2012	2011	2010
		-------------------------------	-------------------------------	(Rupees in million)	-------------------------------	-------------------------------	
Balance Sheet							
Share Capital		5,238	5,238	5,113	5,113	3,933	3,277
Reserves		5,044	4,874	4,913	4,420	4,312	3,995
Shareholders' Funds / Equity		85,673	68,025	55,683	43,065	41,861	34,115
Long-term Borrowings		36,993	55,380	78,321	73,257	82,560	89,152
Capital Employed		145,255	141,350	148,758	143,759	145,987	138,811
Deferred Liabilities		259	241	268	260	214	140
Property, Plant & Equipment		128,404	134,507	131,969	132,553	135,092	129,068
Long-term Assets		137,713	140,796	137,347	137,156	139,267	131,082
Net Current Assets / Working Capital		16,411	7,362	19,546	12,655	12,670	11,489
Summary of Profit and Loss							
Sales		184,264	175,958	155,360	125,151	114,612	79,976
Gross Profit		51,495	36,217	40,597	28,520	32,081	20,274
Operating Profit		33,191	22,604	27,750	17,229	22,032	12,044
Profit Before Tax		25,785	10,983	12,726	2,457	11,459	8,277
Profit After Tax		17,268	7,801	8,325	1,797	7,811	6,441
EBITDA		43,750	32,306	37,030	26,330	29,813	15,501
Summary of Cash Flows							
Net Cash Flow from Operating Activities		5,966	29,160	31,506	7,799	16,492	(142)
Net Cash Flow from Investing Activities		25,102	(29,317)	(7,367)	(4,213)	(10,222)	(19,741)
Net Cash Flow from Financing Activities		(28,300)	(13,269)	(7,557)	(6,855)	(498)	16,624
Changes in Cash & Cash Equivalents		2,768	(13,426)	16,581	(3,269)	5,772	(3,259)
Cash & Cash Equivalents – Year-end		11,256	8,489	21,914	5,333	8,603	2,830
Others							
Market Capitalization		146,340	116,024	80,975	47,057	36,457	63,519
Number of Shares Issued (in million)		523.785	523.785	511.269	511.269	393.284	327.737
Summary of Actual Production							
Urea	Metric Tons	1,964,034	1,818,937	1,561,575	974,425	1,279,378	971,913
NPK	Metric Tons	126,074	117,193	92,839	67,755	113,172	100,270
PVC Resin	Metric Tons	162,000	153,000	146,000	146,000	122,000	115,000
EDC	Metric Tons	100,000	118,000	117,000	110,000	104,000	96,000
Caustic Soda	Metric Tons	98,000	114,000	115,000	107,000	100,000	93,000
VCM	Metric Tons	162,000	168,000	170,000	146,000	98,000	-
Power	Megawatt hour	1,424,015	1,721,959	1,333,664	1,767,038	1,665,400	1,200,592
Dairy and Juices	Thousand Liters	552,532	472,735	422,818	476,788	388,236	314,650
Drying Unit of Rice Processing Plant	Metric Tons	45,982	166,801	196,478	139,575	55,192	19,778
Ice Cream	Thousand Liters	19,364	16,726	14,500	16,550	17,763	12,672

financial ratios

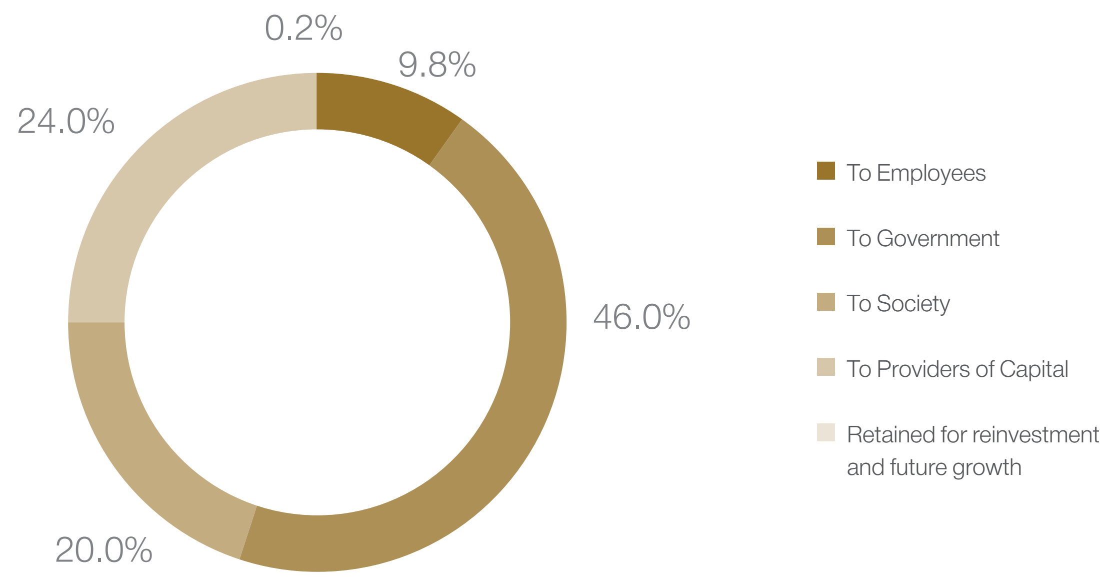
Ratios	2015	2014	2013	2012	2011	2010
Profitability Ratios						
Gross Profit Ratio	28%	21%	26%	23%	28%	25%
Net Profit to Sales	9%	4%	5%	1%	7%	8%
EBITDA Margin to Sales	24%	18%	24%	21%	26%	19%
Operating Leverage Ratio	9.88	-1.34	2.39	-2.65	2.05	1.94
Return on Equity	22%	13%	18%	4%	24%	24%
Return on Capital Employed	17%	13%	16%	12%	14%	8%
Return on Capital Employed (ICAP Definition)	12%	5%	6%	1%	5%	5%
Liquidity Ratios:						
Current Ratio	1.39	1.11	1.39	1.32	1.39	1.52
Quick / Acid Test Ratio	1.06	0.94	0.98	0.90	1.03	1.12
Cash to Current Liabilities	0.43	0.60	0.56	0.27	0.40	0.38
Cash Flow from Operations to Sales	0.03	0.17	0.20	0.06	0.14	0.00
Activity / Turnover Ratios:						
No. of Days Inventory	35.3	42.1	59.3	53.4	45.2	38.7
Inventory Turnover	10.4	8.7	6.2	6.9	8.1	9.4
Total Assets Turnover Ratio	0.94	0.81	0.75	0.66	0.62	0.49
Investment /Market Ratios:						
Earnings per Share (Restated)	26.32	13.59	15.29	2.61	15.77	13.28
Earnings per Share (Historical)	26.32	13.59	16.01	2.61	20.50	20.72
Price Earnings Ratio	10.62	16.30	10.36	35.26	4.57	11.22
Dividend Yield Ratio	8%	4%	6% *	-	3%	3%
Dividend Payout Ratio	68%	44%	56% *	-	30%	35%
Dividend Cover Ratio	1.46	2.27	1.79 *	-	3.38	2.88
Market Value per Share at the end of the year; and	279.39	221.51	158.38	92.04	92.70	193.81
- High during the year	344.70	232.00	185.98	150.26	237.19	212.84
- Low during the year	222.10	154.99	81.05	88.71	91.97	166.09
" Breakup value per share without Surplus on Revaluation of Fixed Assets "	163.57	129.87	108.91	84.23	106.44	104.09
" Breakup value per share including the effect of Surplus on Revaluation of Fixed Assets "	163.57	129.87	108.91	84.23	106.44	104.09
Cash Dividend (Rs in 000)	9,428,126	3,129,079	-	-	2,359,707	1,966,419
Stock Dividend (Rs in 000)	-	-	-	-	1,179,853	655,474
In-specie dividend (Rs in 000)	-	-	2,955,137*			
*Market value of Specie dividend of 1 Engro Fertilizer share for every 10 shares of Engro Corp.						
Capital Structure Ratios:						
Financial Leverage Ratio	0.77	1.25	1.79	2.47	2.59	3.24
Weighted Average Cost of Debt	11%	13%	15%	14%	11%	4%
Debt to Equity Ratio	0.70	1.08	1.67	2.34	2.49	3.07
Interest Cover Ratio	4.06	1.89	1.81	1.16	1.93	2.92

statement of value addition and distribution

(Rs. in million)

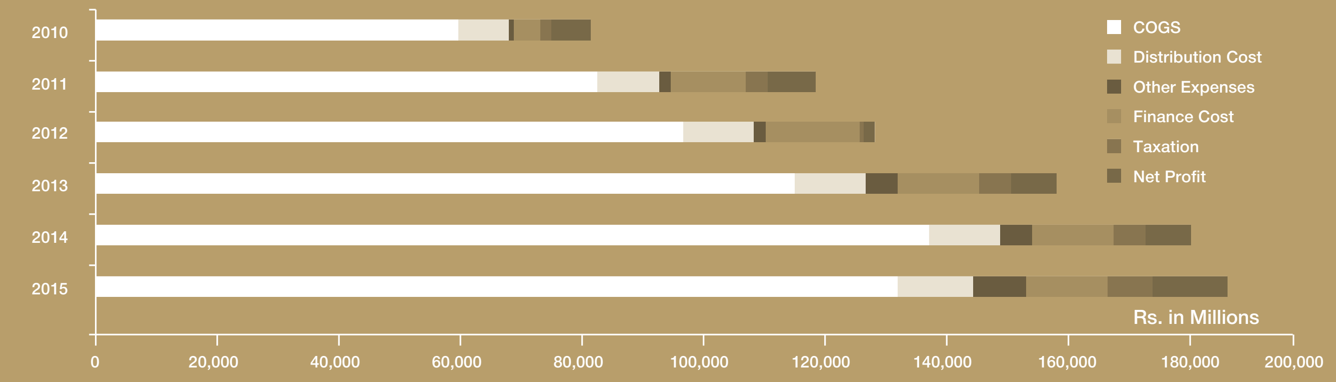
	2015		2014	
	Rs.	%	Rs.	%
Wealth Generated				
Total revenue inclusive of sales tax and other income	208,643		198,645	
Bought-in-material and services	(119,253)		(118,430)	
	89,390		80,215	
Wealth Distributed				
To Employees				
Salaries, benefits and other costs	8,768	9.8%	7,729	9.6%
To Government				
Taxes, duties and development surcharge	41,130	46%	43,664	54.4%
To Society				
Donation towards education, health, environment and natural disaster	149	0.2%	129	0.2%
To Providers of Capital				
Dividend to shareholders	9,484	10.6%	1,218	1.5%
Mark-up/interest expense on borrowed money	8,425	9.4%	11,646	14.5%
Retained for reinvestment and future growth				
Depreciation, amortization and retained profit	21,434	24%	15,829	19.7%
	89,390		80,215	

Wealth Generated

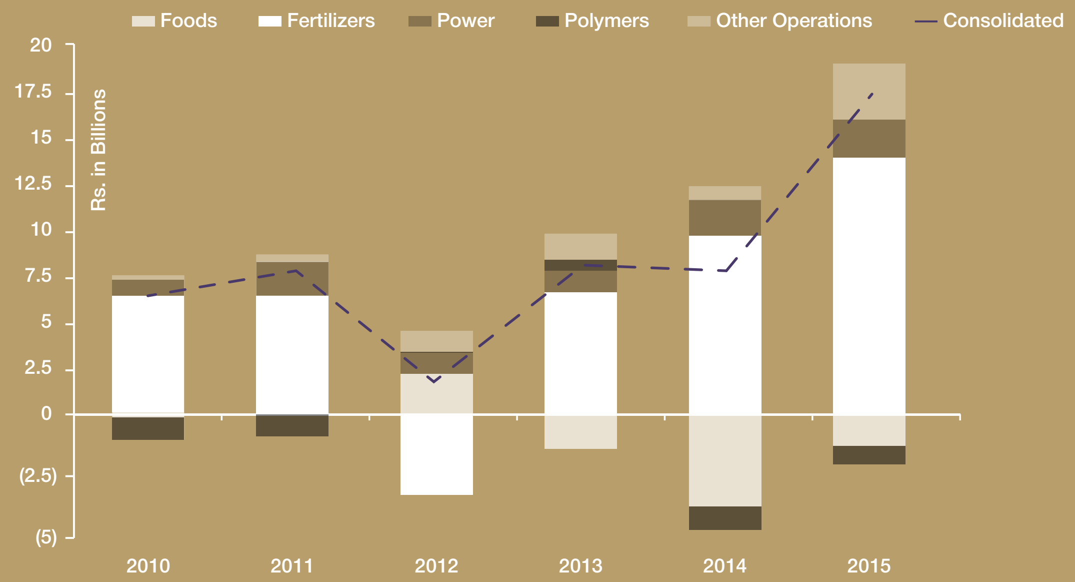


financial ratios

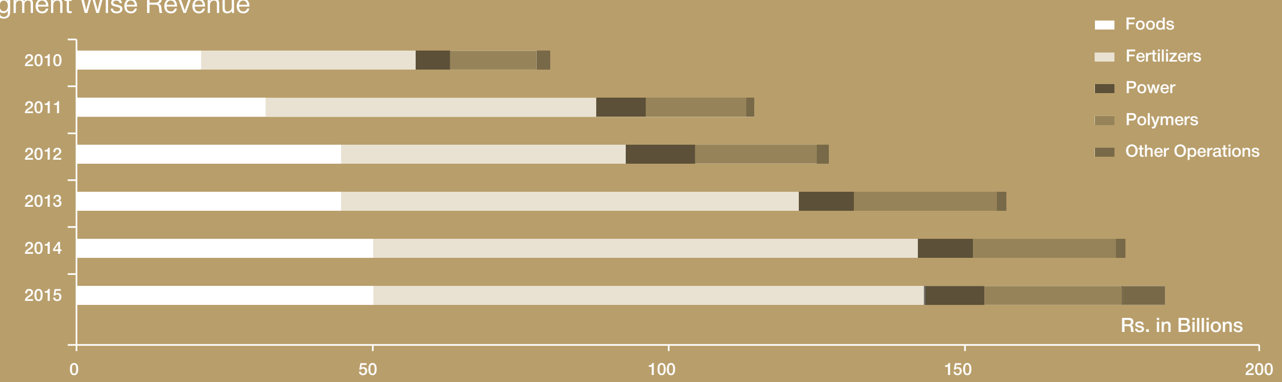
Profit and Loss Analysis



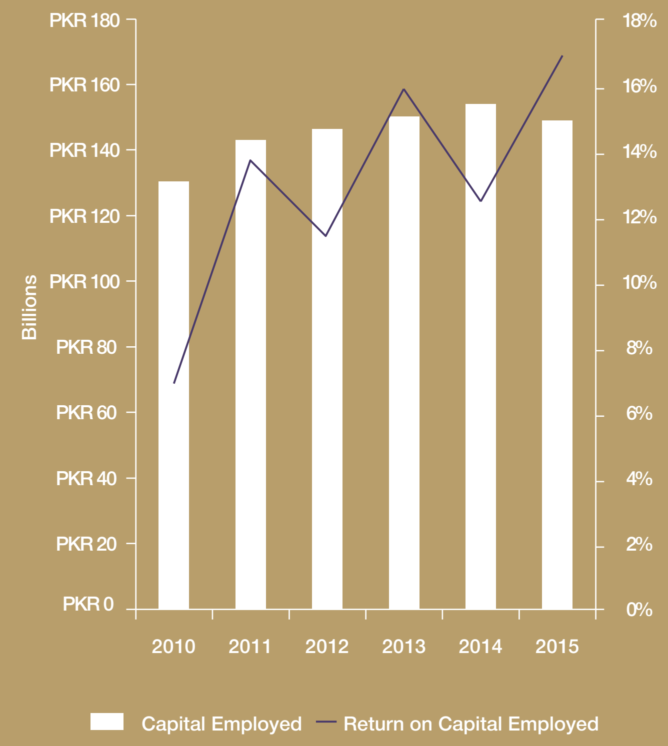
Segment Wise Profit After Tax



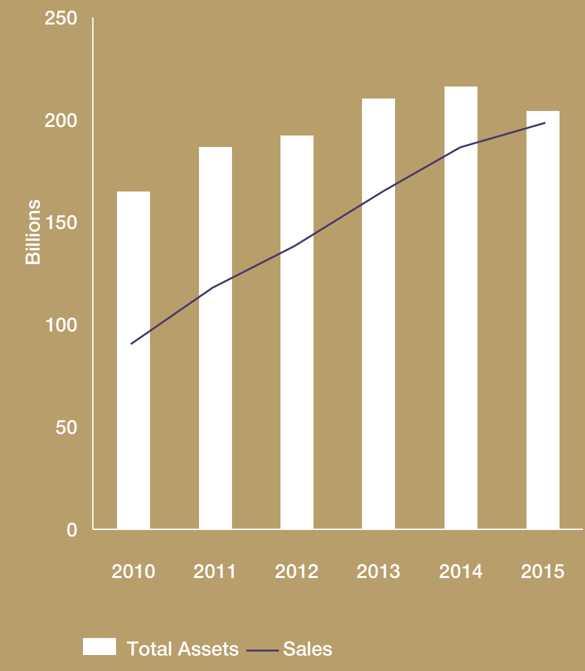
Segment Wise Revenue



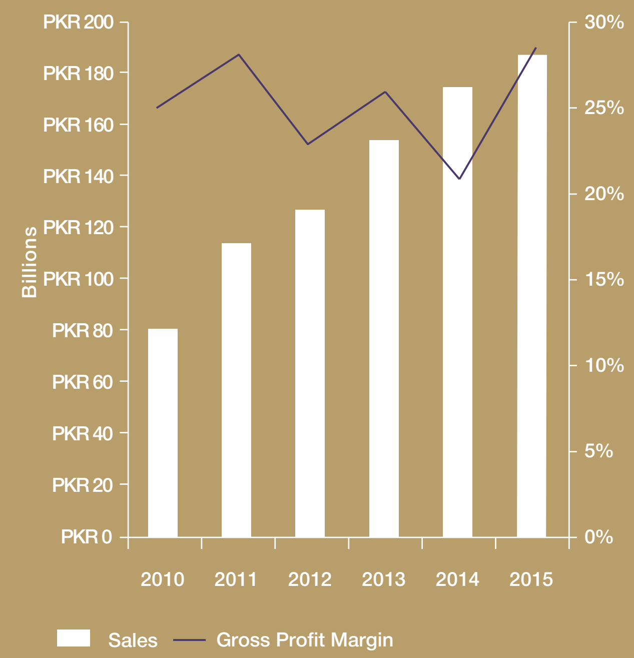
Return on Capital and Capital Employed



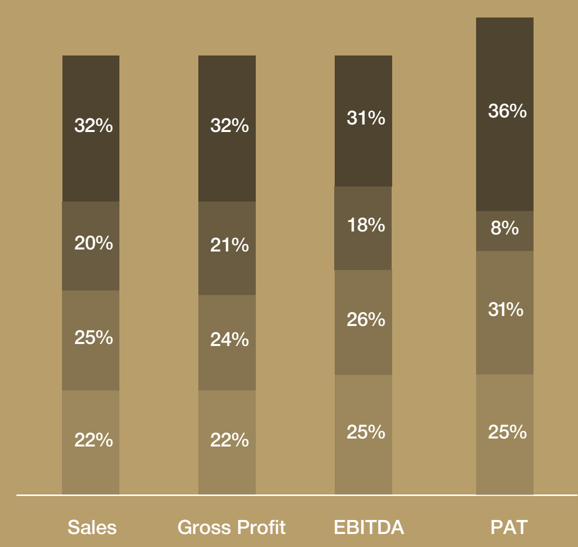
Total Assets to Sales



Gross Profit Margin to Sales



Quarterly Analysis for 2015



summary of financial performance

Six Years' Analysis of Profit & Loss

Revenues and Cost of Sales

The consolidated revenues grew from Rs.80 billion in 2010 to Rs.184 billion in 2015, registering a Compounded Annual Growth Rate (CAGR) of 15% over the six year period. The diversification into the Foods, Power Generation and LNG businesses over the years as well as higher volumes in the Fertilizers, Dairy and PVC sectors are the major contributories to this exponential growth. The Company achieved its highest ever Urea and Dairy sales volumes during 2015.

Over the six year period the Cost of Sales grew from Rs.60 billion to Rs.133billion, in line with the escalation in revenues, which connotes that the company has expanded and diversified without any major impacts on its cost structure.

Administrative, Distribution & Marketing Expenses

Over the six year period the Administrative, Distribution & Marketing expenses grew from Rs.8 billion to Rs.15 billion. Substantial investment in marketing was done as part of brand building in the formative years. Since these brands now enjoy a solid base, the costs have gradually reduced as a percentage of sales and for 2015 stand at 8% as compared to 10% for 2010.

Finance Costs

Finance costs increased from Rs.4 billion in 2010 to Rs.8 billion in 2015, while a high of Rs.16 billion was touched in 2013, as borrowings were obtained for foods and power generation business diversification as well as expansions in fertilizers and polymer businesses. With the successful completion of these projects, the resulting incremental cash flows are now being used for deleveraging. This deleveraging coupled with accommodative monetary policy in 2015 resulted in a decrease of 32% in finance costs compared to prior year.

Taxation

With the higher profitability, the provision for taxation has also increased over the years. The dips in taxation provisions for 2012 and 2014 are attributable to the taxable losses of fertilizers and rice business respectively.

Profit attributable to Owners of Holding Company

Over the six year period the profits attributable to owners of the holding company grew from Rs.7 billion in 2010 to Rs.14 billion in 2015 – a CAGR of 12%. This increase has been achieved through a mix of diversification into new businesses and expansion in the core businesses.

Six Years' Analysis of Financial Position

Equity

Equity grew from Rs.34 billion in 2010 to Rs.86 billion in 2015 mainly on account of profits retained in businesses for future growth and expansion.

Long term Borrowings

The Foods and Power Generation diversifications and Fertilizers and PVC expansion projects were mainly financed through long-term borrowings, touching a high of Rs.105 billion during 2010. Positive cash flows generated from the timely and successful completion of these projects were used for timely debt servicing, early repayments and cash sweeps.

Deferred Taxation Liability

Owing to the taxable losses mainly incurred on account of initial tax depreciation allowance in the fertilizer, petrochemical and foods businesses, the deferred tax liability has grown significantly over the years.

Trade and Other Payables

Growth in revenues over the years has resulted in increased trade and other payables. The decrease in 2015 from previous year represents the payment of accumulated GIDC pertaining to fertilizer business during the year.

Accrued Interest / Markup on Finances

Accrued interest and markup on finances grew in line with the increased borrowings. With significant deleveraging as mentioned above and accommodative monetary policy, the accrued interest and markup on finances are now showing a downward movement.

Short-term Borrowing

Growing businesses and increased turnover have resulted in an increase in short-term borrowing due to working capital requirements. However, due to better cash flows availability, the short-term borrowings are now witnessing a decreasing trend.

Property, Plant and Equipment

Owing to expansions and diversification as mentioned earlier, the property, plant and equipment exhibited significant increase till 2012. Following a slow 2013, a surge was witnessed during 2014 owing to the investment to set up the LNG terminal which completed during the current year. During 2015, the Company booked an impairment loss of Rs 3.4 billion against its rice processing plant.

Current Assets

Continuous growth in business volumes over the years have also resulted in an increase in current assets from Rs.34 billion in 2010 to Rs.59 billion in 2015.

Six Years' Analysis of Cash Flows

Cash flows over the six year have been positive throughout demonstrating consistent liquidity over the horizon. In order to support expansion and diversification projects, significant financing was taken from local and foreign institutions between 2006 and 2010. Thereby, the cash flows from financing activities were positive in 2010. As the projects became operational, the excess operating cash flows were used for deleveraging which explains the negative financing cash flows for the last five years. The cash flow impact from project operations can also be observed from the trend in cash flows from operations as during the six year horizon the starting year had negative operating cash flows, but 2011 onwards the operating cash flows have been positive. However, in 2012 the operating cash flows came under significant pressure due to gas curtailment issues faced by the fertilizer sector while the 2015 operating cash flows were lower on account of prior years' accrued GIDC paid during the year. As the business consolidated in 2012-2013, investing cash flows were significantly lower than earlier years but towards the end of 2014 significant cash was been put aside for short term investments which were liquidated in 2015 primarily to pay the accrued GIDC.

Six Years' Analysis of Ratios

Profitability Ratios

Noticeably, the years 2012 and 2014 have shown a downward trend in profitability ratios over the six year horizon owing to gas curtailment issues faced by fertilizer sector in 2012 and sharp rupee appreciation and falling commodity prices affecting margins in Rice and Petrochemical businesses in 2014. During 2015, profitability ratios improved mainly on account of implementation of concessionary gas for the new Urea plant.

Liquidity Ratios

Effective treasury management across the businesses enabled the group, throughout the six year period, to have adequate liquidity to satisfy its near term liabilities, as depicted by the current ratio being in excess of 1 for all years.

Capital Market

Market capitalization has more than doubled from Rs.64 billion in 2010 to Rs.146 billion in 2015. The 2015 year-end market price of Engro Corp share was Rs.279.39 as compared to Rs.221.51 for 2014, translating into a 26% capital gain return for the year. For 2015, the company declared total dividend of Rs.18 for its shareholders.

Capital Structure

The Company's financial leverage has improved over the years and the company is in a comfortable position, as depicted by the financial leverage ratio of 0.77 compared to a high of 3.24 in 2010. Interest coverage ratio has also improved from a low of 1.16 times in 2012 to 4.06 in 2015.

moments of sharing

shareholder information

notice of meeting

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of Engro Corporation Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Friday, April 15, 2016 at 10:00 a.m. to transact the following business:

A. Ordinary Business

(1) To receive and consider the Audited Accounts for the year ended December 31, 2015 and the Directors' and Auditors' Reports thereon.

(2) To declare a final dividend at the rate of PKR 7.00 (70%) for the year ended December 31, 2015

(3) To appoint Auditors and fix their remuneration.

B. Special Business

(4) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT the consent of the Company in General Meeting be and is hereby accorded to lend/provide to the following associated companies, short term loans / financing facilities of upto the amounts stated below in respect of each. The facilities will initially be for a period of one year, but renewal of the same for four further periods of one year each be and is also hereby approved.

- Engro Fertilizers Limited – PKR 6 billion
- Engro Foods Limited – PKR 2 billion
- Engro Polymer & Chemicals Limited – PKR 3.75 billion
- Engro Vopak Terminal Limited – PKR 0.30 billion
- Elengy Terminal Pakistan Limited – PKR 1 billion"

(5) To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded as required by Section 196 of the Companies Ordinance, 1984 for sale/disposal of the Company's entire shareholding in Engro Polymer & Chemicals Limited amounting to 56.19% of its shareholding and 372,810,000 shares."

(6) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded as required by Sections 196 and 208 of the Companies Ordinance, 1984 for sale/disposal of up to 24% i.e. 319,423,000 shares of Engro Fertilizers Limited."

(7) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance 1984 for investment up to Rs. 2,247,600,000 in Engro Polymer & Chemicals Limited, an associated company, for subscribing at par value to 224,760,000 non-redeemable, cumulative, non-participatory and non-convertible preference shares of PKR 10 each to be issued by Engro Polymer & Chemicals Limited."

(8) To consider, and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that the Articles of Association of the Company be amended by adding a new Article 58 A as follows:

The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein."

By Order of the Board
ANDALIB ALAVI
Vice President - Legal
& Company Secretary

Karachi,
February 18, 2016

N.B.

(1) The Share Transfer Books of the Company will be closed from Friday, April 08, 2016 to Friday, April 15, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No. (92-21) 34380101-5 and email info.shares@famco.com.pk by the close of business (5:00 p.m) on Thursday, April 07, 2016 will be treated as being in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.

(2) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting. A proxy need not be a member of the Company.

(3) SUBMISSION OF THE CNIC/NTN DETAILS (MANDATORY)
Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2014, the rates of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment are different for filers of Income Tax return and Non filers of Income Tax return. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding proportion (No.of Shares)	Name & CNIC No.	Shareholding proportion (No.of Shares)

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC , the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP Order dated July 13, 2015 under section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants of such shareholders. Further, all the share-holders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The Company as per the new Law, shall apply 17.5% rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to FAMCO Associates (Pvt) Ltd., by the first day of Book Closure.

Statement under Section 160 of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the Fiftieth Annual General Meeting of Engro Corporation Limited (Engro Corp / the Company) to be held on Friday, April 15, 2016, at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such Special Business.

ITEM (4) OF THE AGENDA

The management of the Company has been evaluating a mechanism whereby short term liquidity management within the Company and the Engro group could be further strengthened. As a Group-wide policy initiative to achieve operational efficiencies for the benefit of the Company and the Group, the Company seeks approval to enable it to lend and make available to the associated companies listed below, short term financing facilities. The above is being proposed only for short term liquidity management (including but not restricted to commercial papers and other short term financing instruments), where the Company has surplus liquidity and/or the associated companies require liquidity. The associated companies, as a reciprocal arrangement will be obtaining their shareholders' approval to make similar facilities available to the Company where it has excess liquidity and / or where the Company requires liquidity.

The information required under S.R.O. 27 (1) / 2012 for loans and advances is provided below:

(i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Name of Associate	Relationship	Holding %
Engro Fertilizers Limited	Subsidiary of Engro Corporation Limited	78.78%
Engro Foods Limited	Subsidiary of Engro Corporation Limited	87.07%
Engro Polymer & Chemicals Limited	Subsidiary of Engro Corporation Limited	56.19%
Engro Vopak Terminal Limited	Joint Venture of Engro Corporation Limited with Royal Vopak of the Netherlands	50%
Elengy Terminal Pakistan Limited	Subsidiary of Engro Corporation Limited	80% (post acquisition of 20% of the shares by IFC, expected by March 2016).

[redacted]

Name of Associate	Amount in PKR
Engro Fertilizers Limited	6 billion
Engro Foods Limited	2 billion
Engro Polymer & Chemicals Limited	3.75 billion
Engro Vopak Terminal Limited	0.30 billion
Elengy Terminal Pakistan Limited	1 billion

(iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

This will enable the Company to lend to its associated companies during the times it has excess liquidity and / or the associated companies require liquidity, giving the Company opportunity to benefit from better terms including earning a higher return. This will improve the profitability of the Company benefitting the shareholders.

(iv) In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;

Name of Associate	Facility Type	Amount in PKR
Engro Polymer & Chemicals Limited	Long term subordinated loan	2.15 billion
	Short term subordinated loan	0.60 billion
Elengy Terminal Pakistan Limited	Short term subordinated loan	9.30 billion (however, this will be repaid as soon as the long term financing for the LNG terminal is disbursed which is expected in March 2016). This loan was granted when ETPL was a wholly owned subsidiary.

(v) Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;

Full year ended December 31, 2015, audited accounts of Engro Fertilizers Limited:

Assets	Amount in thousand
Property, plant and equipment	72,192,289
Investments	4,383,000
Stores, spares and loose tools	4,639,142
Stock-in-trade	6,942,110
Other Assets	17,224,543
Total Asset	**105,381,084**
Liabilities	
Borrowings	36,026,244
Trade and other payables	16,886,856
Other Liabilities	9,941,964
Total Liabilities	**62,855,064**
Total Equity	**42,526,020**
Income Statement	
Revenue	87,615,258
Profit Before Tax	21,168,930
Profit after Tax	15,027,481

Full year ended December 31, 2015, audited accounts of Engro Foods Limited:

Assets	Amount in thousand
Property, plant and equipment	13,860,273
Advances, deposits & prepayments	133,999
Trade debts & other receivables	716,123
Stock-in-trade	3,071,379
Others Assets	8,503,612
Total Asset	26,285,386
Liabilities	
Long term Finances	5,367,405
Trade and other payables	3,666,927
Short Term Finances	409,757
Other Liabilities	1,928,496
Total Liabilities	11,372,585
Equity	14,912,801
Income Statement	
Revenue	49,834,089
Operating Profit	5,150,404
Profit after Tax	3,162,455

Full year ended December 31, 2015, audited accounts of Engro Polymer & Chemicals Limited:

Assets	Amount in thousand
Property, plant and equipment	16,249,050
Stock in trade	2,941,206
Stores, spares and loose tools	1,539,344
Trade debts	436,852
Other Assets	3,075,706
Total Asset	24,242,158
Liabilities	
Borrowings	8,326,676
Trade and other payables	6,300,942
Other Liabilities	4,311,509
Total Liabilities	18,939,127
Equity	5,303,031
Revenue	22,263,742
Operating Profit	778,414
Loss for the year	(648,857)

(vii) Rate of interest, mark up, profit, fees or commission etc. to be charged;

The rate will be better than the mark-up payable by Engro Corp on its borrowings of like or similar maturities and where it has no borrowings, the rate will not be less than KIBOR for the relevant period and will also be better than the rates Engro Corp can obtain for deposits or investments with financial institutions. Such rates will also be better than the rates payable by the associated companies for their like finances.

(viii) Sources of funds from where loans or advances will be given;

Internal cash generation: However see IX below.

(ix) Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company;

The intent is generally only to lend to the associated companies when Engro Corp has excess liquidity. However, there may be circumstances where Engro Corp may have overdraft lines un-utilized and may still lend to its associated companies by utilizing such lines where the associated companies require such financing. If this is done the answers to the queries are that (I) it will be justified by the associated companies paying a mark up rate better than the rate payable by Engro Corp and the associated companies also making a similar facility available to the Company and (II) Engro Corp secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments) and pledging shares of its investments in listed subsidiaries and (III) the normal repayment schedules of short term loans are for a maximum of one year.

(x) Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;

No security will be obtained since Engro Corp is the largest shareholder / joint venture partner in the associated companies. Engro Corp and its associated companies are confident that any financing arrangement will be repaid.

(xi) If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;

None

(xii) Repayment schedule and terms of loans or advances to be given to the investee company;

Facility granted for a period of one year, renewable for four further periods of one year each. The other terms are mentioned above.

(xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

As detailed above

(xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

The Directors of Engro Corp have no personal interest in the matter (however some directors of Engro Corp's Board are also directors of the associated companies' and own shares in the associated companies as follows:

EFERT	EFOODS	EPCL	EVTL	ETPL
Syed Khalid Siraj Subhani 236,572	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1	Syed Khalid Siraj Subhani 1
Abdul Samad Dawood 6,632	Abdul Samad Dawood 501	Shahzada Dawood 5001	Shahzada Dawood 1	
	Isfandiyar Shaheen 1			

(xv) Any other important details necessary for the members to understand the transaction;

N/A

ITEM (5) OF THE AGENDA

AS PER REQUIREMENT OF S.R.O 1227/2005.

Details of assets to be disposed of i.e., its description, cost, revalued amount (if available), book value and approximate current market price/ fair value:

The Company's entire investment in Engro Polymer & Chemicals Limited; Cost and book value of the Investment is PKR 3.651 billion as of December 31, 2015; Market Value of the Investment is PKR 3.941 (PKR 10.57 per share as of December 31, 2015)

372.810 mn shares of Engro Polymer & Chemicals Limited held by the Company.

The proposed manner of disposal of the said assets:

The Company is in negotiation for sale of the shares, and if the negotiations are successful, a share purchase & sale agreement will be entered into which will document the terms and conditions of the sale.

Reasons for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders therefrom.

Strategic realignment towards the Engro group's three growth verticals: Energy and Related Infrastructure, Consumer Business, and Fertilizer and Agri-Inputs.

ITEM (6) OF THE AGENDA

AS PER REQUIREMENT OF S.R.O 1227/2005.

Details of assets to be disposed of i.e., its description, cost, revalued amount (if available), book value and approximate current market price/ fair value:

The Company's investment in Engro Fertilizers Limited of upto 24% of its total outstanding shares (i.e. 319,423,000 shares); Cost and book value of these shares is PKR 3.194 billion as of December 31, 2015; Market Value is PKR 26.79 billion (PKR 83.87 per share as of December 31, 2015)

Up to 319.423,000 shares of Engro Fertilizers Limited owned by the Company.

The proposed manner of disposal of the said assets:

The Company has appointed an Advisor to assist it for the potential sale, subject to market conditions, which will be by way of private offering to local and international investors, at the best possible/obtainable price.

Reasons for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders therefrom.

As part of strategic initiatives with regards to its subsidiaries and in order to enable the Company to diversify its portfolio and meet its capital allocation requirements, the sale is being proposed. The shares of Engro Fertilzers Limited were listed in January 2014 at a price of Rs. 28.50 per share so the Company will get a good return on the sale.

ITEM (7) OF THE AGENDA

In the 49th Annual General Meeting of the Company held in 2015, the shareholders had approved the Company subscribing to up to PKR 2,247,600,000 in Engro Polymer & Chemicals Limited (EPolymer), an associated company, at par value to 224,760,000 non-redeemable, cumulative, non-participatory and non-convertible preference shares of PKR 10 each. However, this subscription was put on hold, because as the shareholders of the Company are aware, the Company had, as part of its continuing strategic review of all businesses and companies within the Engro group, appointed financial advisors to provide strategic options for its shareholding in EPolymer and some initial interest for investing in EPCL had been received. Subsequently, on November 23, 2015, ATS Synthetic (Pvt.) Limited sent a public announcement of intention to acquire 56.19% shares of EPolymer from the Company, following which in November 2015, the Company sent a notice to the Stock Exchanges informing its shareholders that the process of EPolymer's due diligence will be commencing.

In the event the sale of EPolymer does not go through, the Company will still need to subscribe to the shares to assist EPolymer in strengthening its balance sheet and enhance its capability to meet its loan obligations in time. Therefore, this approval is being sought again because under the provisions of Rule 8(2) of S.R.O 27/I/2012, the approval obtained last year has lapsed.

The information required under S.R.O. 27 (1) / 2012 for equity investment is provided below:

(i) Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;

Engro Polymer and Chemicals Limited (EPolymer), a subsidiary company with 56.19% shareholding being held by Engro Corporation Limited.

(ii) Purpose, benefit and period of investment;

As mentioned above, the investment (i.e. the subscription to the Preference Shares of EPolymer by way of rights issue) will serve as financial support enabling EPolymer to strengthen its Balance Sheet. The Company, in any case has to provide the support to its subsidiary and the Preference Shares provide an attractive return of 14%.

(iii) Maximum amount of investment;

Rs. 2,247,600,000

(iv) Maximum price at which securities will be acquired;

Rs. 10 (par value)

(v) Maximum number of securities to be acquired;

224,760,000

(vi) Number of securities and percentage thereof held before and after proposed investment;

Not applicable. Shares being issued are of different nature than the ones being presently held. However, the Company owns 56.19% of the issued Ordinary Shares of EPolymer.

(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;

Not applicable. These shares will be listed subsequent to investment.

(viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1);

Not applicable. These are new Right/ Preference Shares of EPolymer.

(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;

New class of shares will be issued, hence, break-up value is not available.

(x) Earning per share of the associated company or associated undertaking for the last three years;

2013: 1.07; 2014: (1.67) 2015: (0.97)

(xi) Sources of fund from which securities will be acquired;

Internal cash generation and borrowing, if required.

(xii) Where the securities are intended to be acquired using borrowed funds;

(I) Justification for investment through borrowings- the Company will subscribe to the shares through its dividend and other income, however if it needs to borrow, it will be able to earn a higher return than its borrowing costs and in any case, support to its subsidiary is required as detailed in (ii) above.

(II) Details of guarantees and assets pledged for obtaining such funds – Engro Corp secures its overdraft lines by providing a ranking charge over movable assets (excluding long term investments) and pledging shares of its investments in listed subsidiaries.

(xiii) Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;

Not applicable.

(xiv)Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;

The Directors of Engro Corporation Limited have no personal interest in EPolymer which is a direct subsidiary of the Company, except that some Directors of Engro Corporation Limited are Directors of EPolymer and hold one share each in EPolymer, as nominees of Engro Corporation Limited. Mr. Shahzada Dawood holds 5,000 shares of EPolymer.

(xv) Any other important details necessary for the members to understand the transaction;

None

ITEM (8) OF THE AGENDA

To give effect to the Companies (E-Voting) Regulations 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting.

UPDATE UNDER RULE 4 OF S.R.O 27/I/2012.

Note relating to Engro Polymer & Chemicals Limited:

Engro Polymer & Chemicals Limited (EPolymer) is a subsidiary of Engro Corporation Limited. In 2012, the shareholders approved a running finance facility from Engro Corporation Limited to EPolymer for upto PKR 2 billion which was initially for a period of one year and the renewal of the same for four further periods of one year each were also approved. PKR 600 million has currently been utilized. Approval for this is being substituted by the fresh approval being sought at this meeting in Agenda item No. 4.

In 2015, the shareholders approved a long term loan from Engro Corporation Limited to EPolymer for upto PKR 4 billion. To date the amount utilized is PKR 2.15 billion.

Note relating to Engro Foods Limited:

Engro Foods Limited (E.Foods) is a subsidiary of Engro Corporation Limited. In 2012, the shareholders approved a running finance facility from Engro Corporation Limited to E.Foods for up to PKR. 2billion which was initially for a period of one year and the renewal of the same for four further periods of one year each was also approved. The approval for this running finance facility is being substituted by the fresh approval being sought at this meeting in Agenda item No. 4.

By Order of the Board
ANDALIB ALAVI
Company Secretary

Karachi,
Dated: February 18, 2016

key shareholding and shares traded

Information of shareholding required under reporting framework is as follows:

Shareholder's category	Number of shares held
i. **Associated Companies, Undertakings and Related Parties**	
DAWOOD FOUNDATION	10,600
DAWOOD HERCULES CORPORATION LIMITED	194,972,555
DAWOOD CORPORATION (PVT) LIMITED	1,711,800
PATEK (PVT.) LTD.	32,102,886
Total	228,797,841
ii. **Mutual Funds**	
ASIAN STOCKS FUNDS LTD.	10
CDC - TRUSTEE ABL INCOME FUND	143,500
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	19,000
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	11,400
CDC - TRUSTEE ABL STOCK FUND	546,600
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	53,400
CDC - TRUSTEE AKD INDEX TRACKER FUND	56,274
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,339,300
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	45,000
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,160,800
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	11,400
CDC - TRUSTEE APF-EQUITY SUB FUND	65,000
CDC - TRUSTEE APIF - EQUITY SUB FUND	72,500
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	50,000
CDC - TRUSTEE ASKARI EQUITY FUND	40,600
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	263,100
CDC - TRUSTEE ATLAS INCOME FUND - MT	1,309,100
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	400,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	900,000
CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	50,300
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	578,700
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	29,000
CDC - TRUSTEE FIRST HABIB INCOME FUND	10,500
CDC - TRUSTEE FIRST HABIB STOCK FUND	16,500
CDC - TRUSTEE HBL - STOCK FUND	300,000
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	16,300
CDC - TRUSTEE HBL MULTI - ASSET FUND	97,000
CDC - TRUSTEE HBL MUSTAHEKUM SARMAYA FUND 1	53,000
CDC - TRUSTEE HBL PF EQUITY SUB FUND	8,400
CDC - TRUSTEE KSE MEEZAN INDEX FUND	284,200
CDC - TRUSTEE LAKSON EQUITY FUND	724,400
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	20,200
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	46,900
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	260,000
CDC - TRUSTEE MEEZAN BALANCED FUND	1,020,500
CDC - TRUSTEE MEEZAN ISLAMIC FUND	6,988,600
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	759,500

CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND	500
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	193,600
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	641,300
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	174,300
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	156,700
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	411,700
CDC - TRUSTEE NAFA MULTI ASSET FUND	181,817
CDC - TRUSTEE NAFA STOCK FUND	1,269,884
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	638,978
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1,521,200
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,161,142
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	15,800
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	4,000
CDC - TRUSTEE PICIC GROWTH FUND	732,600
CDC - TRUSTEE PICIC INCOME FUND - MT	61,900
CDC - TRUSTEE PICIC INVESTMENT FUND	367,500
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	94,500
CDC - TRUSTEE PICIC STOCK FUND	73,800
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	52,000
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	42,000
CDC - TRUSTEE PIML VALUE EQUITY FUND	41,000
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	145,000
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	200
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	78,000
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	8,000
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	179,300
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	116,500
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	88,200
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	29,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	19,500
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	40,000
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	40,000
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	650,500
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	74,000
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	10,000
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	10,000
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND	1,000
TRI. STAR MUTUAL FUND LTD.	913
Total	28,077,318

iii. **Directors and their spouse(s) and minor children**

Hussain Dawood	2,254,247
Khalid Siraj Subhani	865,714
Muhammad Abdul Aleem	63,646
Abdul Samad Dawood	66,310
Shahzada Dawood	944,410
Muneer Kamal	100
Mansur Khan	100
Waqar Ahmed Malik	15,000
Shahzad Naqvi	100
Isfandiyar Shaheen	1
Mrs. Kulsum Dawood (W/o. Mr. Hussain Dawood)	1,744,938
Ayesha Dawood (W/o. Mr. Abdul Samad Dawood)	40
Total	5,954,606

iv. **Executives** 1,011,863

v. **Public Sector Companies and Corporations** 11,189,959

vi. **Banks, Development Finance Institutions, Non-Banking Finance** Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds 25,444,949

vii. **Shareholders Holding five percent or more Voting Rights in the Listed Company**

DAWOOD HERCULES CORPORATION LIMITED 194,972,555

viii. Details of purchase/sale of shares by Directors, *Executives and their spouses/minor children during 2015

Name	Shares Purchased	Shares Sold	Rate	Date of Purchase/ Sale
Anthony Santamaria (h/o Claudette Santamaria)	3000		300.34	February 9, 2015
Abdul Samad Dawood		300000	296.47	February 20, 2015
Shariq Abdullah	4000		275.5	March 17, 2015
Qaisar ul Hassan		500	288.1	April 21, 2015
Anthony P. Santamaria (h/o Claudette Santamaria)		3000	313.27	June 11, 2015
Waqar Ahmed Malik		10000	320	August 25, 2015
Waqar Ahmed Malik	5000		306.39	September 8, 2015
Shahzada Dawood	107000		300.155	September 15, 2015
Hussain Dawood	500000		270.36	December 3, 2015
Shahzada Dawood	15000		272.94	December 3, 2015

* For the purposes of declaration of share and trades all employees of the Company are considered as Executives.

pattern of shareholding

As At December 31, 2015

Number of Shareholders	Shareholding		Total Shares Held	Number of Shareholders	Shareholding		Total Shares Held
	From	To			From	To	
2,676	1	100	121,442	3	150,001	155,000	457,075
2,913	101	500	865,018	7	155,001	160,000	1,096,918
1,591	501	1,000	1,290,112	6	160,001	165,000	981,321
3,297	1,001	5,000	8,286,445	4	165,001	170,000	678,348
1,026	5,001	10,000	7,494,258	8	170,001	175,000	1,375,590
459	10,001	15,000	5,678,493	5	175,001	180,000	885,289
285	15,001	20,000	5,061,237	2	180,001	185,000	363,817
196	20,001	25,000	4,458,211	3	185,001	190,000	562,208
128	25,001	30,000	3,539,313	1	190,001	195,000	193,600
63	30,001	35,000	2,052,194	7	195,001	200,000	1,396,074
81	35,001	40,000	3,069,407	4	200,001	205,000	806,917
59	40,001	45,000	2,516,796	2	205,001	210,000	419,704
65	45,001	50,000	3,150,406	2	210,001	215,000	422,911
40	50,001	55,000	2,104,318	2	215,001	220,000	433,902
29	55,001	60,000	1,652,687	2	220,001	225,000	446,828
26	60,001	65,000	1,619,544	2	225,001	230,000	453,231
17	65,001	70,000	1,150,423	2	230,001	235,000	466,712
22	70,001	75,000	1,611,368	2	235,001	240,000	476,191
19	75,001	80,000	1,480,666	3	240,001	245,000	729,719
12	80,001	85,000	984,732	2	245,001	250,000	500,000
14	85,001	90,000	1,221,125	2	250,001	255,000	504,255
14	90,001	95,000	1,295,337	2	255,001	260,000	518,304
19	95,001	100,000	1,880,193	3	260,001	265,000	789,020
16	100,001	105,000	1,644,484	2	265,001	270,000	533,310
11	105,001	110,000	1,184,330	4	270,001	275,000	1,090,505
5	110,001	115,000	558,540	4	275,001	280,000	1,111,003
6	115,001	120,000	707,182	2	280,001	285,000	565,857
12	120,001	125,000	1,473,783	1	285,001	290,000	289,500
6	125,001	130,000	764,160	3	295,001	300,000	900,000
7	130,001	135,000	935,088	2	300,001	305,000	605,644
8	135,001	140,000	1,101,106	2	305,001	310,000	611,272
8	140,001	145,000	1,147,286	1	310,001	315,000	311,000
3	145,001	150,000	449,761	1	335,001	340,000	339,236

Number of Shareholders	Shareholding		Total Shares Held	Number of Shareholders	Shareholding		Total Shares Held
	From	To			From	To	
1	340,001	345,000	344,108	1	600,001	605,000	601,102
1	350,001	355,000	351,100	1	610,001	615,000	610,900
2	365,001	370,000	737,500	2	615,001	620,000	1,235,202
1	370,001	375,000	371,600	1	625,001	630,000	626,000
1	375,001	380,000	375,790	1	635,001	640,000	638,978
2	380,001	385,000	767,204	1	640,001	645,000	641,300
1	385,001	390,000	387,847	2	650,001	655,000	1,301,700
1	390,001	395,000	394,866	1	660,001	665,000	664,008
3	395,001	400,000	1,200,000	1	675,001	680,000	678,868
3	400,001	405,000	1,209,360	2	705,001	710,000	1,418,009
1	405,001	410,000	407,500	1	715,001	720,000	716,923
2	410,001	415,000	823,400	1	720,001	725,000	724,400
1	415,001	420,000	415,591	1	725,001	730,000	728,000
1	420,001	425,000	420,210	1	730,001	735,000	732,600
1	425,001	430,000	430,000	1	735,001	740,000	739,400
2	430,001	435,000	867,600	1	755,001	760,000	759,500
2	445,001	450,000	899,816	1	760,001	765,000	762,000
1	465,001	470,000	465,287	1	770,001	775,000	775,000
1	470,001	475,000	474,759	1	795,001	800,000	797,700
1	485,001	490,000	486,077	1	815,001	820,000	816,220
1	490,001	495,000	490,800	2	850,001	855,000	1,703,375
3	495,001	500,000	1,500,000	2	865,001	870,000	1,736,497
1	515,001	520,000	516,337	1	895,001	900,000	900,000
2	520,001	525,000	1,046,178	1	905,001	910,000	907,067
2	525,001	530,000	1,055,200	1	940,001	945,000	944,410
1	530,001	535,000	534,800	1	945,001	950,000	949,044
2	535,001	540,000	1,077,039	2	1,020,001	1,025,000	2,045,500
1	545,001	550,000	546,600	1	1,025,001	1,030,000	1,030,000
1	550,001	555,000	552,474	1	1,050,001	1,055,000	1,051,300
1	565,001	570,000	567,934	2	1,055,001	1,060,000	2,116,460
1	570,001	575,000	574,500	1	1,070,001	1,075,000	1,074,000
1	575,001	580,000	578,700	1	1,095,001	1,100,000	1,100,000
3	585,001	590,000	1,761,205	1	1,115,001	1,120,000	1,115,800
1	590,001	595,000	591,833	1	1,150,001	1,155,000	1,152,400

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	1,160,001	1,165,000	1,160,800	1	1,905,001	1,910,000	1,906,866
1	1,245,001	1,250,000	1,248,200	1	2,070,001	2,075,000	2,071,400
1	1,260,001	1,265,000	1,261,900	1	2,080,001	2,085,000	2,084,400
1	1,265,001	1,270,000	1,269,884	1	2,160,001	2,165,000	2,161,142
1	1,295,001	1,300,000	1,300,000	1	2,195,001	2,200,000	2,195,300
1	1,305,001	1,310,000	1,309,100	1	2,250,001	2,255,000	2,254,247
1	1,335,001	1,340,000	1,339,300	1	2,290,001	2,295,000	2,292,700
1	1,345,001	1,350,000	1,349,317	1	2,305,001	2,310,000	2,306,300
1	1,365,001	1,370,000	1,370,000	1	2,345,001	2,350,000	2,349,992
1	1,405,001	1,410,000	1,407,300	1	2,520,001	2,525,000	2,522,068
1	1,430,001	1,435,000	1,434,900	1	2,860,001	2,865,000	2,862,800
1	1,495,001	1,500,000	1,495,880	1	2,935,001	2,940,000	2,935,438
1	1,520,001	1,525,000	1,521,200	1	3,030,001	3,035,000	3,032,700
1	1,575,001	1,580,000	1,579,415	1	3,040,001	3,045,000	3,040,252
1	1,615,001	1,620,000	1,616,286	1	3,055,001	3,060,000	3,059,823
1	1,625,001	1,630,000	1,628,461	1	3,295,001	3,300,000	3,299,227
1	1,630,001	1,635,000	1,630,100	1	4,200,001	4,205,000	4,201,065
1	1,690,001	1,695,000	1,692,506	1	6,985,001	6,990,000	6,988,600
1	1,710,001	1,715,000	1,711,800	1	11,180,001	11,185,000	11,184,959
2	1,725,001	1,730,000	3,457,992	1	12,435,001	12,440,000	12,437,000
1	1,740,001	1,745,000	1,744,938	1	19,665,001	19,670,000	19,665,886
1	1,830,001	1,835,000	1,834,700	1	20,400,001	20,405,000	20,403,420
1	1,880,001	1,885,000	1,880,200	1	22,625,001	22,630,000	22,628,018
1	1,895,001	1,900,000	1,900,000	1	194,970,001	194,975,000	194,972,555
1	1,900,001	1,905,000	1,902,834	13,372	TOTAL:=		523,784,755

categories of shareholding

As at December 31, 2015

	Shareholders Category	No. of Shareholders	No. of Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children.	13	5,954,606	1.14
2	Associated Companies, undertakings and related parties.	5	228,797,841	43.68
3	NIT and ICP	1	96	0.00
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	39	16,065,812	3.07
5	Insurance Companies	21	18,957,542	3.62
6	Modarabas and Mutual Funds	77	28,077,793	5.36
7	Share holders holding 10%	1	194,972,555	37.22
8	General Public : Individuals			
	a. Local	12,770	105,049,256	20.06
	b. Foreign	-	-	-
9	Others	446	120,881,809	23.08

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on April 15, 2016 at Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of April 08, 2016 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his or her behalf. Proxies should be filed with the company at least 48 hours before the meeting time.

CDC Shareholders or their Proxies are requested to bring with them copies of their Computerized National Identity Card or passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Ownership

On December 31, 2015 there were 13,372 shareholders on record of the Company's ordinary shares.

Dividend Payment

The proposal of the board of directors for dividend payment will be considered at the annual general meeting. Provided the proposal is approved, the dividend warrants will be sent soon thereafter to persons listed in the register of members on April 08, 2016. Income Tax will be deducted in accordance with the current regulations. Shareholders who wish to have the dividends deposited directly in their bank accounts should contact our Registrar's, M/s. FAMCO Associates (Private) Ltd.

Transmission of Annual Reports through E-Mail

The SECP has allowed the circulation of annual Reports to the members of the Company through email. Therefore, all members of the Company who want to receive a soft copy of the Annual Report are requested to send their email addresses on the consent form to the Company's Share Registrar. The Company shall, however additionally also provide hard copies of the Annual Report to such members, on request, free of cost, within seven days of receipt of such request. The standard consent form for electronic transmission is available at the Company's website www. engro.com.

Alternatively, members can fill up the Electronic transmission consent Form given in the Annexure Section at the end of this report.

Holding of General Meetings through Video Conference Facility

Members can also avail video conference facility in Lahore and Islamabad. If the Company receives consent at least 10 days prior to date of meeting, from members holding in aggregate 10% or more shareholding and residing at either Lahore and/or Islamabad to participate in the meeting through video conference, the company may arrange video conference facility in that city.

In this regard please fill up the Request for Video Conferencing Facility Form given in the Annexure Section at the end of this report and submit it to registered address of the Company 10 days before holding of the annual general meeting.

E-DIVIDEND MANDATE (OPTIONAL)

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 5, 2012, we hereby give you the opportunity to authorise the Company to directly credit in your bank account the cash dividend declared by the Company now and in the future.

Please note that this E-dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you directly.

In case you wish that the cash dividend declared by the Company is directly credited to your bank account instead of issue of dividend warrants to you, then please provide the information mentioned on the Form placed on the Company's website www. engro.com and send the same to your brokers or the Central Depository Company Ltd. (in case the shares are held on the CDC) or to our Registrars, FAMCO Associates (Pvt) Ltd., at their address mentioned below (in case the shares are held in paper certificate form).

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in 2016 are:

- 1st quarter : April 27, 2016
- 2nd quarter: August 18, 2016
- 3rd quarter: October 27, 2016

All annual/quarterly reports and presentations from quarterly briefings are regularly posted at the Company's website: www.engro.com .

The Company reserves the right to change any of the above dates.

Change of Address

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

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

moments of success

financial statement

standalone accounts

- Auditors' Report to the Members
- Standalone Financials

auditors' report to the members

We have audited the annexed balance sheet of Engro Corporation Limited as at December 31, 2015 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and statement of comprehensive income 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;

(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;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with the notes forming part thereof conform with the 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 December 31, 2015 and of the total comprehensive income, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Karachi
Date: March 15, 2016

Engagement Partner: Waqas A. Sheikh

balance sheet
as at december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		-----------(Rupees)-----------	
Assets			
Non-current assets			
Property, plant and equipment	4	103,962	76,119
Long term investments	5	27,432,294	28,879,985
Long term loans and advances	6	2,168,202	2,165,599
Deferred taxation	7	1,124	84,450
		29,705,582	31,206,153
Current assets			
Loans, advances and prepayments	8	9,952,254	4,725,454
Other receivables	9	153,041	184,801
Taxes recoverable		213,760	214,301
Short term investments	10	793,380	721,700
Cash and bank balances	11	399,510	531,534
		11,511,945	6,377,790
TOTAL ASSETS		41,217,527	37,583,943

(Amounts in thousand)

	Note	2015	2014
		-----------(Rupees)-----------	
Equity & Liabilities			
Equity			
Share capital	12	5,237,848	5,237,848
Share premium		13,068,232	13,068,232
General reserve		4,429,240	4,429,240
Remeasurement of post employment benefits - Actuarial (loss) / gain		(5,203)	5,462
Unappropriated profit		13,585,382	10,072,770
Total equity		36,315,499	32,813,552
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		19,786	17,029
Current liabilities			
Trade and other payables	13	549,271	461,075
Borrowings	14	3,966,617	3,951,521
Accrued interest / mark-up		250,274	250,274
Unclaimed dividends		116,080	90,492
		4,882,242	4,753,362
Total liabilities		4,902,028	4,770,391
Contingencies and Commitments	15		
TOTAL EQUITY & LIABILITIES		41,217,527	37,583,943

The annexed notes from 1 to 37 form an integral part of these financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

statement of comprehensive income
for the year ended december 31, 2015

(Amounts in thousand except for earnings per share)	Note	2015	2014
		----------(Rupees)----------	
Dividend income	16	7,358,043	1,232,621
Royalty income	17	929,158	878,744
		8,287,201	2,111,365
Administrative expenses	18	(944,749)	(393,402)
		7,342,452	1,717,963
Other income	19	8,388,933	2,176,690
Other operating expenses	20	(6,166)	(54,882)
Operating profit before impairment		15,725,219	3,839,771
Impairment against long term investment	5.5	(3,270,092)	-
Operating profit after impairment		12,455,127	3,839,771
Finance cost	21	(596,688)	(1,204,519)
Profit before taxation		11,858,439	2,635,252
Taxation	22	(489,055)	(154,074)
Profit for the year		11,369,384	2,481,178
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurement of retirement benefit obligation - Actuarial loss - net of tax	25	(10,665)	(4,409)
Total comprehensive income for the year		11,358,719	2,476,769
Earnings per share - basic and diluted	23	21.71	4.81

The annexed notes from 1 to 37 form an integral part of these financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

statement of changes in equity
for the year ended december 31, 2015

(Amounts in thousand)

		Capital reserve	Revenue reserves			
	Share capital	Share premium	General reserve	Remeasurement of post employment benefits - Actuarial gain / (loss)	Unappropriated profit	Total
	----------(Rupees)----------					
Balance as at January 1, 2014	5,112,694	10,550,061	4,429,240	9,871	9,137,267	29,239,133
Profit for the year	-	-	-	-	2,481,178	2,481,178
Other comprehensive income	-	-	-	(4,409)	-	(4,409)
Total comprehensive income for the year	-	-	-	(4,409)	2,481,178	2,476,769
Transactions with owners						
Shares issued to International Finance Corporation (IFC) on exercise of conversion option	125,154	2,518,171	-	-	-	2,643,325
Dividend in specie for the year ended December 31, 2013 in the ratio of 1 share of Engro Fertilizers Limited for every 10 shares held of the Company	-	-	-	-	(511,735)	(511,735)
Interim cash dividend for the year ended December 31, 2014 @ Rs. 2.00 per share	-	-	-	-	(1,033,940)	(1,033,940)
	125,154	2,518,171	-	-	(1,545,675)	1,097,650
Balance as at December 31, 2014	5,237,848	13,068,232	4,429,240	5,462	10,072,770	32,813,552
Profit for the year	-	-	-	-	11,369,384	11,369,384
Other comprehensive income	-	-	-	(10,665)	-	(10,665)
Total comprehensive income for the year	-	-	-	(10,665)	11,369,384	11,358,719
Transactions with owners						
Final cash dividend for the year ended December 31, 2014 @ Rs. 4.00 per share	-	-	-	-	(2,095,139)	(2,095,139)
Interim cash dividends for the year ended December 31, 2015:						
- 1st interim @ Rs.2.00 per share	-	-	-	-	(1,047,570)	(1,047,570)
- 2nd interim @ Rs.4.00 per share	-	-	-	-	(2,095,139)	(2,095,139)
- 3rd interim @ Rs.5.00 per share	-	-	-	-	(2,618,924)	(2,618,924)
	-	-	-	-	(7,856,772)	(7,856,772)
Balance as at December 31, 2015	5,237,848	13,068,232	4,429,240	(5,203)	13,585,382	36,315,499

The annexed notes from 1 to 37 form an integral part of these financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

statement of cash flows
for the year ended december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		-----------(Rupees)-----------	
Cash Flows From Operating Activities			
Cash utilized in operations	26	(745,293)	(317,354)
Royalty received		981,430	1,105,186
Taxes paid		(400,170)	(247,334)
Retirement and other service benefits paid		(27,322)	(26,277)
Long term loans and advances - net		(2,603)	(2,088)
Net cash (utilized in) / generated from operating activities		(193,958)	512,133
Cash Flows From Investing Activities			
Dividends received		7,358,043	1,232,621
Income on deposits / other financial assets including income earned on subordinated loans to subsidiaries		1,040,097	1,111,969
Proceeds from disposal of investments in subsidiaries		12,255,317	930,259
Long-term investments		(6,800,000)	(1,551,000)
Loans granted to subsidiaries		(10,355,100)	(5,746,204)
Repayment of loans by subsidiaries		5,094,600	4,710,080
Purchase of Treasury bills and Fixed income placements		(23,580,410)	-
Proceeds from sale of Treasury bills and maturity of Fixed income placements		22,787,032	-
Purchases of property, plant and equipment		(58,120)	(57,654)
Sale proceeds on disposal of property, plant and equipment		10,081	4,571
Net cash generated from investing activities		7,751,540	634,642
Cash Flows From Financing Activities			
Proceeds from issue of shares		-	1,495,080
Proceeds from issue of Engro Islamic Rupiya Certificates - net		-	3,944,693
Repayment of Engro Rupiya Certificates I & II		-	(6,319,540)
Payment of financial charges		(580,122)	(899,451)
Dividends paid		(7,831,184)	(1,035,821)
Net cash utilized in financing activities		(8,411,306)	(2,815,039)
Net decrease in cash and cash equivalents		(853,724)	(1,668,264)
Cash and cash equivalents at beginning of the year		1,253,234	2,921,498
Cash and cash equivalents at end of the year	27	399,510	1,253,234

The annexed notes from 1 to 37 form an integral part of these financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

notes to the financial statements
for the year ended december 31, 2015

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The principal activity of the Company, is to manage investments in subsidiary companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG and chemical terminal and storage businesses. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

1.2 Subsequent to the balance sheet date, Dawood Hercules Corporation Limited (DH Corp), through a notice to Pakistan Stock Exchange Limited dated January 21, 2016, declared that in accordance with the requirements of International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', as adopted by Securities and Exchange Commission of Pakistan (SECP), the Company to be its subsidiary based on the "Control" criteria given in IFRS 10. Henceforth, DH Corp will be deemed as Holding Company of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets and financial liabilities at fair value and recognition of certain staff retirement and other service benefits at present value.

2.1.2 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.3 The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

a) Standards, amendments to published standards and interpretations effective in 2015

The following standards and amendments to published standards are mandatory for the financial year beginning on January 1, 2015 and are relevant to the Company:

- IFRS 11 'Joint arrangements'. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company's current accounting policies and practices are in line with the IFRS 11.

- IFRS 12 'Disclosures of interests in other entities'. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Company's accounting policy is in line with the requirements of this standard.

- IFRS 13 'Fair value measurement'. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.

- IAS 19 (Amendment) 'Employee benefits'. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employee's working lives. The amendment does not have any impact on the Company's financial statements.

- IAS 24 'Related party disclosures' (Amendment). The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The Company's current accounting treatment is already in line with this amendment.

- IAS 27 (revised) 'Separate financial statements'. This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The Company's current account treatment is already in line with the requirement of this standard.

- IAS 28 (revised) 'Investment in associates and joint ventures'. This standard replaces the current IAS 28 'Investment in Associates' (as amended in 2003). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Company's current account treatment is already in line with the requirement of this standard.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new amendments to published standards are not effective for the financial year beginning on January 1, 2015 and have not been early adopted by the Company:

- IFRS 7 'Financial instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2016). There are two amendments:

- Servicing contracts – If an entity transfers a financial assets to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

  Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

  It is unlikely that these amendments will have any significant impact on the Company's financial statements.

- IAS 19 (Amendment), 'Employee benefits' (effective for annual periods beginning on or after January 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 27 (Amendment) 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is yet to assess the full impact of the standard.

- IAS 34 (Amendment),'Interim financial reporting' (effective for annual periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the standard will have any significant impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

(Amounts in thousand)

2.2 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except capital work-in-progress which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 2.20). The cost of self constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

Depreciation is charged to the statement of comprehensive income using the straight line method whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life at rates given in note 4.1. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals upto the preceding month of disposal.

Depreciation method, useful lives and residual values are reviewed annually.

2.3 Impairment of non-financial assets

Non-financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the statement of comprehensive income.

2.5 Investments

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

(Amounts in thousand)

2.6 Financial assets

2.6.1 Classification

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

a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

d) Available-for-sale

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 the investment matures or management intends to dispose off it within 12 months of the end of the reporting date.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity instruments are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other income / Other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income as part of 'Other income' when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of comprehensive income as part of 'Other income'. Dividend income from available-for-sale equity instruments is recognized in the statement of comprehensive income as part of 'Other income' when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

2.7 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of comprehensive income.

2.8 Offsetting financial instruments

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

2.9 Other receivables

These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to the statement of comprehensive income. Other receivables considered irrecoverable are written-off.

2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, if any.

2.11 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Employees' share option scheme

The grant date fair value of equity settled share based payments to employees is initially recognized in the balance sheet as deferred employee compensation expense with a consequent credit to equity as employee share option compensation reserve.

The fair value determined at the grant date of the equity settled share based payments is recognized as an employee compensation expense on a straight line basis over the vesting period.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the statement of comprehensive income, such employee compensation expense is reversed in the statement of comprehensive income equal to the amortized portion with a corresponding effect to employee share option compensation reserve in the balance sheet.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the statement of comprehensive income is reversed with a corresponding reduction to employee share option compensation reserve in the balance sheet.

When the options are exercised, employee share option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

2.13 Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Trade and other payables

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

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

2.15 Income tax

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

2.15.1 Current

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

2.15.2 Deferred

Deferred tax is recognized using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.16 Retirement and other service benefit obligations

2.16.1 Defined contribution plans

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

The Company operates:

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

- a defined contribution pension fund for the benefit of its management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at rates ranging from 12.5% to 13.75% of basic salary; and

- a defined contribution gratuity fund for the benefit of management employees and management employees of its Group companies. Monthly contributions are made by the Company and other Group companies to the fund at the rate of 8.33% of basic salary.

2.16.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by an independent actuary using the projected unit credit method, related details of which are given in note 25 to the financial statements.

Remeasurement gains / losses are recognized in other comprehensive income.

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

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

2.16.3 Employees' compensated absences

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

2.17 Provisions

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

2.18 Foreign currency transactions and translation

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

2.19 Revenue recognition

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

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

- Income on deposits and other financial assets are recognized on accrual basis.

- Royalty income from subsidiary companies is recognized on an accrual basis in accordance with the agreement entered therewith.

- Gains / (losses) arising on sale of investments are included in the statement of comprehensive income in the period in which they arise.

2.20 Borrowing costs

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

2.21 Research and development costs

Research and development costs are charged to statement of comprehensive income as and when incurred.

2.22 Derivative financial instruments

Derivatives are recognized initially at fair value on the date a derivative contract is entered into and attributable transaction cost is recognized in statement of comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair values, and changes are recognized in the statement of comprehensive income.

2.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) in respect of its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 Dividend and appropriation to reserves

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

(Amounts in thousand)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Impairment of investments in subsidiaries, associates and joint venture

In making an estimate of future cash flows from the Company's financial assets including investment in subsidiaries, associates and joint ventures, the management considers future dividend stream and an estimate of the terminal value of these investments.

3.3 Income taxes

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Company.

3.4 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 25.

4. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	-----------(Rupees)-----------	
Operating assets (note 4.1)	47,711	66,823
Capital work-in-progress (note 4.3)	56,251	9,296
	103,962	76,119

4.1 Operating assets

	Furniture, fixture and equipment	Vehicles	Total
	--------------(Rupees)--------------		
As at January 1, 2014			
Cost	108,155	43,320	151,475
Accumulated depreciation	(78,968)	(27,847)	(106,815)
Net book value	29,187	15,473	44,660
Year ended December 31, 2014			
Opening net book value	29,187	15,473	44,660
Transferred from capital work-in-progress (note 4.3)	9,674	39,581	49,255
Disposals (note 4.2)			
Cost	(286)	(13,910)	(14,196)
Accumulated depreciation	238	10,209	10,447
	(48)	(3,701)	(3,749)
Depreciation charge (note 18)	(14,882)	(8,461)	(23,343)
Net book value	23,931	42,892	66,823
As at January 1, 2015			
Cost	117,543	68,991	186,534
Accumulated depreciation	(93,612)	(26,099)	(119,711)
Net book value	23,931	42,892	66,823
Year ended December 31, 2015			
Opening net book value	23,931	42,892	66,823
Transferred from capital work-in-progress (note 4.3)	11,165	-	11,165
Disposals / Write-offs (note 4.2)			
Cost	(4,054)	(21,661)	(25,715)
Accumulated depreciation	3,846	17,764	21,610
	(208)	(3,897)	(4,105)
Depreciation charge (note 18)	(15,297)	(10,875)	(26,172)
Net book value	19,591	28,120	47,711
As at December 31, 2015			
Cost	124,654	47,330	171,984
Accumulated depreciation	(105,063)	(19,210)	(124,273)
Net book value	19,591	28,120	47,711
Annual rate of depreciation (%)	15 to 20	20 to 25	

(Amounts in thousand)

4.2 The details of operating assets disposed / written-off during the year are as follows:

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds
		------------------------(Rupees)------------------------			
Vehicles					
By Company policy to existing / resigned / retired executives	Naila Kassim	1,401	1,051	350	743
	Muneeza Iftikhar	1,487	1,006	481	484
	Andalib Alvi	7,929	5,947	1,982	1,988
Sale through bid	Nusrat Iqbal	1,769	1,593	176	1,120
	Imran Malik	9,075	8,167	908	5,555
		21,661	17,764	3,897	9,890
Furniture, fixture and equipment					
By Company policy to existing / resigned / retired executives	Aliuddin Ansari	3,339	3,339	-	-
Scrapped	Write-off	441	441	-	-
Insurance claims	EFU General Insurance Limited	274	66	208	191
		4,054	3,846	208	191
		25,715	21,610	4,105	10,081
Year ended December 31, 2014		14,196	10,447	3,749	4,571

4.3 Capital work-in-progress

	Furniture, fixture and equipment	Advance to suppliers	Total
	---------------(Rupees)---------------		
Year ended December 31, 2014			
Balance as at January 1, 2014	897	-	897
Additions during the year	9,266	48,388	57,654
Transferred to operating assets (note 4.1)	(9,674)	(39,581)	(49,255)
Balance as at December 31, 2014	489	8,807	9,296
Year ended December 31, 2015			
Balance as at January 1, 2015	489	8,807	9,296
Additions during the year	14,755	43,365	58,120
Transferred to operating assets (note 4.1)	(2,851)	(8,314)	(11,165)
Balance as at December 31, 2015	12,393	43,858	56,251

(Amounts in thousand)

5. LONG TERM INVESTMENTS

	2015	2014
	-----------(Rupees)-----------	
Subsidiary companies - at cost (note 5.1)	30,247,386	28,424,985
Less: Provision for impairment (note 5.5)	(3,270,092)	-
	26,977,294	28,424,985
Joint venture company - at cost		
Engro Vopak Terminal Limited		
45,000,000 Ordinary shares of Rs. 10 each, equity held 50% (2014: 50%)	450,000	450,000
Others - at cost		
Arabian Sea Country Club Limited		
500,000 Ordinary shares of Rs. 10 each, equity held 6% (2014: 6%)	5,000	5,000
	27,432,294	28,879,985

(Amounts in thousand)

5.1 Subsidiary companies

	2015		2014	
	Equity % held	Investment at cost (Rupees)	Equity % held	Investment at cost (Rupees)
Quoted				
Engro Foods Limited 667,375,000 (2014: 667,375,000) Ordinary shares of Rs. 10 each	87.07	6,673,750	87.07	6,673,750
Engro Fertilizers Limited 1,048,508,057 (2014: 1,141,673,057) Ordinary shares of Rs. 10 each (note 5.2)	78.78	10,494,636	86.60	11,427,135
Engro Polymer & Chemicals Limited 372,810,000 (2014: 372,810,000) Ordinary shares of Rs. 10 each (note 5.3)	56.19	3,651,300	56.19	3,651,300
Unquoted				
Engro Powergen Limited 36,476,000 (2014: 36,476,000) Ordinary shares of Rs. 10 each	100	3,106,700	100	3,106,700
Engro Eximp (Private) Limited Nil (2014: 113,925,000) Ordinary shares of Rs. 10 each (note 5.4)	-	-	100	1,895,100
Engro Eximp Agriproducts (Private) Limited 190,798,200 (2014: Nil) Ordinary shares of Rs. 10 each (note 5.5)	100	4,300,000	-	-
10,000,000 (2014: Nil) Redeemable Preference shares of Rs.10 each (note 5.5)	100	100,000	-	-
Advance against issue of shares (note 5.5)		250,000		-
		4,650,000		-
Elengy Terminal Pakistan Limited 12,100,000 (2014: 12,100,000) Ordinary shares of Rs. 10 each	100	121,000	100	121,000
Advance against issue of shares		1,550,000		1,550,000
		1,671,000		1,671,000
		30,247,386		28,424,985

(Amounts in thousand)

5.2 Engro Fertilizers Limited (EFert)

During the year:

- on January 9, 2015, EFert received a second notice from IFC for exercise of options on further USD 3,000 of the loan amount. Accordingly, 12,590,625 ordinary shares of EFert have been allocated to IFC on January 14, 2015.

- the Company sold 93,165,000 ordinary shares of Rs. 10 each held in EFert, representing 8.16% of its investment through a private placement, at a price of Rs. 85 per share, determined through a book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals. The gain on such disposal, net of transaction cost amounts to Rs. 6,939,818 which has been recorded as other income (note 19). As a result of the above, the Company, as of balance sheet date, holds 78.78% of the issued share capital of EFert.

5.3 Engro Polymer & Chemicals Limited (EPCL)

As notified on the stock exchanges of Pakistan on November 24, 2015, the Company has received a public announcement of intention by a potential acquirer to acquire entire shareholding of the Company in EPCL. Accordingly, EPCL has been asked to provide certain information to enable potential acquirer to commence due diligence, which is in progress as at the balance sheet date.

5.4 Engro Eximp (Private) Limited (EXIMP)

During the year:

- the Company made further equity investment of Rs. 2,150,000 in EXIMP through subscription of 215,000 ordinary shares of Rs. 10 each at a premium of Rs. 9,990 per share, which resulted in carrying cost of the investment in EXIMP to be Rs. 4,045,100.

- the Company transferred / sold 100% of its equity in EXIMP (along with its wholly owned subsidiary - Engro Eximp FZE, UAE) to EFert, together with rights to use 'Engro' trademarks (under license from the Company to EXIMP) for imported fertilizers / associated products, against a consideration of Rs. 4,383,000, as determined on the basis of an independent valuation. The shareholders of the Company, in its Annual General Meeting held on April 22, 2015, approved this transaction. The transaction enables the Company to enhance its earnings, create value through synergies and increase its foot prints in agricultural input. The gain on sale amounting to Rs. 337,900 has been recognized in other income (note 19).

5.5 Engro Eximp Agriproducts (Private) Limited (EEAPL)

On April 1, 2015, the Company acquired the entire shareholding of EEAPL from EXIMP comprising of 190,798,200 ordinary shares and 10,000,000 preference shares for Rs. 4,400,000 in order to delink the rice business from the trading entity and bring in the required focus as part of its restructuring plans. EEAPL is now a wholly owned subsidiary of the Company.

The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. It has set-up a Rice Processing Plant (RPP) in District Shaikhupura, which commenced commercial production in 2011.

Further, during the year, the Company has also paid Rs. 250,000 to EEAPL, as advance against future issue of ordinary share capital.

(Amounts in thousand)

During the year, EEAPL incurred a loss after taxation of Rs. 4,517,072 which includes an impairment loss of Rs. 3,384,030 on its property, plant and equipment and stores and spares. The weak financial performance is primarily due to the continuing downturn in the rice industry which resulted in significant reduction of margins. During the year, the management has restructured the business by focusing on creating brand equity to attain market share and to reduce the exposure to commodity price volatility. The management has also decided to scale down the rice business and focus on reduction in fixed costs.

The Company's management taking cognizance of the losses suffered by EEAPL, as an indicator of impairment, has conducted an impairment test for its long-term investment in EEAPL amounting to Rs. 4,650,000 as at December 31, 2015. The recoverable amount in respect of long-term investment in EEAPL has been based on the estimated cash forecast for the life of the EEAPL's Rice Processing Plant. The recoverable amount so determined is less than the carrying value of the long-term investment in EEAPL, thereby resulting in an impairment loss of Rs. 3,270,092.

6. LONG TERM LOANS AND ADVANCES - Considered good

	2015	2014
	-----------(Rupees)-----------	
Long term loans and advances to Executives (note 6.1)	33,977	29,484
Less: Current portion shown under current assets (note 8)	15,775	13,885
	18,202	15,599
Long term loan to Engro Eximp (Private) Limited (note 6.2)	-	1,720,000
Subordinated loans to subsidiaries - unsecured:		
- Engro Eximp (Private) Limited (note 6.2)	-	430,000
- Engro Polymer & Chemicals Limited (note 6.3)	2,150,000	-
	2,150,000	430,000
	2,168,202	2,165,599

6.1 Reconciliation of the carrying amount of loans and advances to executive

	2015	2014
Balance as at January 1	29,484	24,967
Add: Disbursements	27,633	26,654
Less: Repayments / amortization	(23,140)	(22,137)
Balance as at December 31	33,977	29,484

Represented long-term loan and subordinated loan extended to Engro Eximp (Private) Limited (EXIMP), a subsidiary company, for a period of five years. These loans carried markup at the rate of 6 months KIBOR plus 3.5% per annum, payable on a quarterly basis, and were repayable through lump sum installment due on June 28, 2017. During the year, both of these loans have been fully repaid by EXIMP.

During the year, the Company extended a long-term loan of Rs. 2,150,000 to Engro Polymer & Chemicals Limited, a subsidiary company, for it to meet its working capital and other short term financing requirements. The loan is subordinated to the finances provided to the subsidiary company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, repayable in full five years.

The maximum amount outstanding at the end of any month during the year ended December 31, 2015 from executives aggregated to Rs. 41,445 (2014: Rs. 36,258).

The carrying values of the loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

7. DEFERRED TAXATION

	2015	2014
	-----------(Rupees)-----------	
Debit / (Credit) balances arising on account of:		
- accelerated depreciation allowance	10,616	11,415
- recoupable minimum turnover / alternative corporate tax	-	89,033
- provision for retirement benefits	1,191	-
- amortization of transaction costs incurred on borrowings	(10,683)	(15,998)
	1,124	84,450

7.1 On May 12, 2013, the Sindh High Court, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward in respect of the year where no tax has been paid on account of loss for the year. The Company's management, based on the opinion of its legal advisor, is of the view that the above order is not correct and would not be maintained by Supreme Court, which they intend to approach, if required. Therefore, the Company has maintained recoupment of minimum turnover tax of Rs. 27,682 paid in prior years, against current year's tax liability.

8. LOANS, ADVANCES AND PREPAYMENTS

	2015	2014
	-----------(Rupees)-----------	
Loans and advances, considered good		
Current portion of long term loans and advances to executives and other employees (note 6)	15,775	13,885
Loan to Engro Polymer & Chemicals Limited (note 8.1)	600,000	600,000
Loan to Elengy Terminal Pakistan Limited (note 8.2)	9,296,624	4,036,124
Prepayments		
Engro Corporation Limited Gratuity Fund	188	3,611
Engro Corporation Limited Provident Fund	415	2,354
Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund	-	64
Others	39,252	69,416
	9,952,254	4,725,454

8.1 During the year, the Company extended a further loan of Rs. 1,400,000 to Engro Polymer & Chemicals Limited, a subsidiary company, for it to meet its working capital requirements, which was subsequently repaid by the subsidiary company. The loan is subordinated to the finances provided to the subsidiary company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis.

8.2 During the year, the Company extended a further loan of Rs. 6,805,100 (December 31, 2014: Rs. 4,036,124) to Elengy Terminal Pakistan Limited, a wholly owned subsidiary, for it to meet its working capital requirements. The loan is subordinated to the finances provided to the subsidiary company by its creditors (other than trade creditors) and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis. Further, during the year, loan amounting to Rs. 1,544,600 has been repaid by the subsidiary company.

(Amounts in thousand)

8.3 The carrying values of the loan and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

9. OTHER RECEIVABLES - considered good

	2015	2014
	-----------(Rupees)-----------	
Accrued income on deposits / investments	36,596	144
Due from:		
- Subsidiary companies		
- Elengy Terminal Pakistan Limited	11,063	-
- Engro Elengy Terminal (Private) Limited	5,761	25,530
- Engro Eximp Agriproducts (Private) Limited	-	594
- Engro Eximp (Private) Limited	743	-
- Engro Eximp FZE	36,610	30,120
- Engro Fertilizers Limited (note 9.1)	44,274	104,853
- Engro Foods Limited	9,946	10,110
- Engro Polymer & Chemicals Limited	1,036	1,821
- Engro Powergen Limited	638	4,108
- Engro Powergen Qadirpur Limited	109	434
- Engro Powergen Thar (Private) Limited	649	-
- Joint Venture		
- Engro Vopak Terminal Limited	2,843	822
- Associated Companies		
- Sindh Engro Coal Mining Company Limited	-	501
- Thar Power Company Limited	627	-
	114,299	178,893
- Engro Foundation	-	742
- Others	2,146	5,022
	153,041	184,801

9.1 Includes royalty fee aggregating to Rs. 37,120 (2014: Rs. 89,483) under a licensing agreement (note 17).

(Amounts in thousand)

9.2 The maximum amount due from subsidiary companies, joint venture and associates at the end of any month during the year aggregated to as follows:

	2015	2014
	-----------(Rupees)-----------	
Subsidiary companies		
- Elengy Terminal Pakistan Limited	546,085	75,470
- Engro Elengy Terminal (Private) Limited	49,769	25,530
- Engro Eximp Agriproducts (Private) Limited	8,488	3,509
- Engro Eximp (Private) Limited	11,350	2,225
- Engro Eximp FZE	36,610	30,505
- Engro Fertilizers Limited	341,642	627,083
- Engro Foods Limited	44,223	60,237
- Engro Polymer & Chemicals Limited	32,243	22,149
- Engro Powergen Limited	6,316	12,594
- Engro Powergen Qadirpur Limited	11,622	12,594
- Engro Powergen Thar (Private) Limited	7,644	-
Joint venture		
- Engro Vopak Terminal Limited	3,067	1,890
Associated Companies		
- Sindh Engro Coal Mining Company Limited	21,143	9,669
- Thar Power Company Limited	627	-

9.3 As at December 31, 2015, receivables from related parties aggregating to Rs. 56,470 (2014: Rs. 44,434) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2015	2014
	-----------(Rupees)-----------	
Upto 3 months	6,799	33,893
3 to 6 months	171	182
More than 6 months	49,500	10,359
	56,470	44,434

10. SHORT TERM INVESTMENTS

	2015	2014
Financial assets at fair value through profit or loss:		
- Fixed income placement	2,000	2,000
- Treasury bills	791,380	719,700
	793,380	721,700

(Amounts in thousand)

11. CASH AND BANK BALANCES

	2015	2014
Cash at banks in:		
- deposit accounts (note 11.1)	232,301	475,048
- current accounts	166,959	56,236
	399,260	531,284
Cash in hand	250	250
	399,510	531,534

11.1 These carry return ranging from 4.5% to 6.4% (2014: 7% to 9.5%) per annum.

12. SHARE CAPITAL

12.1 Authorised Capital

2015 (No. of Shares)	2014 (No. of Shares)		2015 (Rupees)	2014 (Rupees)
550,000,000	550,000,000	Ordinary shares of Rs. 10 each	5,500,000	5,500,000

12.2 Issued, subscribed and paid-up capital

2015 (No. of Shares)	2014 (No. of Shares)		2015 (Rupees)	2014 (Rupees)
197,869,803	197,869,803	Ordinary shares of Rs. 10 each fully paid in cash	1,978,699	1,978,699
325,914,951	325,914,951	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,259,149	3,259,149
523,784,754	523,784,754		5,237,848	5,237,848

12.3 Movement in issued, subscribed and paid-up share capital during the year:

523,784,754	511,269,435	As at January 1	5,237,848	5,112,694
-	12,515,319	Ordinary shares of Rs. 10 each issued during the year as fully paid in cash	-	125,154
523,784,754	523,784,754	As at December 31	5,237,848	5,237,848

12.4 As at December 31, 2015, Dawood Hercules Corporation Limited and associated companies held 194,972,555 and 33,825,286 (2014: 175,012,555 and 53,785,286) ordinary shares in the Company, respectively.

(Amounts in thousand)

13. TRADE AND OTHER PAYABLES

	2015	2014
	(Rupees)	
Creditors	52,675	14,781
Accrued liabilities	174,109	215,639
Contractors' deposits and retentions	333	214
Workers' welfare fund (note 13.1)	204,229	204,229
Zakat payable	111	1,651
Withholding tax payable	-	5
Payable to Elengy Terminal Pakistan Limited	-	968
Payable to Engro Eximp (Private) Limited	-	7,992
Payable to Engro Eximp Agriproducts (Private) Limited	78,029	-
Current portion of retirement and other service benefit obligations	7,011	4,879
Others (note 13.2)	32,774	10,717
	549,271	461,075

13.1 During the year, the Government of Sindh promulgated Sindh Workers Welfare Fund Act, 2014 (the Act) thereby repealing the Workers Welfare Ordinance, 1971 (the Ordinance) in its application to the province of Sindh. As per the Act, every industrial establishment located in province of Sindh whose total income for any year of account commencing on or after December 31, 2013, is not less than Rs. 500 is required to pay a sum equal to 2% of total income to the Sindh Revenue Board (SRB). However, the management based on advice of its tax consultant, is of the view that the Company does not classify as an "industrial establishment" as defined under clause 2(g) of the Act and accordingly is not liable for Workers' welfare fund under the Act. Accordingly, no charge for current year, in respect of Workers' welfare fund, has been recognized in the financial statements.

13.2 Includes excess shared services charges recovered from subsidiaries and associated undertakings amounting to Rs. 13,700 (2014: Nil) and towards gratuity fund liability amounting to Rs. 16,971 [2014: (Rs. 3,611)].

14. BORROWINGS

	2015	2014
	(Rupees)	
Engro Islamic Rupiya Certificates I and II (note 14.1)	3,966,617	3,951,521

14.1 Represents amount raised from general public against the issuance of Engro Islamic Rupiya (EIR) Certificates. These are AA rated, listed and secured Ijaratul Musha & Murabaha Sukuk certificates of a total issue size of Rs. 4,000,000 duly approved by the Securities and Exchange Commission of Pakistan (SECP). EIR - I Certificates amounting to Rs. 3,000,000 have a tenure of 36 months with an expected profit rate of 13% per annum payable semi-annually, while EIR - II Certificates amounting to Rs. 1,000,000 have a tenure of 60 months with an expected profit rate of 13.5% per annum payable semi-annually. The certificate holder, however, may request the Company for early redemption at any time from the date of investment subject to an Early Redemption Discount service charge on the outstanding issue price.

The EIR Certificates have been secured by way of first ranking pari passu floating charge over all the present and future movable properties, including all types of investments of the Company except for present and future trademarks, copyrights and certain investments in subsidiary companies. The Company, in this respect, has appointed Meezan Bank Limited as a trustee.

(Amounts in thousand)

The proceeds from the EIR Certificates I and II were utilized to pay-off conventional liabilities and to meet funding requirements of its subsidiaries and to finance new projects.

14.2 The facilities for short term running finance obtained from various banks, which represents the aggregate sale price of the mark-up arrangements, amount to Rs. 2,500,000 (2014: Rs. 4,350,000). During the year, the Company utilized its short term finance facilities up to Rs. 2,500,000 (December 31, 2014: Rs. 2,500,000) to meet its working capital requirements. The facilities are primarily secured against ranking floating charge over all present and future loans, advances, receivables and other current assets (excluding investments) of the Company. Additionally, the facilities are also secured through a pledge over shares of Engro Foods Limited and Engro Fertilizers Limited. The rate of mark-up on these finances are based on KIBOR rate with a range from 7.9% to 11.35% (2014: 11.04% to 11.09%) per annum. The corresponding purchase prices are payable on various dates by September 21, 2016.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

	2015	2014
	-----------(Rupees)-----------	
Corporate Guarantees issued in favour of subsidiary companies:		
- Engro Fertilizers Limited (note 15.1.1)	30,905,573	40,460,159
- Engro Powergen Qadirpur Limited (note 15.1.2)	1,047,500	1,006,000
- Engro Powergen Limited (note 15.1.3)	228,000	-
- Engro Elengy Terminal (Private) Limited (note 15.1.4)	3,320,575	2,012,000
- Engro Eximp (Private) Limited (note 15.1.5)	-	553,300
	35,501,648	44,031,459
Others (note 15.2)	610,000	-
	36,111,648	44,031,459

15.1.1 Includes Corporate Guarantee amounting to USD 45,335 to International Finance Corporation (IFC) against loans of USD 23,335 under the C Loan Agreement (Original Agreement) and further USD 22,000 under the Amended Facility Agreement entered into by the subsidiary company with IFC. During the year, under the Amended Facility Agreement, IFC has exercised its loan conversion option converting loan of USD 3,000 into ordinary shares of the subsidiary company, as explained in note 5.2.

15.1.2 Represents Corporate Guarantee amounting to USD 10,000 issued to a bank to open DSRA letter of credit in favour of the subsidiary company's senior long term lenders.

15.1.3 During the year, a bank has issued performance guarantee on behalf of Engro Powergen Thar (Private) Limited (EPTL) in favour of Private Power and Infrastructure Board (PPIB). The performance guarantee relates to 2 x 330 MW mine mouth power plants to be constructed by EPTL and has been submitted to PPIB as a condition precedent for the issuance of Letter of Support (LoS) by PPIB for the Thar Power Project. The performance guarantee is valid upto March 30, 2016 and is secured by way of first exclusive charge on all present and future assets of Engro Powergen Limited (EPL), a wholly owned subsidiary of the Company and parent company of EPTL. In this regard, the Company has extended corporate guarantee amounting to Rs. 228,000 to the bank against Letter of Guarantee facility granted to EPL.

15.1.4 The Company has provided following corporate guarantees in favour of Engro Elengy Terminal (Private) Limited:

- The Company had extended a Corporate Guarantee amounting to USD 20,000 to a bank against a Letter of Credit (SBLC) facility granted to Engro Elengy Terminal (Private) Limited, a wholly owned subsidiary of Elengy Terminal Pakistan Limited. The Corporate Guarantee expired during the year.

- The Company extended a Corporate Guarantee amounting to USD 20,700 to a bank against Stand By Letter of Credit (SBLC) facility granted to Engro Elengy Terminal (Private) Limited, a wholly owned subsidiary of Elengy Terminal Pakistan Limited. Furthermore, the Company has also pledged shares of Engro Fertilizers Limited and Engro Foods Limited with the bank against the SBLC.

- The Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against the Letter of Guarantee provided by Engro Elengy Terminal (Private) Limited, the subsidiary company through National Bank of Pakistan amounting to USD 10,000 in favour of Sui Southern Gas Company Limited (SSGCL) to guarantee the performance of the obligations of the subsidiary company under the LNG Operations and Services Agreement (LSA).

- The Company, as Sponsor Support, has permitted United Bank Limited to mark a lien on its treasury bills against the Letter of Guarantee provided by Engro Elengy Terminal (Private) Limited, the subsidiary company through the bank amounting to USD 1,000 in favour of Port Qasim Authority (PQA) to guarantee the performance of the obligations of the subsidiary company under the Implementation Agreement.

15.1.5 Represented Corporate Guarantee amounting to USD 5,500 issued to a bank against finance facilities granted to Engro Eximp (Private) Limited, a subsidiary company. During the year, the guarantee was released by the bank.

15.2 During the year, as mentioned in note 5.2, the Company divested some of its shareholding in Engro Fertilizers Limited (EFert). The Company held such shareholding in EFert since 2010 i.e. more than five years. Under the income tax laws, capital gain on sale of securities held for more than 24 months are to be taxed at zero %. However, the Company was informed by the National Clearing Company of Pakistan Limited (NCCPL) that their clearing system shall deduct capital gain tax on such disposal and NCCPL shall deposit the same with the tax authorities. The Company has obtained a stay thereagainst from High Court of Sindh and has also provided a bank guarantee amounting to Rs. 610,000 in this respect in favor of Nazir of High Court of Sindh.

15.3 Commitments

15.3.1 On October 1, 2012, the Company extended a Sponsor Support Undertaking in favour of a syndicate of banks against finance facility of Rs. 500,000 to Engro Polymer & Chemicals Limited, a subsidiary company. As per the undertaking, in case the subsidiary company is unable to fulfill its financial obligations to the syndicate, the Company shall provide subordinated loan to the subsidiary company to fulfil the same. During the year, the subsidiary company has fully repaid the loan under the finance facility which has resulted in the undertaking furnished by the Company to be vacated.

15.3.2 Last year, Engro Fertilizers Limited (EFert), a subsidiary company, had purchased losses surrendered by Engro Eximp Agriproducts (Private) Limited (EEAPL), a wholly owned subsidiary company, to avail the benefit of Group Relief under section 59B of the Income Tax Ordinance, 2001, aggregating to Rs. 3,508,441 representing business losses of Rs. 1,765,178 for financial year ended December 31, 2012 and Rs. 1,743,263 for financial year ended December 31, 2013. Further, during the year, losses aggregating to Rs. 2,899,363 for the financial year ended December 31, 2014 were surrendered by EEAPL in favour of EFert. These losses were duly adjusted by EFert against taxable profit for the financial years ended December 31, 2013 (Tax Year 2014) and December 31, 2014 (Tax Year 2015) whilst filing its tax returns for the said tax years. The Company has provided an indemnity to EFert in case of any losses incurred by it due to any adverse order on account of the Group Relief transaction.

(Amounts in thousand)

16. DIVIDEND INCOME

	2015	2014
	-----------(Rupees)-----------	
Subsidiary Companies		
- Engro Fertilizers Limited	6,570,543	-
- Engro Powergen Limited	-	553,341
- Engro Powergen Qadirpur Limited	-	49,280
	6,570,543	602,621
Joint Venture		
- Engro Vopak Terminal Limited	787,500	630,000
	7,358,043	1,232,621

17. ROYALTY INCOME

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

18. ADMINISTRATIVE EXPENSES

	2015	2014
	-----------(Rupees)-----------	
Salaries, wages and staff welfare (notes 18.1 and 18.2)	261,588	145,542
Staff recruitment, training and safety	11,951	9,168
Repairs and maintenance	311	479
Advertising, promotion and corporate branding	112,646	6,199
Rent, rates and taxes	78,535	34,542
Communication, stationery and other office expenses	24,659	12,030
Travel	25,258	9,845
Depreciation (note 4.1)	26,172	23,343
Legal and professional charges	15,712	22,205
Donations (note 33)	21,500	31,500
Research and development	305,956	67,279
Directors' fee, remuneration and travelling	44,166	22,840
Other expenses	16,295	8,430
	944,749	393,402

18.1 Salaries, wages and other staff welfare is net off the amount recovered from subsidiaries amounting to Rs. 252,613 (2014: Rs. 276,218) in accordance with the shared service agreements.

18.2 Includes Rs.19,802 (2014: Rs. 16,066) in respect of staff retirement benefits.

(Amounts in thousand)

19. OTHER INCOME

	2015	2014
	-----------(Rupees)-----------	
Financial assets:		
Income on deposits / other financial assets (note 19.1)	1,094,939	982,809
Non financial assets:		
Service charges (note 19.2)	10,300	11,249
Recoveries against write-off of investment in Avanceon Limited	-	35,379
Capital gain on disposal of investment in subsidiary companies (notes 5.2 and 5.3)	7,277,718	1,146,064
Gain on disposal of property, plant and equipment	5,976	822
Others	-	367
	8,388,933	2,176,690

19.1 Includes Rs. 871,856 (2014: Rs. 741,037) in respect of profit earned on subordinated loans to subsidiary companies.

19.2 Represent service charges recovered against corporate guarantees extended by the Company on behalf of subsidiary companies.

20. OTHER OPERATING EXPENSES

	2015	2014
	-----------(Rupees)-----------	
Workers' welfare fund (note 13.1)	-	53,780
Auditors' remuneration (note 20.1)	6,066	1,002
Professional tax	100	100
	6,166	54,882

20.1 Auditors' remuneration

Fee for the		
- audit of annual financial statements	305	220
- review of half yearly financial statements	159	140
Certifications, audit of retirement funds and other advisory / assurance services	5,366	579
Reimbursement of expenses	236	63
	6,066	1,002

21. FINANCE COST

Interest / mark-up on borrowings	525,017	811,859
Amortization of transaction costs	15,096	36,249
Others	56,575	356,411
	596,688	1,204,519

(Amounts in thousand)

22. TAXATION

	2015	2014
	-----------(Rupees)-----------	
Current		
- for the year	484,581	165,138
- for prior years (note 22.1)	8,002	-
	492,583	165,138
Deferred	(3,528)	(11,064)
	489,055	154,074

22.1 Includes Rs. 21,198 on account of provision in accordance with section 4B 'Super Tax for rehabilitation of temporarily displaced persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2015. This is net of certain tax adjustments amounting to Rs. 13,196.

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

In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 218,790 and raised a demand of Rs. 139,575 whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed an appeal with the Commissioner Inland Revenue (CIR) - Appeals who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 184,191 and revised the demand to Rs. 104,976. The Company paid Rs. 53,250 thereagainst and simultaneously filed an appeal against the CIR-Appeals decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to the Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for denovo proceedings, thereby accepting the Company's contention. The income tax department, in response thereagainst, had filed an appeal with ATIR, which was pending for hearing. Subsequent to the year end, the ATIR has also dismissed the appeal of the CIR.

In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Company filed an appeal against the said order with CIR-Appeals, whereby the order has been remanded back to assessing officers for denovo proceedings.

During the year, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Company received notices of demand amounting to Rs. 105,955 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed appeals thereagainst with the CIR - Appeals and also obtained stays from the High Court of Sindh from initiating any recovery proceedings in respect of both tax years. Subsequently, in respect of tax year 2011, the CIR - Appeals accepted the Company's plea and annulled the order passed by the DCIR. In response the DCIR filed an appeal before the ATIR for rectification of the order passed by the CIR - Appeals.

(Amounts in thousand)

22.3 Relationship between tax expense and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2015	2014
	-----------(Rupees)-----------	
Profit before tax	11,858,439	2,635,252
Tax calculated at the rate of 32% (2014: 33%)	3,794,700	869,633
Effect of provision for impairment against long term investment	1,046,429	-
Effect of exempt income	(2,102,574)	(520,200)
Effect of applicability of lower tax rate and other tax credits / debits	(2,249,501)	(195,359)
Tax charge for the year	489,055	154,074

23. EARNINGS PER SHARE

As at December 31, 2015, there is no dilutive effect on the basic earnings per share of the Company, since the options granted on Company's shares to IFC were completely exercised during last year. Earnings per share is based on following:

	2015	2014
	-----------(Rupees)-----------	
Profit for the year	11,369,384	2,481,178
	(Number of shares)	
Weighted average number of ordinary shares (in thousand)	523,785	515,591

(Amounts in thousand)

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged during the year for remuneration, including all benefits, to chief executive, directors and executives of the Company are given below:

	2015			2014		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	(Rupees)					
Managerial remuneration	93,512	3,330	292,449	91,694	-	227,712
Retirement benefits funds	840	-	27,549	1,260	-	22,295
Other benefits	19	677	4,664	-	-	5,687
Fees	-	29,523	-	-	13,200	-
Total	94,371	33,530	324,662	92,954	13,200	255,694
Number of persons including those who worked part of the year	2	17	68	1	11	54

24.1 The Company also provides certain household items for use of some employees and Chief executive. Cars are also provided for use of certain employees and directors. In addition, entertainment and security expenses are also incurred for directors.

24.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Company, amounts to Rs.1,254 (2014: Rs. 1,517).

24.3 The above remuneration of chief executive, directors and executives also includes recoveries from subsidiaries in accordance with the shared service agreements.

25. RETIREMENT BENEFITS

25.1 Defined benefit gratuity plan

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

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

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

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

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

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

25.2 Valuation results

The latest actuarial valuation of the defined benefit gratuity plan was carried out as at December 31, 2015, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

	Defined Benefit Gratuity Plan	
	2015	2014
	(Rupees)	
25.2.1 Balance sheet reconciliation		
Present value of defined benefit obligation	71,486	110,086
Fair value of plan assets	(54,889)	(114,071)
Surplus	16,597	(3,985)
Payable to Defined contribution	374	374
Net asset recognized in the balance sheet	16,971	(3,611)
25.2.2 Movement in net asset recognized		
Net asset at beginning of the year	(3,611)	(12,477)
Expense for the year	4,898	2,285
Remeasurement loss recognized in Other comprehensive income	15,684	6,581
Net asset at end of the year	16,971	(3,611)
25.2.3 Movement in present value of defined benefit obligation		
As at beginning of the year	110,086	81,502
Current service cost	5,333	3,902
Interest cost	11,558	10,567
Remeasurement loss / (gain) to Other comprehensive income	16,881	(10,185)
Benefits paid during the year	(29,574)	(8,787)
Liability transferred (to) / from Defined contribution gratuity fund	(13)	33,087
Liability in respect of transfers - inter fund	(42,785)	-
As at end of the year	71,486	110,086
25.2.4 Movement in fair value of plan assets		
As at beginning of the year	114,071	94,353
Expected return on plan assets	11,993	12,184
Benefits paid during the year	(29,574)	(8,787)
Remeasurement gain / (loss) to Other comprehensive income	1,197	(16,766)
Assets transferred (to) / by Defined contribution gratuity fund	(13)	33,087
Assets transferred in respect of transfers - inter fund	(42,785)	-
As at end of the year	54,889	114,071
25.2.5 Charge for the year		
Current service cost	5,333	3,902
Net interest cost	(435)	(1,617)
	4,898	2,285

(Amounts in thousand)

	Defined Benefit Gratuity Plan 2015	2014
	-----------(%)-----------	
25.2.6 Principal actuarial assumptions used in the actuarial valuation		
Discount rate	9.00	10.50
Expected per annum rate of return on plan assets	9.00	10.50
Expected per annum rate of increase in future salaries	9.00	10.50

	2015	2014
	-----------(Rupees)-----------	
25.2.7 Actual return on plan assets 6,875 1,807		

25.2.8 Plan assets comprise of the following

	2015 Rupees	2015 (%)	2014 Rupees	2014 (%)
Fixed income instruments	41,126	75	95,326	84
Equity instruments	11,701	21	18,744	16
Others (including cash)	2,062	4	-	0
	54,889	100	114,070	100

25.2.9 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.

25.2.10 Historical information

	2015	2014	2013	2012	2011
	---------------------------(Rupees)---------------------------				
Present value of defined benefit obligation	(71,486)	(110,086)	(81,502)	(132,150)	(104,576)
Fair value of plan assets	54,889	114,071	94,353	170,004	113,689
Payable to Defined contribution gratuity fund	(374)	(374)	(374)	(664)	-
Surplus	(16,971)	3,611	12,477	37,190	9,113

25.2.11 Expected future cost for the year ending December 31, 2016 is Rs. 111.

	"Defined Benefit Gratuity Plan" 2015	2014
	-----------(Rupees)-----------	
25.2.12 Remeasurement recognized in Other Comprehensive Income		
(Loss) / Gain from change in experience adjustments	(15,579)	10,185
Gain from change in financial assumptions	(1,302)	-
Remeasurement of obligation	(16,881)	10,185
Actual return on plan assets	6,875	1,807
Expected return on plan assets	(11,993)	(12,183)
Difference in opening fair value of plan assets	6,315	(6,390)
Remeasurement of plan assets	1,197	(16,766)
	(15,684)	(6,581)
Tax impact at 32% (2014: 33%)	5,019	2,172
Remeasurement of retirement benefit obligation - net of tax	(10,665)	(4,409)

25.2.13 Demographic assumptions

Mortality rate	"SLIC (2001-05)"	"SLIC (2001-05)"
Rate of employee turnover	Heavy	Heavy

25.2.14 Sensitivity analysis

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

	Increase in Assumption	Decrease in Assumption
	-----------(Rupees)-----------	
Discount rate	68,846	74,324
Long term salary increases	73,958	69,141

25.2.15 Maturity profile

Time in years	Defined Benefit Gratuity Plan (Rupees)
1	16,179
2	3,123
3	3,318
4	13,074
5-10	93,701
11-15	18,262
16-20	4,736
Weighted average duration (years)	3.83

(Amounts in thousand)

25.3 Defined contribution plans

An amount of Rs. 14,904 (2014: Rs. 13,781) has been charged during the year in respect of defined contribution plans maintained by the Company.

26. CASH UTILIZED IN OPERATIONS

	2015	2014
	-----------(Rupees)-----------	
Profit before taxation	11,858,439	2,635,252
Adjustment for non-cash charges and other items:		
Depreciation	26,172	23,343
Gain on disposal of property, plant and equipment	(5,976)	(822)
Provision for retirement and other service benefits	16,527	33,364
Provision for impairment	3,270,092	-
Income on deposits / other financial assets	(1,076,548)	(982,809)
Gain on disposal of long term investment to a subsidiary company	(337,900)	-
Capital Gain on partial disposal of long term investment	(6,939,818)	(1,146,064)
Dividend income	(7,358,043)	(1,232,621)
Royalty income	(929,158)	(878,744)
Financial charges	598,158	1,204,519
Exchange gain	(1,470)	-
Working capital changes (note 26.1)	134,232	27,228
	(745,293)	(317,354)

26.1 Working capital changes

Decrease / (Increase) in current assets		
- Loans, advances, deposits and prepayments	33,700	(49,418)
- Other receivables (net)	14,468	(39,337)
	48,168	(88,755)
Increase in current liabilities		
- Trade and other payables including other service benefits (net)	86,064	115,983
	134,232	27,228

27. CASH AND CASH EQUIVALENTS

Short term investments (note 10)	-	721,700
Cash and bank balances (note 11)	399,510	531,534
	399,510	1,253,234

(Amounts in thousand)

28. FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
	-----------(Rupees)-----------	
Financial assets as per balance sheet		
- Loans and receivables		
Long term loans	2,150,000	2,150,000
Loans and advances	9,935,876	4,705,540
Other receivables	153,041	184,801
Cash and bank balances	399,510	531,534
	12,638,427	7,571,875
- Fair value through profit and loss		
Short term investments	793,380	721,700
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortized cost		
Trade and other payables	337,920	250,311
Accrued interest / mark-up	250,274	250,274
Borrowings	4,000,000	4,000,000
	4,588,194	4,500,585

29. FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's Finance and Planning department under policies approved by the Senior Management.

a) Market risk

i) Currency risk

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

The Company has given guarantees in favour of its subsidiary companies amounting to USD 130,947 (2014: USD 159,144). The devaluation / revaluation of currency will only impact contingent liabilities and the impact on post tax profit for the year is nil.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on balances maintained with banks and loans given to subsidiary companies.

As at December 31, 2015, if interest rate on bank accounts / loans given to subsidiary companies had been 1% higher / lower with other variables held constant, post tax profit for the year would have been higher / lower by Rs. 83,497.

As at December 31, 2015, if interest rate on Treasury Bills had been 1% higher / lower with other variables held constant, post tax profit for the year would have been higher / lower by Rs. 1,612.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as all of its investments are in subsidiary companies which are stated at cost.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, loans and advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds and mutual fund securities is limited because counter parties are financial institutions with a reasonably high credit rating. The Company maintains an internal policy to place funds with commercial banks / mutual funds having a minimum short term credit rating of A1 / AM3.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
	-----------(Rupees)-----------	
Long term loans	2,150,000	2,150,000
Loans and advances	9,935,876	4,705,540
Other receivables	153,041	184,801
Short term investments	793,380	721,700
Cash and bank balances	399,510	531,534
	13,431,807	8,293,575

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

(Amounts in thousand)

Bank	Rating agency	Rating Long term	Rating Short term
Askari Bank Limited	JCR-VIS	AA	A-1+
Burj Bank Limited	JCR-VIS	A-	A-2
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A+	A-1
Faysal Bank Limited	JCR-VIS	AA	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
Meezan Bank Limited	JCR-VIS	AA	A-1+
National Bank of Pakistan	JCR-VIS	AAA	A-1+
Samba Bank Limited	JCR-VIS	AA	A-1
SUMMIT Bank Limited	JCR-VIS	A	A-1
United Bank Limited	JCR-VIS	AA+	A-1+
MCB Bank Limited	PACRA	AAA	A1+
Standard Chartered Bank Limited	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	A1+	AA-
NIB Bank Limited	PACRA	AA	A1+
Bank Al-Falah Limited	PACRA	AA	A1+
Bank Al-Habib Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	A+	A1+
Allied Bank Limited	PACRA	AA+	A1+
Citi Bank Limited	Moody's	A2	P-1
Bank Islami Pakistan limited	PACRA	A+	A1
Habib Metropolitan Bank Limited	PACRA	AA+	A-1+

c) Liquidity risk

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

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

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

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2015			2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	---(Rupees)---					
Financial liabilities						
Trade and other payables	337,920	-	337,920	250,311	-	250,311
Accrued interest / mark-up	250,274	-	250,274	250,274	-	250,274
Borrowings	4,000,000	-	4,000,000	4,000,000	-	4,000,000
	4,588,194	-	4,588,194	4,500,585	-	4,500,585

(Amounts in thousand)

29.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

	2015	2014
	(Rupees)	
The proportion of borrowings to equity at the year end was:		
Total Borrowings	3,966,617	3,951,521
Total Equity	36,315,499	32,813,552
	40,282,116	36,765,073
Gearing ratio	10%	11%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

29.3 Fair value estimation

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value of treasury bills and mutual fund securities is determined using rates prevailing in the market at the end of each year for identical assets i.e., level 1, which is Rs. 793,380 as at December 31, 2015 (2014: Rs. 721,700).

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

(Amounts in thousand)

	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Financial assets at fair value through profit or loss				
- Short term investments	-	793,380	-	793,380

29.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise treasury bills which are valued using discounted cash flow model.

There were no transfers amongst the levels during the year.

30. PROVIDENT FUND

The Company operates defined contribution Provident Fund (the Fund) maintained for its permanent employees and the employees of its Group companies. Monthly contributions are made both by the Company, other Group companies and employees to the Fund at the rate of 10% of basic salary. Accordingly, the following information is based upon the latest unaudited financial statements of the Fund as at June 30, 2015 and audited financial statements as at June 30, 2014.

	2015	2014
	(Rupees)	
Size of the fund - Total assets	3,161,499	2,091,284
Cost of the investments made	2,333,996	1,679,824
Percentage of investments made	87%	89%
Fair value of investments	2,736,879	1,861,191

The break-up of investments is as follows:

	2015		2014	
	Rupees	%	Rupees	%
	(Rupees)			
National Savings Schemes	223,037	8	290,609	16
Government securities	1,045,090	38	901,642	48
Listed securities and unit trust	1,164,311	43	518,263	28
Balances with banks in savings account	304,441	11	150,677	8
	2,736,879	100	1,861,191	100

(Amounts in thousand)

30.1 The investments out of the fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

31. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Management employees	74	72	74	67
Non-management employees	1	1	1	1
	75	73	75	68

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiaries, joint venture companies, other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2015	2014
	------------(Rupees)------------	
Parent Company		
Dividend paid	2,480,477	315,023
Subsidiary companies		
Purchases and services	25,400	19,107
Services rendered	573,875	602,591
Mark-up from subsidiaries	871,856	741,038
Disbursement of loan to subsidiaries	10,355,100	5,746,204
Repayment of loan by subsidiaries	5,094,600	4,710,080
Dividend received	6,570,543	602,621
Royalty income, net of sales tax	929,158	878,744
Reimbursements to subsidiaries	389,694	122,952
Expenses paid on behalf of subsidiaries	321,696	324,569
Investments made	6,800,000	1,551,000
Proceeds from disposal of long term investment	4,383,000	620,273
Service fees against corporate guarantees	10,300	11,249
Remittance to subsidiaries	5,405	30,120

(Amounts in thousand)

	2015	2014
	------------(Rupees)------------	
Associated companies		
Purchases and services	2,559	2,216
Services rendered	65,633	-
Retirement benefits	31,163	25,495
Donations	21,500	31,500
Investment in Treasury bills	608,070	719,701
Redemption of investment in Treasury bills	719,701	-
Utilization of overdraft facility	467,112	-
Repayment of overdraft facility	467,112	-
Mark-up on utilization of overdraft facility	2,172	-
Commitment fee	5,492	-
Interest on deposit	1,504	-
Reimbursement to associates	5,637	6,730
Expenses paid on behalf of associates	8,187	9,239
Bank charges	4	-
Dividend paid	557,855	96,814
Profit on Term Finance Certificates	26,610	-
Joint venture		
Services rendered	1,266	1,273
Dividend received	787,500	630,000
Expenses paid on behalf of Joint venture company	2,521	758
Reimbursements to Joint venture company	915	31,036
Others		
Directors' fees	29,523	13,200
Sale of operating assets to employees	2,731	1,780
Remuneration of key management personnel	125,626	106,492
Reimbursements to key management personnel	11,786	8,017
Dividend paid	63,749	8,756

33. DONATIONS

Donations include the following in which directors are interested:

Name of Director	Interest in Donee	Name of Donee	2015	2014
			------------(Rupees)------------	
Khalid Siraj Subhani	Chairman	Engro Foundation	21,500	31,500

34. LOSS OF CERTAIN ACCOUNTING RECORDS

During 2007, a fire broke out at PNSC Building, Karachi where the Company's registered office was located. Immediately following this event the Company launched its Disaster Recovery Plan due to which operational disruption and financial impact resulting from this incident remained minimal.

(Amounts in thousand)

The fire destroyed a substantial portion of its hard copy records, related to the financial years 2005, 2006 and the period January 1, 2007 to August 19, 2007 although, electronic data remained intact due to the aforementioned Disaster Recovery Plan. The Company launched an initiative to recreate significant lost records and was successful in gathering the same in respect of the financial year 2007. Hard copy records related to the already reported financial years 2005 and 2006 have not been recreated.

35. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

35.1 The Board of Directors of Engro Vopak Terminal Limited (EVTL), a joint venture company, in its meeting held on January 28, 2016 has proposed a final cash dividend of Rs. 6.00 per share for the year ended December 31, 2015, amounting to Rs. 540,000, of which the proportionate share of the Company amounts to Rs. 270,000.

These financial statements for the year ended December 31, 2015 do not include the effect of the aforementioned dividend income, which will be accounted for in the financial statements for the year ending December 31, 2016 once the proposed dividend is approved in the Annual General Meeting of EVTL.

35.2 The Board of Directors of Engro Fertilizers Limited (EFert), a Subsidiary Company, in its meeting held on February 8, 2016 has proposed a final cash dividend of Rs. 3.00 per share for the year ended December 31, 2015, amounting to Rs. 3,992,797 of which the proportionate share of the Company amounts to Rs. 3,145,524.

These financial statements for the year ended December 31, 2015 do not include the effect of the aforementioned dividend income, which will be accounted for in the financial statements for the year ending December 31, 2016 once the proposed dividend is approved in the Annual General Meeting of EFert.

35.3 The Board of Directors in its meeting held on February 18, 2016 has proposed a final cash dividend of Rs. 7.00 per share for the year ended December 31, 2015, amounting to Rs. 3,666,493, for approval of the members at the Annual General Meeting to be held on April 15, 2016.

The financial statements for the year ended December 31, 2015 does not include the effect of the proposed cash dividend, which will be accounted for in the financial statements for the year ending December 31, 2016.

36. CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 18, 2016 by the Board of Directors of the Company.

Hussain Dawood Chairman	Khalid Siraj Subhani President

consolidated accounts

- Auditors' Report to the Members
- consolidated Financials

auditors' report to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Engro Corporation Limited (the Holding Company) and its subsidiary companies as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and the subsidiary companies, whereas, financial statements of Engro Eximp FZE have been audited by PricewaterhouseCoopers - U.A.E. and financial statements of Engro Power Services Limited by another firm of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in the annexed consolidated financial statements for Engro Eximp FZE and Engro Power Services Limited, is based solely on the reports of such other auditors.

These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Engro Corporation Limited (the Holding Company) and its subsidiary companies as at December 31, 2015 and the results of their operations for the year then ended.

Chartered Accountants
Karachi
Date: March 15, 2016

Engagement Partner: Waqas A. Sheikh

consolidated balance sheet

as at december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		-----------(Rupees)-----------	
Assets			
Non-Current Assets			
Property, plant and equipment	4	128,403,791	134,507,257
Biological assets	5	1,024,251	858,680
Intangible assets	6	276,846	296,093
Long term investments	7	3,120,174	2,735,157
Deferred taxation	8	982,699	1,103,153
Long term loans, advances and other receivables	9	3,758,094	1,183,224
Deferred employee compensation expense	10	147,456	112,581
		137,713,311	140,796,145
Current Assets			
Stores, spares and loose tools	11	7,679,172	7,547,456
Deferred taxation	8	-	960,537
Stock-in-trade	12	14,088,701	11,567,174
Trade debts	13	6,733,613	4,615,213
Deferred employee compensation expense	10	92,986	90,430
Derivative financial instruments	14	29,207	-
Loans, advances, deposits and prepayments	15	1,507,999	1,708,023
Other receivables	16	7,934,670	5,317,228
Taxes recoverable		2,349,782	3,252,789
Short term investments	17	14,050,112	28,987,084
Cash and bank balances	18	4,112,298	12,244,533
		58,578,540	76,290,467
TOTAL ASSETS		196,291,851	217,086,612

(Amounts in thousand)

	Note	2015	2014
		-----------(Rupees)-----------	
Equity & Liabilities			
Equity			
Share capital	19	5,237,848	5,237,848
Share premium		13,068,232	13,068,232
Employee share option compensation reserve	10	595,143	399,740
Revaluation reserve on business combination		53,688	63,890
Maintenance reserve	20	156,301	178,758
Exchange revaluation reserve		29,793	4,289
Hedging reserve	21	(88,042)	(143,339)
General reserves		4,429,240	4,429,240
Unappropriated profit		45,891,164	33,996,946
Remeasurement of post-employment benefits		(131,931)	(58,358)
		64,003,588	51,939,398
		69,241,436	57,177,246
Non-Controlling Interest		16,431,445	10,847,266
Total Equity		85,672,881	68,024,512
Liabilities			
Non-Current Liabilities			
Borrowings	22	36,993,136	55,379,841
Derivative financial instruments	14	17,382	51,103
Deferred taxation	8	8,689,814	6,558,433
Deferred liabilities	23	161,242	197,543
		45,861,574	62,186,920
Current Liabilities			
Trade and other payables	24	34,050,586	53,498,390
Accrued interest / mark-up	25	1,328,147	2,067,680
Current portion of			
- borrowings	22	22,589,460	17,945,494
- deferred liabilities	23	98,083	43,338
Short term borrowings	26	6,176,645	11,764,678
Derivative financial instruments	14	393,070	1,465,108
Unclaimed dividends		121,405	90,492
		64,757,396	86,875,180
Total Liabilities		110,618,970	149,062,100
Contingencies and Commitments	27		
TOTAL EQUITY & LIABILITIES		196,291,851	217,086,612

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

consolidated profit and loss account

for the year ended december 31, 2015

(Amounts in thousand except for earnings per share)

	Note	2015	2014
		-------------(Rupees)-------------	
Revenue	28	184,264,259	175,958,342
Cost of revenue	29	(132,769,471)	(139,741,638)
Gross profit		51,494,788	36,216,704
Selling and distribution expenses	30	(10,756,984)	(10,825,129)
Administrative expenses	31	(3,845,774)	(3,963,882)
		36,892,030	21,427,693
Other income	32	2,980,219	3,719,042
Other operating expenses	33	(3,226,928)	(2,499,562)
Operating profit before impairment		36,645,321	22,647,173
Impairment loss	4.3	(3,454,184)	(43,295)
Finance cost	34	(8,425,237)	(12,344,159)
Share of income from joint venture and associates	35	1,018,945	723,036
Profit before taxation		25,784,845	10,982,755
Taxation	36	(8,516,449)	(3,181,909)
Profit for the year		17,268,396	7,800,846
Profit / (Loss) attributable to:			
- Discontinued operations		-	(644,309)
- Continuing operations		17,268,396	8,445,155
		17,268,396	7,800,846
Profit attributable to:			
- Owners of the Holding Company		13,784,418	7,006,832
- Non Controlling Interest		3,483,978	794,014
		17,268,396	7,800,846
		-------------(Rupees)-------------	
Basic and diluted earnings / (loss) per share from:			
- Discontinued operations		-	(1.09)
- Continuing operations	37	26.32	14.68
		26.32	13.59

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

consolidated statement of comprehensive income

for the year ended december 31, 2015

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
Profit for the year	17,268,396	7,800,846
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Hedging reserve - cash flow hedges		
Loss arising during the year	(136,023)	(1,714,461)
Less:		
- Reclassification adjustments for loss included in profit and loss account	207,729	1,802,791
- Adjustments for amounts transferred to initial carrying amount of hedged items (capital work in progress / stock in trade)	37,383	34,527
	109,089	122,857
Revaluation reserve on business combination	(21,318)	(21,318)
Exchange differences on translation of foreign operations	30,564	(33,339)
	118,335	68,200
Income tax relating to:		
Hedging reserve - cash flow hedges	(38,705)	(60,261)
Revaluation reserve on business combination	7,035	7,035
	(31,670)	(53,226)
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefits obligation - Actuarial (loss) / gain	(125,426)	4,083
Income tax relating to remeasurement of post employment benefits obligation	40,647	(2,172)
	(84,779)	1,911
Deferred tax charge relating to revaluation of equity related items	(4,946)	(1,648)
Other comprehensive income for the year, net of tax	(3,060)	15,237
Total comprehensive income for the year	17,265,336	7,816,083
Total comprehensive income attributable to equity shareholders from:		
- Discontinued operations	-	(668,543)
- Continuing operations	17,265,336	8,484,626
	17,265,336	7,816,083
Total comprehensive income attributable to:		
- Owners of the Holding Company	13,781,444	7,009,984
- Non Controlling Interest	3,483,892	806,099
	17,265,336	7,816,083

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

consolidated statement of changes in equity
for the year ended december 31, 2015

(Amounts in thousand)

	Share capital	Share premium	Employee share option compensation reserve	Revaluation reserve on business combination	Maintenance reserve (note 20)	Exchange revaluation reserve	Hedging reserve	General reserve	Unappro-priated Profit	Remeasurement of post employment benefits-acturial(loss)/income	Sub total	Non controlling Interest	Total
	Attributable to owners of the Holding Company												
		Reserves											
			Capital Reserves				Revenue Reserves						
	(Rupees)												
Balance as at January 1, 2014	5,112,694	10,550,061	407,133	74,092	213,335	35,418	(185,689)	4,429,240	26,832,821	(60,760)	47,408,345	5,319,491	52,727,836
Total comprehensive income for the year ended December 31, 2014													
Profit for the year	-	-	-	-	-	-	-	-	7,006,832	-	7,006,832	794,014	7,800,846
Other comprehensive income	-	-	-	(10,202)	-	(31,129)	42,350	-	-	2,133	3,152	12,085	15,237
	-	-	-	(10,202)	-	(31,129)	42,350	-	7,006,832	2,133	7,009,984	806,099	7,816,083
Transactions with owners													
Shares issued to IFC upon exercise of conversion option	125,154	2,518,171	-	-	-	-	-	-	-	-	2,643,325	-	2,643,325
Derecognition of Non-controlling interest relating to investment in subsidiary company	-	-	-	-	-	-	-	-	-	269	269	(337,855)	(337,586)
Effect of Dividend in specie - Shares of Subsidiary company transferred to owners of Holding Company	-	-	-	-	-	-	-	-	(1,087,971)	-	(1,087,971)	1,087,971	-
Employees Share Option Scheme of subsidiary company	-	-	(7,393)	-	-	-	-	-	-	-	(7,393)	-	(7,393)
Shares issued during the year by subsidiary company	-	-	-	-	-	-	-	-	603,461	-	603,461	1,417,368	2,020,829
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	216,942	-	216,942	619,135	836,077
Dividend by subsidiary allocable to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	(182,056)	(182,056)
Effect of conversion of IFC loan into ordinary shares by subsidiary company	-	-	-	-	-	-	-	-	775,657	-	775,657	408,570	1,184,227
Transfer of maintenance reserve to Non-Controlling Interest	-	-	-	-	-	(34,577)	-	-	-	-	(34,577)	34,577	-
Gain on disposal of equity reserves in subsidiary company	-	-	-	-	-	-	-	-	683,144	-	683,144	-	683,144
Increase in Non-Controlling Interest due to disposal of shareholding in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	1,673,966	1,673,966
Interim cash dividend for the year ended December 31, 2014 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,033,940)	-	(1,033,940)	-	(1,033,940)
	125,154	2,518,171	(7,393)	-	(34,577)	-	-	-	157,293	269	2,758,917	4,721,676	7,480,593
Balance as at December 31, 2014	5,237,848	13,068,232	399,740	63,890	178,758	4,289	(143,339)	4,429,240	33,996,946	(58,358)	57,177,246	10,847,266	68,024,512
Total comprehensive income for the year ended December 31, 2015													
Profit for the year	-	-	-	-	-	-	-	-	13,784,418	-	13,784,418	3,483,978	17,268,396
Other comprehensive income	-	-	-	(10,202)	-	25,504	55,297	-	-	(73,573)	(2,974)	(86)	(3,060)
	-	-	-	(10,202)	-	25,504	55,297	-	13,784,418	(73,573)	13,781,444	3,483,892	17,265,336
Transactions with owners													
Transfer of maintenance reserve to Non-Controlling Interest	-	-	-	-	(22,457)	-	-	-	-	-	(22,457)	22,457	-
Employees Share Option Scheme of subsidiary company	-	-	195,403	-	-	-	-	-	-	-	195,403	-	195,403
Gain on disposal of shares of subsidiary company	-	-	-	-	-	-	-	-	5,258,679	-	5,258,679	2,614,638	7,873,317
Effect of conversion of IFC loan into ordinary shares by subsidiary company	-	-	-	-	-	-	-	-	709,394	-	709,394	287,909	997,303
Dividend by subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,666,925)	(1,666,925)
Share capital issued to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	168,000	168,000
Advance against issue of shares	-	-	-	-	-	-	-	-	-	-	-	675,048	675,048
Share issuance cost	-	-	-	-	-	-	-	-	(1,500)	-	(1,500)	(840)	(2,340)
Final cash dividend for the year ended December 31, 2014 @ Rs. 4.00 per share	-	-	-	-	-	-	-	-	(2,095,139)	-	(2,095,139)	-	(2,095,139)
1st Interim cash dividend for the year ending December 31, 2015 @ Rs. 2.00 per share	-	-	-	-	-	-	-	-	(1,047,570)	-	(1,047,570)	-	(1,047,570)
2nd Interim cash dividend for the year ending December 31, 2015 @ Rs. 4.00 per share	-	-	-	-	-	-	-	-	(2,095,139)	-	(2,095,139)	-	(2,095,139)
3nd Interim cash dividend for the year ending December 31, 2015 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,618,925)	-	(2,618,925)	-	(2,618,925)
	-	-	195,403	-	(22,457)	-	-	-	(1,890,200)	-	(1,717,254)	2,100,287	383,033
Balance as at December 31, 2015	5,237,848	13,068,232	595,143	53,688	156,301	29,793	(88,042)	4,429,240	45,891,164	(131,931)	69,241,436	16,431,445	85,672,881

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

consolidated statement of cash flows
for the year ended december 31, 2015

(Amounts in thousand)

	Note	2015	2014
		(Rupees)	
Cash flows from operating activities			
Cash generated from operations	40	20,138,577	45,510,549
Retirement and other service benefits paid		(296,528)	(119,416)
Financial charges paid		(7,786,069)	(11,646,148)
Taxes paid		(4,390,118)	(3,708,981)
Payments against provision for contractual commitments		(72,541)	-
Long term loans and advances - net		(1,627,640)	(875,789)
Net cash generated from operating activities		5,965,681	29,160,215
Cash flows from investing activities			
Purchases of property, plant & equipment, intangible assets and biological assets		(9,816,371)	(9,432,994)
Sale proceeds on disposal of property, plant & equipment and biological assets		323,138	371,538
Purchase of Treasury bills and Fixed income placements- net		(793,379)	-
Investment in associated company		(143,717)	(165,131)
Disposal of subsidiary		-	87,048
Investment made during the year - net		25,293,296	(25,486,527)
Income on deposits / other financial assets		1,579,709	2,321,956
Proceeds against disposal of investment in subsidiary companies		7,872,317	2,356,962
Dividends received		787,500	630,000
Net cash generated from / (used in) investing activities		25,102,493	(29,317,148)
Cash flows from financing activities			
Repayments of borrowings - net		(14,635,299)	(18,295,920)
Proceeds from issuance of shares		168,000	1,495,080
Share issuance cost		(2,340)	-
Advance received against issuance of right shares to Non-controlling interest		675,048	-
Advance for insurance policy against foreign finances		(1,021,652)	-
Proceeds from short term finance		1,150,000	4,750,000
Repayments of short term finance		(5,150,000)	-
Dividends paid		(9,484,080)	(1,217,879)
Net cash used in financing activities		(28,300,323)	(13,268,719)
Net increase / (decrease) in cash and cash equivalents		2,767,851	(13,425,652)
Cash and cash equivalents at beginning of the year		8,488,637	21,914,289
Cash and cash equivalents at end of the year	41	11,256,488	8,488,637

The annexed notes from 1 to 57 form an integral part of these consolidated financial statements.

Hussain Dawood
Chairman

Khalid Siraj Subhani
President

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Corporation Limited (the Company), is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The principal activity of the Company, is to manage investments in subsidiary companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG and chemical terminal and storage businesses. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, HC # 3, Block 4, Marine Drive, Clifton, Karachi.

1.2 Subsequent to the balance sheet date, Dawood Hercules Corporation Limited (DH Corp), through a notice to Pakistan Stock Exchange Limited dated January 21, 2016, declared that in accordance with the requirements of International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', as adopted by Securities and Exchange Commission of Pakistan (SECP), the Company to be its subsidiary based on the "Control" criteria given in IFRS 10. Henceforth, DH Corp will be deemed as Holding Company of the Company.

1.3 The "Group" consists of:

Holding Company: Engro Corporation Limited;

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

	%age of direct holding	
	2015	2014
- Engro Powergen Limited (note 1.4.1)	100	100
- Elengy Terminal Pakistan Limited (note 1.4.2)	100	100
- Engro Eximp (Private) Limited (note 1.4.3)	-	100
- Engro Eximp Agriproducts (Private) Limited (note 1.4.4)	100	-
- Engro Foods Limited (note 1.4.5)	87.06	87.06
- Engro Fertilizers Limited (note 1.4.6)	78.78	100
- Engro Polymer and Chemicals Limited (note 1.4.7)	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 1.4.8)	50	50

1.4 Subsidiary companies

1.4.1 Engro Powergen Limited
Engro Powergen Limited (EPL), a wholly owned subsidiary of the Holding Company, is a public unlisted company incorporated in Pakistan. It is established with the primary objective to analyze potential opportunities in the Power Sector and undertake Independent Power Projects (IPPs) based on feasibilities of new ventures.

(Amounts in thousand)

Following are the subsidiaries of EPL:

	%age of direct holding	
	2015	2014
- Engro Power Services Limited (note 1.4.1.1)	100	100
- Engro Power International Holding B.V. (note 1.4.1.2)	100	100
- Kolachi Portgen (Private) Limited (1.4.1.3)	100	-
- Engro Powergen Qadirpur Limited (note 1.4.1.4)	68.8	68.8
- Engro Powergen Thar (Private) Limited (note 1.4.1.5)	64.1	100
Following are associated companies of EPL:		
- GEL Utility Limited (note 1.4.1.6)	45	45
- Sindh Engro Coal Mining Company Limited (note 1.4.1.7)	19.8	22.15

1.4.1.1 Engro Power Services Limited (EPSL), a private limited company, has been established in Nigeria with the objective to carry on business as power generating, transmission, distribution and servicing company. EPSL is currently providing O&M services to a Captive Power Plant located in a refinery within Nigeria. The agreement of providing O&M services was entered into by EPL. EPSL is acting as an agent of EPL to discharge its obligations under the agreement.

On March 18, 2015, EngroGen Energy Service Limited (EESL) was incorporated which is a joint venture of EPSL and Genesis Energy Holdings Limited. EESL has been established with the objective to incorporate, participate, manage and supervise business and companies in the power sector.

1.4.1.2 Engro Power International Holding B.V. (EPIH), a private limited company, has been established in Rotterdam, Netherlands with the objective to incorporate, participate, manage and supervise business and companies. During the year, EPIH incorporated two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in Netherlands.

During the year, EPII entered into a share sale and purchase agreement with Bresson AS Nigeria Limited in relation to the acquisition of 1,666,667 shares representing 16.7% of the issued share capital of Magboro Power Company Limited (MPCL). EPII advanced an amount of USD 1,400, being the first installment, out of a total agreed purchase price of USD 7,000. The shares against this investment have not been issued as at December 31, 2015.

1.4.1.3 Kolachi Portgen (Private) Limited has been established and incorporated in Pakistan during the year with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant. The shares in the name of EPL will be issued after completion of legal formalities.

1.4.1.4 Engro Powergen Qadirpur Limited (EPQL) was established as an unlisted public company incorporated in Pakistan with the primary objective to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and has commenced commercial operation on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007, valid for a period of 25 years. Last year, EPQL was formally listed on the Karachi and Islamabad Stock Exchanges (now named as Pakistan Stock Exchange Limited) and shares were dully allotted to the shareholders.

1.4.1.5 Engro Powergen Thar (Private) Limited (EPTPL), a private limited company, has been established and incorporated in Pakistan. The principal operations of EPTPL is to carry out the business of power generation, distribution, transmission and sale of electricity. EPTL has been formed for the purpose of the development of 2 x 330 MW mine mouth power plants at Thar Block II, Sindh.

(Amounts in thousand)

During the year, EPTL has awarded the EPC contract to China Machinery Engineering Corporation (CMEC). Further, during the year, EPTL has received a Letter of Support from Private Power and Infrastructure Board (PPIB) for setting up the Power Plant and has also received Generation License from NEPRA effective from March 18, 2015. EPTL has also entered in to Power Purchase Agreement (PPA) with National Transmission and Dispatch Company (NTDC) during the year and has entered into Coal Supply Agreement with SECMC whereby SECMC, on commencement of commercial production of its Thar mining project, will supply 3.8 million tons per annum of coal to EPTL. In addition, EPTL has also entered into Water Use Agreement with the Government of Sindh and Thar Power Company Limited (TPCL).

Total cost of the mine mouth power plants project is estimated at USD 1,108,000, which would be financed through equity injection of USD 277,000 and Debt portion of USD 831,000. Debt portion would be a mix of local and foreign financing.

EPTL has signed all major Financing Agreements on December 21, 2015 amounting to USD 621,000 for foreign financing and Rs. 24,150,000 for local financing. Subsequent to the signing of financing agreements, financial close and loan disbursement is conditional to execution of security documents in the favour of lenders, subscription by sponsors of initial equity contribution, completion of other formalities and issuance of guarantee by Government of Pakistan according to the Implementation Agreement.

1.4.1.6 GEL is a private limited company established in Nigeria. GEL has been formed with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EPL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% equity stake.

1.4.1.7 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS 40%) and EPL (60%). The aforementioned JVA is consequent to the selection of SECMC as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project), with an annual mining capacity of 6.5 million tons of coal.

The GoS has granted a 30 year mining lease to SECMC for exploration and mining activities in Thar Block-II. Based on the detailed feasibility study conducted by SECMC, Thar Block-II has estimated coal reserves of approximately 2 billion tons, independently verified by a Competent Person Statement (CPS) in 2012, of which 195 million tons will be mined at the rate of 6.5 million tons per year over the period of the mining lease. SECMC, during 2011, had also received a firm proposal for Engineering, Procurement & Construction (EPC) for 6.5 million tons per annum mining capacity and 1,200 MW power plant from an international contractor. However, in May 2013, SECMC in order to reduce its capital investment and optimize the project size and cost decided to decouple the mining and power projects. Further, pursuant to the decision of the Cabinet of Economic Coordination Committee (ECC) dated May 31, 2013, Sovereign Guarantee amounting to USD 700,000 has been approved for the debt portion of the mining project conditional upon the revision of the Joint Venture Agreement.

During the year after investment by new shareholders in SECMC i.e. Hub Power Company Limited, Thal Limited, Habib Bank Limited and China Machinery Engineering Corporation, EPL's shareholding in SECMC has reduced to 19.80% (2014: 22.15%).

During the year, SECMC entered into Coal Supply Agreement with Engro Powergen Thar (Private) Limited (EPTL), whereby SECMC on commencement of commercial production of its Thar mining project, will supply 3.8 million tons per annum of coal to EPTL.

Total cost of the Project is estimated at USD 845,000 which would be financed through equity injection of USD 211,250 and Debt portion of USD 633,750. Debt portion would be a mix of local and foreign financing. During the year, SECMC has signed all major Financing Agreements with lenders on December 21, 2015. Subsequent to the signing of financing agreements, financial close and loan disbursement is conditional to execution of security documents in the favour of lenders, subscription by sponsors of initial equity contribution and completion of other formalities.

1.4.2 Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), a wholly owned subsidiary of the Holding Company, is a public unlisted company, incorporated in Pakistan. The principal business of ETPL is to establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading, of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical and petroleum products. Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of EETPL.

A tender for Fast Track LNG Project (the Project) was issued by Inter State Gas Systems (Private) Limited (ISGS) on behalf of the Government of Pakistan on August 15, 2013 for receipt, storage and re-gasification of 1.5 million tons of LNG in the first year and 3.0 million tons for next 14 years. ETPL's bid for this project was successful and EETPL was incorporated to own and operate the LNG facilities and enter into all project related agreements including the LNG Operations and Services Agreement (LSA) of EETPL.

During the year, EETPL received Certificate of Acceptance from Sui Southern Gas Company Limited (SSGCL) with respect to the Branch Pipeline on March 29, 2015. Further, EETPL commenced commercial operations i.e. delivery of regasified LNG to SSGCL from March 29, 2015. The project is being financed through 75% debt and 25% equity. In this regard, EETPL has entered into agreements for project finance on January 10, 2015 with International Finance Corporation (IFC) and Asian Devolopment Bank (ADB), NIB Bank Limited, Askari Bank Limited and Pak Brunei Investment Company Limited.

1.4.3 Engro Eximp (Private) Limited

Engro Eximp (Private) Limited (EEL) is a private limited company, incorporated in Pakistan. EEL is principally engaged in the fertilizer trading business whereby it imports and sells different types of fertilizers and other related products which are being sold to the dealers through Engro Fertilizers Limited (EFert), which has been appointed as a selling agent.

As per the Corporate restructuring scheme approved by the Board of Directors of EEL has discontinued its Coal and Agri commodities businesses. Further, the imported fertilizer business of EEL has been phased out to the EFert as part of the Corporate Restructuring scheme of the Holding Company to further strengthen synergies between the EEL business lines and allow the Group to create value and increase its footprint in agricultural inputs.

During the year, the Holding Company transferred / sold 100% of its equity in EEL (along with its wholly owned subsidiary - Engro Eximp FZE UAE) to EFert, together with rights to use 'Engro' trademarks (under license from the Holding Company to EEL) for imported fertilizers / associated products, against a consideration of Rs. 4,383,000, which was determined on the basis of an independent valuation.

	%age of direct holding	
	2015	2014
Following are the subsidiaries of EEL:		
- Engro Eximp FZE (note 1.4.3.1)	100	100
- Engro Eximp Agriproducts (Private) Limited (note 1.4.4)	-	100

(Amounts in thousand)

1.4.3.1 Engro Eximp FZE is incorporated in the Jebel Ali Free Zone, Emirate of Dubai and is engaged in the business of trading seeds, agricultural tools, chemical fertilizers, organic fertilizers, plant seeds, ghee, vegetable oil, grains, cereals legumes, sugar, flour, agricultural equipment and accessories.

1.4.4 Engro Eximp Agriproducts (Private) Limited (EEAPL)
EEAPL is a private limited company, incorporated in Pakistan. The principal activity of the EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. EEAPL has set up a rice processing plant in District Shaikhupura, which commenced commercial production in 2011.

On April 1, 2015, the Holding Company acquired the entire shareholding of EEAPL from EEL comprising of 190,798,200 ordinary shares and 10,000,000 preference shares for Rs. 4,400,000 in order to delink the rice business from the trading entity and bring in the required focus as part of its restructuring plans. EEAPL is now a wholly owned subsidiary of the Holding Company.

The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. It has set-up a Rice Processing Plant (RPP) in District Shaikhupura, which commenced commercial production in 2011.

During the year, EEAPL incurred a loss of Rs. 4,516,676. The consistent weak financial performance is primarily due to the downturn in the rice industry which resulted in significant reduction of margins, coupled with unexpected appreciation of Pak Rupee. The management is confident that EEAPL will be able to revert to sustained performance in the coming years, as the supply / demand situation normalizes in the market. Further, the management has intention to restructure the business by focusing on creating brand equity to attain market share and to reduce the exposure to commodity price volatility. In order to reduce short term liabilities and losses, the management has decided to scale down its rice business, redefine the business model and reduce fixed costs by adhering to lean management structure.

1.4.5 Engro Foods Limited
Engro Foods Limited (EFoods), is a public listed company, incorporated in Pakistan. The principal activity of EFoods is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. It also owns and operates a dairy farm.

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

During the year, on January 9, 2015, EFert received a second notice from International Finance Corporation (IFC) for exercise of options on further USD 3,000 of the loan amount. Accordingly, 12,590,625 ordinary shares of EFert were allocated to IFC on January 14, 2015. Further, during the year, the Holding Company sold 93,165,000 ordinary shares of Rs. 10 each held in EFert, representing 8.16% of its investment through a private placement, at a price of Rs. 85 per share, determined through the book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals.

As a result of the aforementioned events, the Holding Company, as at the balance sheet date, now holds 78.78% of the issued share capital of EFert. Following are the subsidiaries of EFert:

	%age of direct holding	
	2015	2014
- Engro Eximp (Private) Limited (note 1.4.3)	100	-

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

Further, EPCL has a wholly owned subsidiary, Engro Polymer Trading (Private) Limited (EPTL), which is a private limited company incorporated in Pakistan. EPTL's principal activity is to purchase, market and export PVC, VCM and related chemicals.

As notified on the stock exchanges of Pakistan on November 24, 2015, EPCL has received an announcement of intention by a potential acquirer to acquire entire shareholding of Engro Corporation Limited in EPCL. Accordingly, EPCL has been asked to provide certain information to enable potential acquirer to commence due diligence, which is in progress as at the balance sheet date.

1.4.8 Joint Venture Company - Engro Vopak Terminal Limited
Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of the Holding Company is a public unlisted company incorporated in Pakistan. EVTL is a joint venture of the Holding Company and Royal Vopak Netherlands B.V. EVTL has been granted the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm at the south western zone of Port Qasim on Build, Operate and Transfer (BOT) basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These consolidated financial statements have been prepared under the historical cost convention, as modified by remeasurement of biological assets and certain financial assets and financial liabilities, including derivative instruments, at fair value, and certain staff retirement and other service benefits at present value.

2.1.2 These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Ordinance. Wherever the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance and the said directives have been followed.

2.1.3 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

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

a) Standards, amendments to published standards and interpretations that are effective in 2015

The following standards and amendments to published standards are mandatory for the financial year beginning January 1, 2015:

- IFRS 10 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. The application of the standard has not resulted in any change in the financial statements of the Group for the current year.

- IFRS 12 'Disclosures of interests in other entities'. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Group's accounting policy is in line with the requirements of this standard.

- IFRS 13 'Fair value measurement'. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Group's financial statements.

- IAS 19 'Employee benefits' (Amendment). The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognize the benefit of those contributions over employee's working lives. The Group's accounting treatment is already in line with this amendment.

- IFRS 2 'Share based payments' (Amendment). This amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The Group's current accounting treatment is already in line with this amendment.

- IFRS 8 'Operating segments' (Amendment). This amendment requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment only affects the disclosures in the Group's financial statements.

- IAS 24 'Related party disclosures' (Amendment). The standard has been amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The Group's current accounting treatment is already in line with this amendment.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

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

The following new amendments to published standards are not effective for the financial year beginning on January 1, 2015 and have not been early adopted by the Group:

- IFRS 7 'Financial instruments: Disclosures' (effective for annual periods beginning on or after January 1, 2016). There are two amendments:

- Servicing contracts – If an entity transfers a financial asses to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. The standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

- Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective.

  It is unlikely that the amendments will have any significant impact on the Group's consolidated financial statements.

- IAS 19 (Amendment), 'Employee benefits' (effective for annual periods beginning on or after July 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the standard will have any significant impact on the Group's financial statements.

- IAS 34 (Amendment),'Interim financial reporting' (effective for annual periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. This amendment will only affect the disclosures in the Group's financial statements.

  There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

2.1.5 Basis of consolidation

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

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

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in consolidated profit and loss account.

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

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

ii) Transactions and non-controlling interests

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

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit and loss account. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated profit and loss account.

2.2 Exploration and evaluation assets

Exploration and evaluation assets in respect of area of interest includes license fee, detailed feasibility study and all other related studies to ensure bankability of the Project including ancillary (operating and administrative) cost related thereto.

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

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

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

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

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

2.3 Development properties

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

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

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

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

2.4 Property, plant and equipment

2.4.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except free-hold land and capital work in progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(Amounts in thousand)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

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

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

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

2.4.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to similar owned asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Operating lease / Ijarah arrangements in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases / Ijarah arrangements. Rentals due under operating lease / Ijarah arrangements are recognized in the consolidated profit and loss account. Any initial direct costs incurred for the lease are amortised over the term of the lease.

2.4.3 Dredging expenditure

Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbour and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and is being depreciated over a period of 15 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

(Amounts in thousand)

2.5 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

2.6 Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimate for livestock of similar attributes. Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock and milk are recognized in the consolidated profit and loss account.

Crops in the ground and at the point of harvest at balance sheet date are measured at cost being an approximation of fair value, as these are presently being used as internal consumption for cattle feed and have a very short biological transformation and consumption cycle.

2.7 Intangible assets

a) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a company and the value of the Group's share of its net assets at the date of acquisition.

b) Brands

These are stated at cost less impairment, if any. Carrying amounts of these intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognized.

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

c) Computer software and licenses

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

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

Computer software cost treated as intangible assets are amortized from the date the software is put to use on straight-line basis over their respective useful lives.

d) Rights for future gas utilization

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

2.8 Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.9 Investments in Joint ventures

The Group's interest in jointly controlled entity is accounted for in the financial statements using the equity method.

2.10 Investments in associates

Associates are all entities over which the Group has significant influence but not control. Investment in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investors share of profit or loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of associates and its carrying value and recognizes it in the profit and loss account.

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in consolidated profit and loss account.

2.12 Financial instruments

2.12.1 Financial assets

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

a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, these are classified as non-current.

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. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

d) Available-for-sale

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 the investment matures or management intends to dispose it off within 12 months of the end of the reporting date.

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity and loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account within 'other operating income / expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in consolidated statement of comprehensive income are included in the consolidated profit and loss account.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated profit and loss account as part of other income. Dividends on available for sale equity instruments are recognized in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in (note 2.17).

2.12.2 Financial liabilities

Financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest rate method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated profit and loss account.

(Amounts in thousand)

2.12.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability are off set and the net amount is reported in the consolidated balance sheet if the Group has a 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

2.13 Derivative financial instruments and hedging activities

Derivatives are recognized initially at fair value on the date a derivative contract is entered into; attributable transaction cost are recognized in consolidated profit and loss account when incurred. Subsequent to initial recognition, derivatives are measured at fair values, and changes therein are accounted for as described below:

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b) Cash flow hedges

Changes in fair value of derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent the hedge is ineffective, changes in fair value are recognized in consolidated profit and loss account.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to consolidated profit and loss account in the same period that the hedge item affects consolidated profit and loss account.

c) Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in consolidated profit and loss account.

d) Embedded derivatives

Fair value of derivatives embedded in financial instruments or non-derivative host contracts are separated from the host contract if the risks and economic characteristics of the embedded derivative are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

If the fair value of an embedded derivative that is required to be separated cannot be reliably measured, the entire combined contract is measured at fair value through profit or loss.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposure.

2.14 Inventory of fuel oil

This is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(Amounts in thousand)

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

2.15 Stores, spares and loose tools

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

2.16 Stock-in-trade

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

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

2.17 Trade debts and other receivables

These are recognized initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortized cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to consolidated profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables.

2.18 Cash and cash equivalents

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

2.19 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Employees' share option scheme

The grant date fair value of equity settled share based payment to employees is initially recognized in the consolidated balance sheet as deferred employee compensation expense with a consequent credit to equity as employee share option compensation reserve.

The fair value determined at the grant date of the equity settled share based payments is recognized as an employee compensation expense on a straight line basis over the vesting period.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the consolidated profit and loss account, such employee compensation expense is reversed in the consolidated profit and loss account equal to the amortized portion with a corresponding effect to employee share option compensation reserve in the consolidated balance sheet.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the consolidated profit and loss account is reversed with a corresponding reduction to employee share option compensation reserve in the consolidated balance sheet.

When options are exercised, employee share option compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

2.21 Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

2.22 Trade and other payables

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

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

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

2.23 Operating lease

Lease arrangements in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases arrangements. Rentals due under operating lease arrangements are recognised in the profit & loss account.

2.24 Provisions

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

2.25 Income tax

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

2.25.1 Current

Provision for current taxation is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2.25.2 Deferred

Deferred tax is recognized using the balance sheet method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

2.26 Retirement and other service benefits

2.26.1 Defined contribution plans

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

The Group operates:

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

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

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

2.26.2 Defined benefit plans

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

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

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

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

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

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

2.26.3 Employees' compensated absences

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

2.26.4 Other benefits - Service Incentive Plan

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

2.27 Foreign currency transactions and translation

2.27.1 These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated profit and loss account.

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

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

2.28 Revenue recognition

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

- Sales revenue is recognized when products are dispatched to customers or services are rendered.

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

- Commission income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

- Interest income on delayed payment income on overdue trade receivables is recognized on accrual basis.

- service revenue is recognized on the basis of delivery of services.

(Amounts in thousand)

- Revenue from construction activities, if the outcome of such activity can be reliably measured, is recognized by reference to stage of completion of the activity at year end (the percentage completion method). In applying the percentage completion method, revenue recognized corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

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

- Fee from Operations and Management (O&M) projects is recognized on accrual basis under the terms of O&M agreements. Recoveries against reimbursable expenses are adjusted against the related expenses and net amount is recognized in the profit and loss account as other income.

- Revenue from sale of electricity is recognized as follows:

  • Capacity revenue based on the capacity made available to National Transmission and Dispatch Company Limited (NTDC); and

  • Energy revenue based on the Net Electrical Output (NEO) delivered.

- Revenue from consultancy services is recognized at the time the services are rendered.

- Revenue from re-gasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) is recognized on the following basis :

  • Capacity and flexibility revenue on the basis of capacity made available to SSGCL.

  • Utilization revenue on the basis of Regasified Liquefied Natural Gas (RLNG) throughput to SSGCL.

- Revenue generated from the provision of LNG carrier services of Floating, Storage and Re-gassification Unit (FSRU) is recognized on accrual basis.

2.29 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

2.30 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognized as intangible assets when it is probable that, the developed project will be a success and certain criteria, including commercial and technical feasibility have been met.

2.31 Government grant

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

2.32 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.33 Transactions with related parties

Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions agreed between the parties.

2.34 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognized in the period in which these are approved.

2.35 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes strategic decisions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of carrying material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life, residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

b) Biological assets

The fair values of biological assets – (Dairy livestock) is determined semi-annually by utilizing the services of an independent expert/valuer. These valuations are mainly based on market and livestock conditions existing at the end of each reporting period.

c) Investments at fair value through profit or loss

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

d) Derivatives

The Group reviews the changes in fair values of the derivative hedging financial instruments at each reporting date based on the valuations received from the contracting banks. These valuations represent estimated fluctuations in the relevant currencies/interest rates over the reporting period and other relevant variables signifying currency and interest rate risks.

(Amounts in thousand)

e) Stock-in-trade

The Group reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make the sales.

f) Income taxes

In making the estimates for income taxes payable by the Group, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past.

In making the estimates for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Group.

g) Fair value of employee share options

Employee share option compensation reserve and deferred employee share option compensation expense have been determined using the fair values of the options granted and expected to be granted in the ensuing year, using the Black Scholes Pricing Model. The fair values of the options granted during the year have been determined with reference to the respective grant dates of the options; and fair values of options expected to be granted in the ensuing year has been determined with reference to the fair values as at the balance sheet date in accordance with the requirements of IFRS 2 'Share based payment' and will be reassessed on the actual grant date. Any change in these assumptions may significantly impact the carrying values of the related asset and reserve in the consolidated balance sheet.

h) Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations.

i) Impairment of financial assets

In making an estimate of future cash flows from the Group's financial assets including investment in joint ventures and associates, the management considers future dividend stream and an estimate of the terminal value of these investments.

j) Construction revenue and cost

Construction revenue is recognized using the percentage completion method. This is determined with reference to the stage of completion of project which is based on the proportion of contract costs incurred to date and the estimated costs to complete the project.

4. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	-----------(Rupees)-----------	
Operating assets, at net book value (note 4.1)	123,625,947	122,940,571
Capital work in progress - Expansion and other projects (note 4.5)	3,695,782	9,886,547
Capital spares and standby equipments	1,082,062	1,680,139
	128,403,791	134,507,257

4.1 Operating assets

	Land		Building		Pipelines	Plant and Machinery		Catalyst	Furniture fixture and equipments		Vehicles		Jetty	Capital dredging	Total
	Freehold	Leasehold	Freehold	Leasehold		Owned	Leased		Owned	Leased	Owned	Leased			
	------	------	------	------	------	------	------	Rupees	------	------	------	------	------	------	------
As at January 1, 2014															
Cost	700,593	363,984	7,958,337	1,644,659	2,191,668	142,024,088	12,741	1,783,177	1,615,120	21,723	1,537,675	39,810	-	-	159,893,575
Accumulated depreciation	-	(95,458)	(1,634,784)	(353,705)	(401,530)	(29,625,906)	(12,741)	(1,245,351)	(1,032,174)	(21,002)	(746,468)	(39,810)	-	-	(35,208,929)
Accumulated impairment	-	-	-	-	-	(97,949)	-	-	-	-	(5,422)	-	-	-	(103,371)
Net book value	700,593	268,526	6,323,553	1,290,954	1,790,138	112,300,233	-	537,826	582,946	721	785,785	-	-	-	124,581,275
Year ended December 31, 2014															
Opening net book value	700,593	268,526	6,323,553	1,290,954	1,790,138	112,300,233	-	537,826	582,946	721	785,785	-	-	-	124,581,275
Amortization of revaluation surplus	-	(2,572)	-	(1,140)	3,355	(33,649)	-	-	-	-	-	-	-	-	(34,006)
Additions including transfers (note 4.5)	5,469	-	1,142,529	71,927	708,137	5,657,286	-	176,997	248,653	-	208,953	-	-	-	8,219,951
Capitalization of exchange gain															
by Subsidiary Company (note 4.1.2)	-	-	-	-	-	(500,137)	-	-	(362)	-	-	-	-	-	(500,499)
Adjustments / reclassifications															
Cost	2,488	-	-	-	-	(32,581)	-	-	352	-	-	-	-	-	(29,741)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,488	-	-	-	-	(32,581)	-	-	352	-	-	- -	-	-	(29,741)
Disposals / Write offs (note 4.4)															
Cost	-	-	(8,676)	-	-	(591,327)	-	-	(47,590)	-	(300,431)	(1,364)	-	-	(949,388)
Accumulated depreciation	-	-	6,683	-	-	201,648	-	-	43,552	-	196,933	1,364	-	-	450,180
Accumulated impairment	-	-	-	-	-	75,753	-	-	-	-	5,422	-	-	-	81,175
	-	-	(1,993)	-	-	(313,926)	-	-	(4,038)	-	(98,076)	-	-	-	(418,033)
Depreciation charge (note 4.2)	-	(10,209)	(425,226)	(77,054)	(92,108)	(7,568,951)	-	(218,414)	(219,251)	-	(223,088)	-	-	-	(8,834,301)
Impairment (note 4.3)	-	-	(7,001)	-	-	(36,294)	-	-	-	-	-	-	-	-	(43,295)
Discontinued operations	-	-	-	-	-	-	-	-	(780)	-	-	-	-	-	(780)
Net book value	708,550	255,745	7,031,862	1,284,687	2,409,522	109,471,981	-	496,409	607,520	721	673,574	-	-	-	122,940,571
As at December 31, 2014															
Cost	708,550	361,412	9,092,190	1,715,446	2,903,160	146,523,680	12,741	1,960,174	1,815,393	21,723	1,446,197	38,446	-	-	166,599,112
Accumulated depreciation	-	(105,667)	(2,053,327)	(430,759)	(493,638)	(36,993,209)	(12,741)	(1,463,765)	(1,207,873)	(21,002)	(772,623)	(38,446)	-	-	(43,593,050)
Accumulated impairment	-	-	(7,001)	-	-	(58,490)	-	-	-	-	-	-	-	-	(65,491)
	708,550	255,745	7,031,862	1,284,687	2,409,522	109,471,981	-	496,409	607,520	721	673,574	-	-	-	122,940,571
Year ended December 31, 2015															
Opening net book value	708,550	255,745	7,031,862	1,284,687	2,409,522	109,471,981	-	496,409	607,520	721	673,574	-	-	-	122,940,571
Amortization of revaluation surplus	-	(2,572)	-	(1,140)	3,355	(33,649)	-	-	-	-	-	-	-	-	(34,006)
Additions including transfers (note 4.5)	1,108	141,295	184,450	5,549	-	4,654,344	-	-	321,316		196,224	-	5,304,592	2,638,673	13,447,551
Capitalization of exchange loss															
by Subsidiary Company (note 4.1.2)	-	-	-	-	-	364,019	-	-	-	-	-	-	-	-	364,019
Adjustments / reclassifications															
Cost	2,488	-	-	-	-	(79,606)	-	-	352	-	-	-	-	-	(76,766)
Accumulated depreciation	-	-	-	-	-	5,727	-	-	-	-	-	-	-	-	5,727
	2,488	-	-	-	-	(73,879)	-	-	352	-	-	-	-	-	(71,039)
Disposals / Write offs (note 4.4)															
Cost	-	-	(13,948)	-	-	(126,561)	-	-	(78,529)	-	(271,439)	(46)	-	-	(490,523)
Accumulated depreciation	-	-	6,493	-	-	37,899	-	-	52,815	-	185,108	46	-	-	282,361
Accumulated impairment	-	-	7,001	-	-	1,736	-	-	-	-	-	-	-	-	8,737
	-	-	(454)	-	-	(86,926)	-	-	(25,714)	-	(86,331)	-	-	-	(199,425)
Depreciation charge (note 4.2)	-	(15,217)	(445,542)	(79,027)	(97,109)	(7,782,885)	-	(216,820)	(276,080)	-	(207,380)	-	(174,568)	(146,593)	(9,441,221)
Impairment (note 4.3)	-	(134,921)		(642,779)	-	(2,513,546)	-	-	(88,342)	-	(915)	-	-	-	(3,380,503)
Net book value	712,146	244,330	6,770,316	567,290	2,315,768	103,999,459	-	279,589	539,052	721	575,172	-	5,130,024	2,492,080	123,625,947
As at December 31, 2015															
Cost	712,146	500,135	9,262,692	1,719,855	2,906,515	151,302,227	12,741	1,960,174	2,058,532	21,723	1,370,982	38,400	5,304,592	2,638,673	179,809,387
Accumulated depreciation	-	(120,884)	(2,492,376)	(509,786)	(590,747)	(44,732,468)	(12,741)	(1,680,585)	(1,431,138)	(21,002)	(794,895)	(38,400)	(174,568)	(146,593)	(52,746,183)
Accumulated impairment	-	(134,921)	-	(642,779)	-	(2,570,300)	-	-	(88,342)	-	(915)	-	-	-	(3,437,257)
Net book value	712,146	244,330	6,770,316	567,290	2,315,768	103,999,459	-	279,589	539,052	721	575,172	-	5,130,024	2,492,080	123,625,947
"Annual rate of depreciation (%)"	-	2 to 5	2.5 to 33	2.5 to 10	5	2.5 to 25	20	No. of production days	5 to 33	20	5 to 25	25	6.67	6.67	

(Amounts in thousand)

4.1.1 Includes following assets held by third parties :

- equipment costing Rs. 234,492 (2014: Rs. 230,600) having net book value of Rs. 107,243 (2014: Rs. 123,043) mounted on transport contractors' vehicles;

- freezers and trikes held by third parties costing Rs. 1,038,496 (2014: Rs. 923,434) having a net book value of Rs. 380,767 (2014: Rs. 393,272); and

- computer equipments managed by a third party for disaster recovery costing Rs. 31,526 (2014: Rs. 31,526) having a net book value of Rs. 2,390 (2014: Rs. 4,647).

4.1.2 Represents exchange loss capitalized amounting to Rs. 364,019 (2014: exchange gain of Rs. 500,137) pertaining to Engro Powergen Qadirpur Limited and includes currency translation effect of Nil (2014: 362) pertaining to Engro Foods Limited.

4.2 Depreciation charge for the year has been allocated as follows:

	2015	2014
	-----------(Rupees)-----------	
Cost of goods sold (note 29.1)	8,671,629	8,501,719
Cost of services rendered (note 29.2)	417,336	-
Selling and distribution expenses (note 30)	236,526	227,859
Administrative expenses (note 31)	115,730	104,723
	9,441,221	8,834,301

4.3 Impairment loss

The management taking cognizance of the significant losses suffered by Engro Eximp Agriproducts (Private) Limited (EEAPL), a wholly owned subsidiary company, as an indicator of impairment, has conducted an impairment test of its Rice Processing Plant (RPP). The recoverable amount so determined is less than the carrying value of the RPP, thereby resulting in an impairment loss of Rs. 3,384,030 which has been recognized in the profit and loss account.

The recoverable amount of Rs. 1,076,743 as at December 31, 2015 (including property, plant & equipment and stores and spares) was determined on the basis of value in use, discounted using a pre-tax risk adjusted weighted average cost of capital of 13.67%. In this assessment key assumptions relating to plant recovery rates, primary margins, fixed and conversion costs etc. have been based on past performance of EEAPL while paddy purchase price and selling price of rice including brands were estimated on management's expectation of market development. Further, volume of paddy procurement and utilization plant capacity is based on management's approved Corporate Plan.

Further Engro Powergen Qadirpur Limited (EPQL), a subsidiary company, has filed an insurance claim alongwith supporting documents, with the insurance company, which is in the approval stage as at December 31, 2015 which represents net book value of machinery and equipment, identified as damaged in major inspection activity carried out during the year. Accordingly, as the outcome of insurance claim is not virtually certain, an impairment loss has been recognized against these damaged assets amounting to Rs. 47,335.

4.3.1 Impairment loss for the year has been allocated as follows:

	2015	2014
	-----------(Rupees)-----------	
Operating assets (note 4.1)	3,380,503	43,295
Stores and spares (note 11)	73,681	-
	3,454,184	43,295

(Amounts in thousand)

4.4 The details of operating assets disposed / written off during the year are as follows:

Description and method of disposal	Sold to	Cost	Accumulated depreciation & Impairment	Net book value	Sale proceeds
		------------------------(Rupees)------------------------			
Plant and machinery					
Sold to Third Party under Company Policy	Arriza Group	834	172	662	15
	Arriza Group	583	85	498	30
	M/s Shafiq	298	52	246	27
	Ambala Sweets	137	27	110	50
	M/s Shafiq	126	34	92	10
Sale through bid	Mehboob Brothers	234	103	131	67
Insurance claims	Adamjee Insurance Co. Limited	100,409	18,559	81,850	86,250
Items having net book value upto Rs.50 each	Various	20,037	16,700	3,337	5,196
	Written-off	3,903	3,903	-	-
		126,561	39,635	86,926	91,645
Building and civil works					
Items having net book value upto Rs.50 each	Various	800	767	33	30
	Written-off	13,148	12,727	421	-
		13,948	13,494	454	30
Furniture, fixture and equipment					
Insurance claims	Adamjee Insurance Company Limited	125	79	46	70
		244	77	167	106
	EFU General Insurance Limited	130	36	94	94
		274	66	208	191
		197	32	165	165
Sale through bid	Ali Azfar Mahmood	308	72	236	275
	Auction Mart	1,992	1,296	696	48
	AS Cushion maker	416	109	307	38
	Regency Enterprises	152	73	79	17
	Daniyal Traders	85	23	62	32
	Regency Enterprises	74	20	54	21
	Akram Bardana	13,512	7,588	5,924	7,461
	Qadeem Khan	20,289	11,394	8,895	9,910
	Shaikh Nadeem & Brothers	1,733	974	759	956
	Fazzal Qayyum	6,775	3,805	2,970	3,740
By Company policy to existing / resigned / retired executives	Arshaduddin Ahmed	283	44	239	239
	Aliuddin Ansari	3,339	3,339	-	-
Transfer of employee under Group's policy	Engro Vopak Terminal Limited	1,519	96	1,423	1,423
Items having net book value upto Rs.50 each	-	20,741	17,480	3,261	826
	Write-off	6,341	6,212	129	
		78,529	52,815	25,714	25,612
Balance carried forward		219,038	105,944	113,094	117,287

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & Impairment	Net book value	Sale proceeds
		------------------------(Rupees)	------------------------		
Balance brought forward		219,038	105,944	113,094	117,287
Vehicles					
By Company policy to existing / resigned / retired executives	Naila Kassim	1,401	1,051	350	743
	Muneeza Iftikhar	1,487	1,007	480	484
	Andalib Alvi	7,929	5,947	1,982	1,988
	Asghar Ali Khan	2,058	1,061	997	2,058
	Asim Rasheed Qureshi	1,560	829	731	731
	Azhar Ali Malik	1,965	1,474	491	491
	Bilal Ali Shah	1,461	1,096	365	365
	Dr. Zaheer Ahmad	1,490	955	535	570
	Farooq Nazim Shah	1,960	1,470	490	490
	Kasihif Rahim	1,510	1,133	377	378
	M. Asif Sultan Tajik	7,600	5,700	1,900	1,900
	Majid Latif	1,965	1,474	491	491
	Muhammad Isamil	1,510	1,133	377	378
	Muhammad Mushfiq Hussain	1,461	1,096	365	365
	Nasir Iqbal	2,176	1,338	838	838
	Nazir Jamali	1,490	1,118	372	373
	S. Attaullah Shah Bokhari	1,510	1,133	377	378
	Tassawar Ali	1,500	1,057	443	443
	Khurram Mahmood	1,648	901	747	704
	Asad Meer	1,495	794	701	770
	Imran Ahmed Shaikh	1,669	1,033	636	796
	Nida Mohsin	1,534	920	614	954
	Tahir Madad	1,495	925	570	947
	Owais Ur Rehman	1,485	916	569	945
	Ahmed Ali Mirza	1,646	1,101	545	717
	Kashif Ahmed Soomro	2,020	1,486	534	505
	Shabbir Hussain	1,499	978	521	861
	Fakhra Ashraf	1,495	1,009	486	832
	Atif Sultan Ali Khan	1,394	915	479	497
	Muhammad Faridoon	1,555	1,078	477	1,061
	Muhammad Iqbal	1,399	940	459	583
	Malik Liaquat Ali	1,699	1,242	457	849
	Omair Zahir Nagi	1,943	1,531	412	412
	Tariq Hafeez Gill	1,608	1,206	402	617
	Adeel Ahmed Khan	1,495	1,121	374	494
	Sadaf Zahra Naqvi	1,482	1,110	372	490
	Yousuf Kamal	676	317	359	381
	Atif Muhammad Ali	1,394	1,046	348	349
	Shakir Jamsa	1,374	1,031	343	344
	Shakil Ahmed	676	342	334	352
	Imran Ali	1,495	1,173	322	552
	Jawad Noor	1,495	1,201	294	762
	Ahmed Kamal Randhawa	1,424	1,148	276	496
	Rehan Saeed Khan	1,399	1,145	254	350
	Shameel Qasim	612	379	233	242
		81,139	57,060	24,079	20,326
	Balance Carried Forward	300,177	16,004	137,173	147,613

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & Impairment	Net book value	Sale proceeds
		------------------------(Rupees)	------------------------		
Balance Brought Forward		300,177	16,004	137,173	147,613
	Ahmed Kamal Randhawa	1,424	1,148	276	496
	Rehan Saeed Khan	1,399	1,145	254	350
	Shameel Qasim	612	379	233	242
	Ghulam Hussain	1,466	1,319	147	293
	Sajjad Hussain	1,367	1,230	137	273
	Faheem Ahmed	581	464	117	116
	Raja Wasif	577	462	115	115
	Abdul Salam Khan	574	459	115	115
	Farooq Mahmood	557	445	112	111
	Asghar Anjum	557	445	112	111
	Salman Mazhar	554	443	111	111
	Imran Bashir	577	470	107	115
	Rizwan Ahmed	586	482	104	117
	M.Sohail Khan	574	484	90	233
	Ayaz Qamar Cheema	665	599	66	133
	Dawar Iqbal	665	599	66	133
	Usman Akram	554	499	55	111
	Sohail Khan	537	483	54	107
	Faryal Mohiuddin	537	483	54	107
	Ahsan iqbal	1,629	733	896	1,128
	Ali Atta	2,438	983	1,455	1,832
	Ahsan Zafar Syed	8,000	6,000	2,000	2,519
	Abdul Qayuum Sheikh	1,920	1,380	540	480
	Syed Kaleem Asghar Naqvi	1,920	1,380	540	480
	Adeeb Ahmed Malik	1,960	1,378	582	490
	Farhan Ansari	1,930	1,387	543	483
	M.Ali Ansari	1,930	1,417	513	483
	Arshaduddin Ahmed	8,000	3,750	4,250	3,877
	S.M Farooq Ahmed	1,399	940	459	350
	Muneeza Kassim	1,965	1,351	614	492
	Usama H. Siddiqui	1,447	904	543	475
	Aneeq Ahmed	1,648	747	901	824
	Syed Nayyar Iqbal Raza	1,950	1,341	609	488
	Rizwan Ahmed Taqi	1,386	975	411	347
	Jahanzeb Dal	1,825	1,369	456	356
	Hasnain Mahmood Ali	1,269	952	317	317
	Syed Muhammad Ali	1,424	1,024	401	356
	Mohsin Mumtaz	1,448	1,040	408	359
	Mr. Fraz Nasir Khan	1,113	398	715	717
	Mr. M. Ovais Aziz	1,535	1,156	379	379
	Mr. Muhammad Saqib	2,099	1,237	862	861
	Mr. Syed Mohammed Ali	8,645	5,753	2,892	2,892
		69,808	46,960	22,848	23,286
	Balance Carried Forward	369,985	209,964	160,021	170,898

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & Impairment	Net book value	Sale proceeds
		-----------------------(Rupees)	-----------------------		
Balance Brought Forward		369,985	209,964	160,021	170,898
Sale through bid / auction	Nusrat Iqbal	1,769	1,592	177	1,120
	Imran Malik	9,075	8,167	908	5,556
	Iqra University	10,833	7,312	3,521	7,500
	Chahudary Ansar Jawed	10,116	8,725	1,391	7,026
	Abdul Moeed Asif	666	599	67	538
	Amir Jan	879	791	88	721
	Hassan Ali Warsi	900	675	225	723
	Khalid Anwar	530	477	53	381
	M/S U & H Textile	1,439	1,079	360	1,085
	M/S U & H Textile	588	529	59	495
	Mohammad Jawed	555	500	55	368
	Muhammad Akbar Awan	900	675	225	563
	Muhmmad Imran	530	477	53	412
	Nusrat Iqbal	1,319	1,187	132	794
	Rana Abdus Samad	530	477	53	427
	Said Faqeer	605	545	60	476
	Salman	605	545	60	356
	Syed Zafar Akhtar Naqvi	666	599	67	479
	Umair Iqbal	12,100	3,592	8,508	6,371
	Heera	1,629	1,302	327	583
	Muhammad Imran	1,569	1,324	245	1,084
	Muhammad Saleem	1,478	807	671	1,000
	Kousar Ali	1,337	850	487	670
	Waqar Ahmed Khan	665	533	132	339
	Muhammad Asif	666	533	133	203
	Muhammad Imran	1,485	1,195	290	990
	Syed Amir Ali	665	532	133	286
	Muhammad Saleem	879	660	219	841
	Ibrar Hussain	1,289	1,160	129	830
	Nazar Wali	934	841	93	394
	Shafi ur Rehman	626	563	63	473
	Zeeshan Abdullah	915	839	76	916
		68,742	49,682	19,060	44,000
By Company policy to existing / separating executives having net book value of less than Rs. 50		14,765	11,097	3,668	1,703
Transfer of employee under Group's policy	Engro Vopak Terminal Limited	12,851	1,205	11,646	11,646
Insurance claims	Adamjee Insurance Company Limited	3,951	1,262	2,689	3,175
	AIG Insurance Limited	2,104	1,380	724	1,850
Items having net book value upto Rs.50 each	-	18,079	16,462	1,617	12,181
	Write Off	46	46	-	-
Year ended December 31, 2015		490,523	291,098	199,425	245,454
Year ended December 31, 2014		949,388	531,355	418,033	157,829

(Amounts in thousand)

	2015	2014
	-----------(Rupees)	-----------
4.5 Capital work in progress		
Plant and Machinery	3,136,563	8,273,841
Building and civil works including pipelines	289,202	223,712
Furniture, fixture and equipment	67,108	40,144
Advances to suppliers	137,838	91,988
Other ancillary cost	65,071	1,256,862
	3,695,782	9,886,547
Balance as at January 1	9,886,547	5,805,677
Additions during the year	6,541,580	12,429,769
Transferred to:		
- operating assets (note 4.1)	(12,652,662)	(8,098,165)
- intangible assets (note 6)	(79,683)	(80,112)
- capital spares	-	(170,622)
Balance as at December 31	3,695,782	9,886,547

5. BIOLOGICAL ASSETS

	2015	2014
Dairy livestock (note 5.1)		
- mature	606,622	484,685
- immature	427,473	382,752
	1,034,095	867,437
Provision for culling (notes 5.2 and 33)	(24,748)	(22,314)
	1,009,347	845,123
Crops - feed stock	14,904	13,557
	1,024,251	858,680
5.1 Reconciliation of carrying amounts of livestock		
Carrying amount at beginning of the year	845,123	704,228
Add:		
Changes in fair value due to biological transformation		
- Gain due to new births [inclusive of cost of feeding immature herd of Rs. 168,657 (2014: Rs. 156,445)]	250,179	224,817
- Loss due to increase in age of livestock	(14,244)	(10,245)
	235,935	214,572
Changes in fair value due to price changes		
- Gain / (loss) due to currency devaluation / appreciation	36,287	(37,403)
- (Loss) / gain due to (decrease) / increase in international market prices	(28,619)	68,337
	7,668	30,934
Total gain (note 32)	243,603	245,506
Less:		
Decrease due to deaths / disposals	(54,631)	(82,297)
Provision for culling (note 5.2)	(24,748)	(22,314)
Carrying amount at end of the year, which approximates the fair value	1,009,347	845,123

5.2 Represents provision in respect of low yielding animals and / or animals having poor health.

(Amounts in thousand)

5.3 As at December 31, 2015, the Group held 2,739 (2014: 2,206) mature assets able to produce milk and 2,129 (2014: 1,998) immature assets that are being raised to produce milk in the future. During the year, approximately 12,809,590 (2014: 12,084,302) gross litres of milk was produced from these biological assets with a fair value less estimated point-of-sale costs of Rs. 782,234 (2014: Rs. 734,120), determined at the time of milking. As at December 31, 2015, the Group also held 561 (2014: 522) immature male calves.

5.4 The valuation of dairy livestock as at December 31, 2015 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Group as at December 31, 2015. Further, in the absence of an active market of the Group's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in USA, Germany, Argentina and Australia, have been used by the independent valuer as a basis of his valuation. Immature male calves have not been included in the fair valuation due to the insignificant value in use.

6. INTANGIBLE ASSETS

	Software and licenses	Rights for future gas utilization	Brands	Goodwill	Total
	(Rupees)				
As at January 1, 2014					
Cost	671,032	102,312	431,731	50,373	1,255,448
Accumulated amortization and impairment	(431,692)	(14,568)	-	(1,222)	(447,482)
Net book value	239,340	87,744	431,731	49,151	807,966
Year ended December 31, 2014					
Opening net book value	239,340	87,744	431,731	49,151	807,966
Additions including transfers (note 4.5)	80,112	-	-	-	80,112
Disposals					
Cost	-	-	(431,731)	(50,373)	(482,104)
Accumulated amortization and impairment	-	-	-	1,222	1,222
	-	-	(431,731)	(49,151)	(480,882)
Amortization charge (note 6.1)	(105,992)	(5,111)	-	-	(111,103)
Closing net book value	213,460	82,633	-	-	296,093
As at January 1, 2015					
Cost	751,144	102,312	-	-	853,456
Accumulated amortization and impairment	(537,684)	(19,679)	-	-	(557,363)
Net book value	213,460	82,633	-	-	296,093
Year ended December 31, 2015					
Opening net book value	213,460	82,633	-	-	296,093
Additions including transfers (note 4.5)	79,683	-	-	-	79,683
Write off					
Cost	(7,712)	-	-	-	(7,712)
Accumulated amortization and impairment	7,712	-	-	-	7,712
	-	-	-	-	-
Amortization charge (note 6.1)	(93,820)	(5,110)	-	-	(98,930)
Closing net book value	199,323	77,523	-	-	276,846
As at December 31, 2015					
Cost	823,115	102,312	-	-	925,427
Accumulated amortization and impairment	(623,792)	(24,789)	-	-	(648,581)
Net book value	199,323	77,523	-	-	276,846

	2015	2014
	(Rupees)	
6.1 Amortization charge for the year has been allocated as follows:		
Cost of goods sold (note 29.1)	27,138	39,945
Selling and distribution expenses (note 30)	960	160
Administrative expenses (note 31)	70,832	70,998
	98,930	111,103

7. LONG TERM INVESTMENTS

	2015	2014
Unquoted		
Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 7.1 to 7.3)	1,411,394	1,411,957
Investment in associates (notes 7.4 and 7.5):		
- GEL Utility Limited (GEL)	763,270	535,945
- Sindh Engro Coal Mining Company (SECMC)	793,873	782,255
	1,557,143	1,318,200
Others, at cost		
- Arabian Sea Country Club Limited 500,000 Ordinary shares of Rs. 10 each	5,000	5,000
- Magboro Power Company (note 1.4.1.2)	146,637	-
	3,120,174	2,735,157

	2015	2014
7.1 Details of investment in EVTL is as follows:		
At beginning of the year	1,411,957	1,332,595
Add: Share of profit for the year (note 35)	786,937	709,362
Less: Dividend received during the year	787,500	630,000
	1,411,394	1,411,957

7.2 As at December 31, 2015, the Holding Company held 45,000,000 ordinary shares (2014: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed & paid-up capital of EVTL.

7.3 The summary of financial information / reconciliation of EVTL as of December 31 is as follows:

Balance Sheet			Profit and Loss		
Particulars	2015	2014	Particulars	2015	2014
	Rupees			Rupees	
Cash and cash equivalent	270,960	182,921	Revenue	2,598,949	2,168,111
Current financial liabilties (excluding trade and other payables)	247,957	317,102	Depreciation and amortization	224,275	231,312
Non-current financial liabilities (excluding trade and other payables)	-	236,547	Interest income	19,515	27,626
Non-current assets	2,876,880	3,063,724			
Current assets	673,134	678,483	Interest expense	11,021	17,241
Non-current liabilities	(5,547)	(240,155)			
Current liabilities	(686,883)	(643,342)	Income tax expense	246,203	171,471
	2,857,584	2,858,710			
Group's share at 50% (2014: 50%)	1,428,792	1,429,355	Profit / total comprehensive income for the year	1,573,873	1,418,724
Others	(17,398)	(17,398)			
Carrying amount	1,411,394	1,411,957			

(Amounts in thousand)

7.4 Details of investment in associates is as follows:

	2015	2014
	-----------(Rupees)-----------	
At beginning of the year	1,318,200	536,400
Add:		
- Investment in associates - SECMC	-	639,023
- Share of profit for the year (note 35)	232,008	13,674
- Gain on deemed disposal in SECMC (note 32)	6,935	129,103
	1,557,143	1,318,200

7.5 The summary of financial information / reconciliation of GEL and SECMC as of December 31, 2015 is as follows:

Particulars	GEL	SECMC
	-----------(Rupees)-----------	
Revenue	1,969,373	19,320
Profit after tax	505,167	21,913
Other comprehensive income	-	202
Total comprehensive income	505,167	22,115
Non-current assets	7,277,132	3,567,985
Current assets	1,535,505	712,624
Non-current liabilities	(6,435,648)	(100,362)
Current liabilities	(916,040)	(179,881)
	1,460,949	4,000,366
Group's share in %	45%	19.8%
	657,427	792,072
Others	105,843	1,801
Carrying amount	763,270	793,873

7.5.1 The financial information of GEL is based on unaudited financial statements for the year ended December 31, 2015.

8. DEFERRED TAXATION

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	-----------------------(Rupees)-----------------------			
Engro Corporation Limited	1,124	-	84,450	-
Engro Fertilizers Limited	-	6,419,916	-	5,149,666
Engro Foods Limited	-	1,816,289	-	1,185,717
Engro Eximp (Private) Limited	73,472	-	1,013,120	-
Engro Polymer and Chemicals Limited	908,103	-	966,120	-
Engro Elengy Terminal (Private) Limited	-	219,748	-	-
Net effect of consolidation adjustments	-	233,861	-	223,050
	982,699	8,689,814	2,063,690	6,558,433
Less: Current portion shown under current assets	-	-	960,537	-
	982,699	8,689,814	1,103,153	6,558,433

(Amounts in thousand)

	2015	2014
	-----------(Rupees)-----------	
8.1 Credit / (Debit) balances arising on account of:		
- Accelerated depreciation allowance	18,686,280	21,530,170
- Recoupable carried forward tax losses (note 8.2)	(4,433,352)	(12,701,600)
- Recoupable minimum turnover tax (note 8.3)	(2,517,145)	(2,295,233)
- Unrealized foreign exchange losses, unpaid liabilities and provision for retirement and other service benefits	(101,804)	(98,002)
- Provision for Gas Infrastructure Development Cess, Custom duty and Special Excise Duty	(325,412)	(314,747)
- Provision for net realizable value of stock-in-trade	(14,312)	(251,392)
- Recoupable Alternative Corporate Tax (note 8.4)	(3,962,572)	(1,424,152)
- Others	375,432	49,699
	7,707,115	4,494,743

8.2 Deferred income tax asset is recognized for tax losses available for carry forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The details of aggregate tax losses available for carry forward on which the deferred income tax asset has been recognized as at December 31, 2015 are as follows:

	2015	2014
	-----------(Rupees)-----------	
Engro Fertilizers Limited	3,051,556	23,121,488
Engro Polymer and Chemicals Limited	11,415,228	10,994,246
Engro Eximp (Private) Limited	100,894	4,316,070
Engro Foods Limited	-	57,894
	14,567,678	38,489,698

8.3 The High Court of Sindh, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward where there is no tax paid on account of loss for the year or carried forward losses. The Group's management is however of the view, duly supported by the legal advisor, that the above order is not correct and would not be maintained by the Supreme Court which the Group intends to approach, if required. Accordingly, the following subsidiary companies continue to carry forward minimum turnover tax not yet recouped or written-off:

	2015	2014
	-----------(Rupees)-----------	
Engro Corporation Limited	-	27,681
Engro Foods Limited	-	811,049
Engro Fertilizers Limited	2,491,715	1,276,725
Engro Polymer and Chemicals Limited	-	154,348
Engro Eximp (Private) Limited	25,430	25,430
	2,517,145	2,295,233

8.4 Through Finance Act 2014, a new section 113C 'Alternative Corporate Tax' (ACT) has been introduced in the Income Tax Ordinance, 2001, whereby tax is payable at the higher of Corporate tax or ACT; being 17% of the accounting income adjustable upto 10 years. Accordingly, ACT on which deferred income tax has been recognized as at December 31, 2015 amounts to:

(Amounts in thousand)

	2015	2014
	-----------(Rupees)-----------	
Engro Corporation Limited	-	61,352
Engro Fertilizers Limited	3,962,572	1,362,800
	3,962,572	1,424,152

9. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES - Considered good

	2015	2014
	-----------(Rupees)-----------	
Executives (notes 9.1 to 9.4)	492,812	446,307
Other employees (notes 9.2 and 9.4)	49,352	10,975
	542,164	457,282
Less: Current portion shown under current assets (note 15)	209,270	198,390
	332,894	258,892
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 9.5)	1,104,066	849,604
Less: Current portion shown under current assets (note 15)	18,372	-
	1,085,694	849,604
Direct cost of Floating Storage & Regasification Unit (FSRU) (note 9.6)	1,225,641	-
Insurance policy (note 9.7)	1,021,652	-
Other receivables	92,213	74,728
	3,758,094	1,183,224

9.1 Reconciliation of the carrying amount of loans and advances to executives:

	2015	2014
Balance as at January 1	446,307	413,709
Add: Disbursements	390,848	323,645
Less :Repayments / Amortization	(344,343)	(291,047)
Balance as at December 31	492,812	446,307

9.2 Long term loans include:

- interest free services incentive loans to executives repayable in equal monthly installments over a three years period or in one lump sum payment at the end of such period;

- interest free loans given to workers pursuant to Collective Labour Agreement; and

- advances to employees for car earn out assistance, long term incentive and house rent advance.

9.3 The maximum amount outstanding at the end of any month from the executives of the Group aggregated to Rs. 599,745 (2014: Rs. 528,956).

9.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults in recent history.

9.5 In 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operation and Services Agreement (LSA) with SSGCL. As per the terms of the LSA, EETPL was required to construct a pipeline (SSGCL Branch Pipeline) and transfer it to SSGCL upon commissioning of the LNG Project and recover the cost of construction through recovery of capacity charges to be billed to SSGCL on a monthly basis. During the year, EETPL constructed

(Amounts in thousand)

and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect.

9.6 This represents customs duty on import of FSRU for its use in storage and regasification of LNG. This amount is being expensed over the period of operating lease.

9.7 This represents amount paid to China Export and Credit Insurance Bank (Sinosure) in respect of credit insurance policy to be issued in respect of Engro Powergen Thar (Private) Limited's financing to be obtained from Chinese Lenders.

10. EMPLOYEES' SHARE OPTION SCHEME

In 2013, the shareholders of Engro Foods Limited approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees up to 16.9 million new ordinary shares, to be determined by the Board Compensation Committee. Under the Scheme, options were to be granted in the years 2013 to April 2015. 50% of the options granted were to vest in two years whereas the remaining 50% were to vest in three years from the date of the grant of options. These options are exercisable within 3 years from the end of vesting period. During the year, 800,000 share options have been granted to an employee. The details of share options granted to date under the Scheme, which remained outstanding as at December 31, 2015 are as follows:

- number of options	5,200,000
- range of exercise price	Rs. 182.85 - Rs. 253.77
- weighted average remaining contractual life	3.16 years

The weighted average fair value of options granted to date, as estimated at the date of grant using the Black-Scholes model was Rs. 24.81 per option, whereas weighted average fair value of options to be granted has been estimated as Rs. 39.84 per option. The following weighted average assumptions have been used in calculating the fair values of the options:

	Options granted in 2013	Options granted in 2015	Options to be granted
- number of options	4,400,000	800,000	11,700,000
- share price	Rs. 133.58	Rs. 107.67	Rs. 146.59
- exercise price	Rs. 191.89	Rs. 182.85	Rs. 182.85
- expected volatility	32.54%	30.32%	34.36%
- expected life	3 years	3.5 years	3.75 years
- annual risk free interest rate	9.42%	7.93%	6.69%

The volatility has been measured as the standard deviation of quoted share prices over the last one year from each respective / expected grant date.

The time period under the Scheme for granting of share options expired during the year in April 2015. However, the Company obtained approval of shareholders for extension in share options grant period for further 3 years in the Annual General Meeting held on April 27, 2015. The approval from SECP for aforementioned modification in the Scheme and the related vesting period has also been received through letter dated August 31, 2015.

In respect of the Scheme, Employee share option compensation reserve and the related deferred expense amounting to Rs. 595,144 has been recognized, out of which Rs. 354,702 has been amortized to date, including Rs. 157,972 being charge for the current year, in respect of related employees services received to the balance sheet date.

(Amounts in thousand)

	2015	2014
	-----------(Rupees)-----------	
10.1 Deferred employee compensation expense		
Balance as at January 1	203,011	305,018
Add: Options issued during the year	11,733	-
Add: Changes in value due to revision in assumptions	183,670	7,722
Less: Options lapsed due to employee resignation	-	(15,115)
Less: Amortization for the year (note 31.2)	(157,972)	(94,614)
Balance as at December 31	240,442	203,011
Less: Current portion shown under current assets	(92,986)	(90,430)
Long term portion of deferred employee compensation expense	147,456	112,581
10.2 Employee share option compensation reserve		
Balance as at January 1	399,740	407,133
Add: Options issued during the year	11,733	-
Less: Options lapsed due to employee resignation	-	(15,115)
Less: Changes in value due to revision in assumptions	183,670	7,722
Balance as at December 31	595,143	399,740

11. STORES, SPARES AND LOOSE TOOLS

	2015	2014
Consumable stores	693,837	833,792
Spares and loose tools including in-transit Rs. 592 (2014: Rs. 15,749)	7,382,260	6,836,078
	8,076,097	7,669,870
Less:		
- Provision for surplus and slow moving items	294,044	122,414
- Provision for impairment (note 4.3.1)	73,681	-
- Stores and spares written-off	29,200	-
	7,679,172	7,547,456

12. STOCK-IN-TRADE

	2015	2014
Raw materials and packing materials (note 12.1)	5,459,117	5,558,553
Unprocessed rice (note 12.2)	369,320	819,219
Fuel stock (note 12.3)	382,085	383,460
Work-in-process	213,415	641,389
Finished goods:		
- own manufactured product (note 12.1)	3,950,386	3,880,408
- purchased product (notes 12.1 and 12.4)	3,714,378	284,145
	7,664,764	4,164,553
	14,088,701	11,567,174

12.1 **Includes:**

- materials in transit amounting to Rs. 416,837 (2014: Rs. 741,057);
- carrying value of inventory carried at net of realizable value of Rs. 561,853 (2014: Rs. 2,215,151);
- inventories held at storage facilities of third parties amounting to Rs. 735,799 (2014: Rs. 614,228) including inventories held at storage facilities of following related parties:

(Amounts in thousand)

	2015	2014
	-----------(Rupees)-----------	
- Engro Vopak Terminal Limited	459,663	579,802
- Dawood Hercules Chemicals Limited	8,755	9,334
	468,418	589,136

12.2 Unprocessed rice written-off during the year amounted to Nil (2014: Rs. 19,106).

12.3 This represents of High Speed Diesel (HSD) inventory required to be maintained for operating the power plant in case supply of gas is unavailable to Engro Powergen Qadirpur Limited (EPQL). As per clause (b) of section 5.14 of the Power Purchase Agreement (PPA), EPQL is required to maintain HSD at a level sufficient for operating the power plant at full load for seven days. However, due to non payment of dues in full by National Transmission and Dispatch Company (NTDC), EPQL is maintaining HSD inventory at a level sufficient for operating the power plant at full load for around five days.

12.4 These are net of provision against expired / obsolete stock amounting to Rs. 47,092 (2014: Rs. 81,403). Stock amounting to Rs. 80,380 (2014: Rs. 66,270) has been written off against the provision during the year.

13. TRADE DEBTS

	2015	2014
	-----------(Rupees)-----------	
Considered good		
- secured (note 13.1 and 13.2)	6,297,449	4,022,581
- unsecured	436,164	592,632
	6,733,613	4,615,213
Considered doubtful	24,682	29,359
	6,758,295	4,644,572
Less: Provision for impairment (note 13.3)	24,682	29,359
	6,733,613	4,615,213

13.1 Trade debts are generally secured by way of bank guarantees and letters of credit from customers. Trade debts of Engro Powergen Qadirpur Limited (EPQL) amounting to Rs. 2,760,311 (2014: Rs. 2,192,805), are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

13.2 Includes Rs. 1,017,916 (2014: Nil) due from SSGCL, in respect of capacity and utilization charges billed in accordance with the terms of LSA.

13.3 As at December 31, 2015, trade debts aggregating to Rs. 24,682 (2014: Rs. 29,359) were passed due and impaired and have been provided for. The movement in provision during the year is as follows:

	2015	2014
	-----------(Rupees)-----------	
Balance as at January 1	29,359	38,595
Less: Reversal made during the year, net	(4,677)	(9,236)
Balance as at December 31	24,682	29,359

13.4 As at December 31, 2015, trade debts aggregating to Rs. 483,778 (2014: Rs. 333,695) were past due but not impaired. These relate to various customers for which there is no recent history of default. The aging analysis of these trade debts is as follows:

(Amounts in thousand)

	2015	2014
	-----------(Rupees)-----------	
Upto 3 months	477,878	331,667
3 to 6 months	5,900	2,028
	483,778	333,695

14. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	-----------------------(Rupees)------------------------			
Conversion option on loan from International Finance Corporation (IFC)	-	298,749	-	965,326
Foreign exchange forward contracts (note 14.1)	-	23,982	-	119,571
Cash flow hedges:				
- Foreign exchange forward contracts (note 14.1)	29,207	57,173	-	310,248
- Interest rate swaps (note 14.2)	-	30,548	-	121,066
	29,207	410,452	-	1,516,211
Less: Current portion shown under current assets / liabilities				
Conversion option on loan from IFC	-	298,749	-	965,326
Foreign exchange forward contacts	-	23,982	-	119,571
Cash flow hedges:				
- Foreign exchange forward contacts	29,207	57,173	-	310,248
- Interest rate swaps	-	13,166	-	69,963
	29,207	70,339	-	380,211
	29,207	393,070	-	1,465,108
	-	17,382	-	51,103

14.1 Foreign exchange forward contracts

The Group entered into various forward exchange contracts to hedge its foreign currency exposure. As at December 31, 2015, the Group, had multiple forward contracts to purchase various currencies involving amounts equivalent to USD 120,604 (2014: USD 241,180) at various maturity dates to hedge its foreign currency exposure against loan obligations and payments under the terms of supplier credit. The net fair value of these contracts as at December 31, 2015 is negative Rs. 51,858 (2014: negative Rs. 429,819).

14.2 Interest rates swaps

The Group has entered into multiple interest rate swap agreements to hedge its interest rate exposure on floating rate committed borrowings for notional amounts of USD 15,727 (2014: USD 36,516). Under these contracts the Group receives USD-LIBOR and pays fixed 2.79% - 3.73% settled semi-annually. As at December 31, 2015, the fair value of all the interest rate swaps is negative Rs. 30,548 (2014: negative Rs. 121,066).

14.3 Embedded derivatives

Engro Powergen Qadirpur Limited's (EPQL) tariff like other power companies, comprises of various price components with indexations falling within the ambit of embedded derivatives. Such embedded derivative as per International Accounting Standard (IAS) 39, 'Financial Instrument: Recognition and Measurement' are required to be separated from the host contract and accounted for as derivative if economic characteristics and risks of the embedded derivative are not closely related to the host contract.

(Amounts in thousand)

EPQL had sought clarification from the Institute of Chartered Accountants of Pakistan (ICAP) in respect of the indexations pertaining to (i) USD/PKR exchange rate (applicable to EPQL's price components of debt, return on equity, return on equity during construction); and (ii) US CPI & USD/PKR exchange rate (applicable to EPQL's price components of fixed and variable operations and maintenance – foreign) whether these derivatives were closely or not closely related to the host contract.

In addition, EPQL had also requested ICAP to prescribe a definite basis or guidelines for the valuation of such embedded derivatives considering the subjectivity involved therein if these were considered to be not closely related to the host contract. Further, as indexation of USD/PKR exchange rate related to debt component being not recognized separately as embedded derivative, EPQL taking cognizance of the 'matching principle' requested the Securities and Exchange Commission of Pakistan (SECP) to allow deferment of recognizing exchange loss on translation of borrowings under IAS 21 - Foreign Currency Transactions in the profit or loss till the clarification sought on the recognition of the foreign currency indexations from ICAP had been received.

On January 16, 2012, SECP vide SRO 24 (I) 2012 had granted waivers to all IPPs from the requirement of IFRIC 4 "Determining whether an arrangement contains a lease" and IFRIC 12 "Service Concession Agreements". Further, SECP through the aforementioned SRO has also allowed the IPPs to continue capitalizing the exchange differences, and not to recognize embedded derivatives under IAS 39 where these are not closely related to the host contract. However in the case of such derivatives, for periods beginning on or after January 1, 2013, the companies are required to give "Additional Disclosure" as if the accounting for embedded derivatives had been adopted in preparing the financial statements.

In view of the above SRO, EPQL has capitalized exchange loss aggregating to Rs. 2,526,653 (2014: Rs. 2,162,634) as at December 31, 2015, which includes exchange loss of Rs. 364,019 pertaining to current year (2014: exchange gain of Rs. 500,137) in property, plant and equipment (note 4.1).

14.3.1 Additional disclosure under SRO 24 (1) 2012

If EPQL were to follow IAS 39 and had accounted for embedded derivatives and had not capitalized the exchange loss on translation of foreign currency borrowing, the effect on the consolidated financial statements line items would be as follows:

	Non Controlling interest	Unappropriated profit	Property, plant and equipmen	Derivative financial assets
	(Increase) / Decrease	(Increase) / Decrease	Increase / (Decrease)	(Increase) / (Decrease)
	-----------------------(Rupees)------------------------			
As at January 1, 2014	46,417	712,033	(2,462,126)	1,703,676
For the year ended December 31, 2014				
- Recognition of exchange loss	(52,097)	(425,307)	477,404	-
- Change in fair value of derivatives	210,421	1,717,818	-	(1,928,239)
	158,324	1,292,511	477,404	(1,928,239)
As at December 31, 2014	204,741	2,004,511	(1,984,722)	(224,563)
For the year ended December 31, 2015				
- Recognition of exchange loss	80,038	177,235	(257,273)	-
- Change in fair value of derivatives	835,473	1,850,073	-	(2,685,546)
	815,511	2,027,308	(257,273)	(2,685,546)
As at December 31, 2015	1,120,252	4,031,852	(2,241,995)	(2,910,109)

(Amounts in thousand)

15. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2015	2014
	-----------(Rupees)-----------	
Current portion of long term loans and advances to executives and other employees (note 9)	209,270	198,390
Advances to executives and other employees (notes 15.1)	53,947	49,722
Current portion of receivable from SSGCL (note 9)	18,372	-
Advance and deposits	418,802	843,020
Prepayments:		
- insurance	253,095	239,702
- others (note 15.2)	558,022	380,698
	1,511,508	1,711,532
Less: Provision for impairment	3,509	3,509
	1,507,999	1,708,023

15.1 Represents interest free advances to executives for house rent, given in accordance with the Group's policy.

15.2 Includes loan arrangement fee amounting to Rs. 274,901 in respect of project finance, to be amortized over the loan period, as explained in note 1.4.2.

15.3 The carrying values of the loan and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

(Amounts in thousand)

16. OTHER RECEIVABLES

	2015	2014
	-----------(Rupees)-----------	
Receivable from Government of Pakistan against:		
- Sales tax refundable (note 16.1)	4,255,640	3,241,077
- Subsidy (note 16.2)	1,303,180	-
Less: Provision for impairment (note 16.8)	180,140	140
	5,378,680	3,240,937
- Special excise duty refundable	36,687	36,687
Less: Provision for impairment (note 16.8)	36,687	36,687
	-	-
- Customs duty claims refundable (note 16.3)	18,043	18,043
Less: Provision for impairment (note 16.8)	18,043	18,043
	-	-
- Others	194,713	289,222
	5,573,393	3,530,159
Delayed payment charges (note 16.4)	1,066,282	900,725
Reimbursable cost from NTDC in respect of:		
- Workers' profits participation fund	263,881	173,979
- Workers' welfare fund	205,638	169,662
Receivable from:		
- Tetra Pak Pakistan Limited (note 16.5)	462,509	3,171
- Ecolean AB (note 16.5)	132,474	44,838
- Engro Vopak Terminal Limited (note 16.6)	22,148	1,721
- GEL Utility Limited	83,300	-
- Tenaga Generasi Limited	33,772	-
- Engro Foundation	9	-
- Sindh Engro Coal Mining Company Limited	2,086	-
- Thar Power Company Limited	627	
Accrued income on deposits / investments	45,101	30,919
Claims on suppliers and insurance companies	10,278	317,575
Others	68,890	145,023
Less: Provision for impairment (note 16.8)	35,718	544
	33,172	144,479
	7,934,670	5,317,228

16.1 Includes sales tax refundable of Engro Foods Limited (EFoods) amounting to Rs. 3,724,441 (2014: Rs. 2,811,878). Sales tax has been zero rated on EFoods's supplies (output), raw materials, components and assemblies imported or purchased locally by EFoods for manufacturing in respect of its dairy operations.

16.2 During the year, the Government of Pakistan notified the payment of subsidy at the rate of Rs. 500 per 50 kg bag of Di Ammonia Phosphate (DAP), Rs.217 per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content) sold. The mode of payment of subsidy to Engro Fertilizers Limited shall either be adjustment against the sales tax liability or payment upon verification by the Federal Board of Revenue.

(Amounts in thousand)

16.3 The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed off appeal of Engro Polymer and Chemicals Limited (EPCL) filed on April 11, 2008 against the order of Collector of Customs, Port Muhammad Bin Qasim, Karachi, for the refund of custom duty paid during the period June 16, 2006 to July 24, 2006 on imports of Vinyl Chloride Monomer (VCM). The Tribunal was informed that all aforementioned VCM consignments were released after the issuance of SRO 565(1)/2006 dated June 6, 2006 and the benefit of five percent duty reduction was also passed on to the customers. However, as the price of the EPCL's product was increased which is linked with international market, the Tribunal inadvertently presumed that the said benefit had not been transferred to the customers and passed an order against EPCL. EPCL has filed an appeal with the High Court of Sindh against the aforesaid order of the Tribunal. However, based on prudence, EPCL is maintaining full provision against the aforementioned custom duty refundable till such time that all available legal courses are exhausted.

16.4 Represents mark-up receivable on overdue trade debts of Engro Powergen Qadirpur Limited (note 13.1), as delayed payment charges from NTDC in accordance with the terms of the PPA. These include mark-up over due amounting to Rs. 1,040,167 (2014: Rs. 883,765).

16.5 Represents reimbursements receivable under cost sharing agreement for marketing related expenses and quantity discount, net of payable on account of packaging material purchased.

16.6 The maximum amount due from joint venture, Engro Vopak Terminal Limited, at the end of any month during the year aggregated to Rs. 22,148 (2014: Rs. 1,890).

16.7 As at December 31, 2015 other receivables aggregating to Rs. 1,107,713 (2014: Rs. 985,094) were past due but not impaired. The aging analysis of these receivables is as follows:

	2015	2014
	-----------(Rupees)-----------	
Upto 3 months	96,894	175,704
3 to 6 months	59,919	37,095
More than 6 months	950,900	772,295
	1,107,713	985,094

16.8 As at December 31, 2015, receivables aggregating to Rs. 270,588 (2014: Rs. 55,414) were deemed to be impaired being outstanding for more than six months and provided for. The movement in provision during the year is as follows:

	2015	2014
	-----------(Rupees)-----------	
Balance as at January 1	55,414	54,870
Add: Provision made during the year - net	215,174	544
Balance as at December 31	270,588	55,414

(Amounts in thousand)

17. SHORT TERM INVESTMENTS

	2015	2014
	-----------(Rupees)-----------	
At fair value through profit or loss		
Fixed income placements (note 17.1)	52,000	1,320,922
Treasury Bills (note 17.2)	11,775,935	25,978,410
Pakistan Investment Bonds	-	538,452
	11,827,935	27,837,784
Held to maturity		
Fixed income placements (note 17.1)	1,117,643	-
Treasury Bills (note 17.2)	488,700	-
Eurobonds (note 17.3)	615,834	-
	2,222,177	-
Loans and receivables		
Reverse repurchase of treasury bills (note 17.4)	-	1,149,300
	14,050,112	28,987,084

17.1 These represents foreign and local currency deposits with various banks, at the interest rates ranging upto 9.75% (2014: 9.75%) per annum.

17.2 These represent treasury bills discounted the using effective rates upto 9.30% (2014: 9.30%) per annum.

17.3 These represent investment in Eurobonds having face value of USD 5,700 (2014: Nil) with effective interest rates ranging from 1% to 2.3% per annum. These mature on March 31, 2016.

17.4 These represent treasury bills carrying interest at the rate ranging upto 6.42% (2014: 10.07%) per annum.

18. CASH AND BANK BALANCES

	2015	2014
	-----------(Rupees)-----------	
Balances with banks in:		
- deposit accounts (notes 18.1 and 18.2)	2,518,072	6,367,124
- current accounts	1,585,840	5,868,631
Cheques / demand drafts in hand	-	850
Cash in hand	8,386	7,928
	4,112,298	12,244,533

18.1 Local currency deposits carry return up to the rate of 7.5% (2014: 9.8%) per annum.

18.2 Includes Rs. 1,193,568 (2014: Rs. 211,171) held in foreign currency bank accounts and carry return at the rate of 0.71% (2014: 0.25%) per annum.

(Amounts in thousand)

19 SHARE CAPITAL

19.1 Authorised Capital

2015	2014		2015	2014
------(No. of Shares)------			----------(Rupees)----------	
550,000,000	550,000,000	Ordinary shares of Rs. 10 each	5,500,000	5,500,000

19.2 Issued, subscribed and paid-up capital

2015	2014		2015	2014
------(No. of Shares)------			----------(Rupees)----------	
523,784,756	523,784,756	Ordinary shares of Rs. 10 each	5,237,848	5,237,848

19.3 Movement in issued, subscribed and paid-up capital

2015	2014		2015	2014
------(No. of Shares)------			----------(Rupees)----------	
523,784,756	511,269,437	As at January 1	5,237,848	5,112,694
-	12,515,319	Ordinary shares of Rs. 10 each issued during the year as fully paid in cash	-	125,154
523,784,756	523,784,756		5,237,848	5,237,848

19.4 As at December 31, 2015, Dawood Hercules Corporation Limited (the Parent Company) and associated companies held 194,972,555 and 33,825,286 (2014: 175,012,555 and 53,785,286) ordinary shares in the Holding Company, respectively.

20. MAINTENANCE RESERVE

In accordance with the Power Purchase Agreement (PPA), Engro Powergen Qadirpur Limited (EPQL) is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter the Fund may be re-established at such other level that EPQL and NTDC mutually agree.

In 2012, EPQL due to uncertain cash flows resulting from delayed payments by NTDC has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank to Rs. 50,000, which has been invested in investment certificates as at December 31, 2015 (note 17). Till such time the amount is deposited again to the required level, EPQL has unutilized short term financing available to meet any unexpected maintenance requirements that may arise in the foreseeable future.

(Amounts in thousand)

21. HEDGING RESERVE

	2015	2014
	-------------(Rupees)-------------	
Fair values of :		
- Forward foreign exchange contracts (note 14.1)	(61,353)	(41,397)
- Interest rate swaps (note 14.2)	(24,927)	(153,972)
	(86,280)	(195,369)
Less:		
- Deferred tax	9,231	47,936
- Non-Controlling interest	(10,993)	4,094
	(1,762)	52,030
	(88,042)	(143,339)

22. BORROWINGS - Secured (Non-participatory)

	Note	2015	2014
		-------------(Rupees)-------------	
Engro Rupiya Certificates	22.1	3,966,617	3,951,521
Islamic Finances	22.2	8,903,580	14,579,820
Conventional Finances	22.3	23,930,864	26,784,408
Term Finance Certificates	22.4	6,000,000	7,432,006
Others	22.5	16,781,535	20,577,580
		59,582,596	73,325,335
Less:			
Current portion shown under current liabilities		22,589,460	17,945,494
		36,993,136	55,379,841

(Amounts in thousand)

		Note	Mark-up	Instalments: Number	Instalments: Commenced/ Commencing from	2015	2014
						-----------Rupees)-----------	
22.1	**Engro Rupiya Certificates**						
	Engro Islamic Rupiya Certificates I	22.1.1	13%	Lump sum		2,974,963	2,963,641
	Engro Islamic Rupiya Certificates II	22.1.1	13.5%	Lump sum		991,654	987,880
						3,966,617	3,951,521
22.2	**Islamic Finances**						
	Dubai Islamic Bank Limited		6 months KIBOR + 1.75%	4 half yearly	November 30,2018	800,000	800,000
	Privately Placed Subordinated Sukuk Certificates	22.2.1	6 months KIBOR + 1.75%	10 half yearly	January 9, 2015	3,006,272	3,151,823
	Dubai Islamic Bank Limited		6 Months KIBOR + 2.11%	9 half yearly	June 30, 2013	-	294,409
	Standard Chartered Bank (Pakistan) Limited	22.3.1	6 Months KIBOR + 0.9%	14 half yearly	June 14, 2013	593,090	591,118
	Islamic Offshore Finance	22.2.3	6 months LIBOR + 2.57%	9 half yearly	March 28, 2013	3,525,468	5,312,289
	Bank Islami Pakistan Limited	22.2.2	6 months KIBOR + 2.4%	14 half yearly	May 26, 2010	-	181,709
	Sukuk Certificates		6 months KIBOR + 1.5%	2 half yearly	March 6, 2015	-	2,998,472
	Sukuk Certificates		6 month KIBOR + 0.69%	4 half yearly	July 13, 2015	878,750	950,000
	Master Istisna III		6 months KIBOR + 2%	6 half yearly	June 2015	-	200,000
	Master Istisna IV		6 months KIBOR + 2.6%	Single	April 2016	100,000	100,000
						8,903,580	14,579,820
22.3	**Conventional Finances**						
	Bilateral loan I		6 months KIBOR + 2%	6 half yearly	June 2016	544,291	542,388
	Bilateral Loan II		6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
	Bilateral Loan III		6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
	Syndicated term finance I		6 months KIBOR + 2.25%	13 half yearly	November 2010	1,385,616	2,530,284
	Syndicated term finance II		6 months KIBOR + 3%	13 half yearly	June 2010	212,085	566,842
	Syndicated term finance IV		6 months KIBOR + 2.55%	6 half yearly	May 2013	-	166,667
	Syndicated term finance V		6 months KIBOR + 1.5%	8 half yearly	June 2015	991,605	1,322,136
	Habib Bank Limited		6 months KIBOR + 1.1%	8 half yearly	March 31, 2013	199,714	257,290
	Allied Bank Limited		6 months KIBOR + 1.1%	8 half yearly	June 26, 2013	399,160	514,066
	Askari Bank Limited	22.2.2	6 months KIBOR + 1.1%	8 half yearly	June 30, 2013	-	64,599
	Citibank N.A.	22.2.2	6 months KIBOR + 1.1%	8 half yearly	July 22, 2013	-	25,840
	Standard Chartered Bank (Pakistan) Limited	22.2.2	6 months KIBOR + 1.1%	8 half yearly	June 30, 2013	-	128,644
	National Bank of Pakistan		6 months KIBOR + 1.1%	10 half yearly	March 5, 2013	790,364	788,842
	Faysal Bank Limited	22.3.1	6 months KIBOR + 1.2%	13 half yearly	May 26, 2013	859,503	857,785
	Samba Bank Limited	22.3.1	6 Months KIBOR + 0.9%	14 half yearly	April 1, 2013	296,813	295,954
	National Bank of Pakistan	22.3.1	6 Months KIBOR + 1.2%	10 half yearly	September 28, 2013	545,050	543,165
	Syndicated finance		6 months KIBOR + 1.8%	14 half yearly	February 28, 2013	9,880,750	9,853,119
	Habib Metropolitan Bank Limited	22.3.1	6 Months KIBOR + 0.9%	10 half yearly	June 21, 2013	80,000	120,000
	Pak Kuwait Investment Company Private) Limited	22.3.1	6 months KIBOR + 1.0%	10 half yearly	April 30, 2012	99,803	199,297
	Silk Bank Limited	0	6 Months KIBOR + 2.35%	10 half yearly	January 21, 2013	-	180,000
	Syndicated Finance I		6 months KIBOR + 0.69%	4 half yearly	February 20, 2015	1,275,000	1,500,000
	Syndicated Finance III		6 months KIBOR + 2.0%	6 half yearly	February 16, 2013	-	333,333
	HBL Conventional term loan		6 months KIBOR + 0.65%	6 half yearly	November 2, 2014	388,817	634,353
	NIB Bank Limited		6 months KIBOR + 0.60%	6 half yearly	June 5, 2015	992,604	1,488,780
	The Bank of Punjab		6 months KIBOR + 0.70%	6 half yearly	April 03, 2015	332,234	498,277
	United Bank Limited		6 months KIBOR + 0.65%	6 half yearly	May 12, 2016	1,500,000	1,500,000
	United Bank Limited	22.2.2	6 months KIBOR + 0.65%	8 payments	December 17, 2015	1,460,855	-
	HBL LTFF Facility		SBP LTFF Rate + 2.5%	8 half yearly	February 27, 2014	-	177,847
						23,930,864	26,784,408

(Amounts in thousand)

		Note	Mark-up	Instalments: Number	Instalments: Commenced/ Commencing from	2015	2014
						-----------Rupees)-----------	
22.4	**Term Finance Certificates**						
	Term Finance Certificates - 3rd Issue	22.2.2	6 months KIBOR + 2.4%	14 half yearly	June 17, 2010	-	1,432,006
	Privately Placed Term Finance Certificates	22.4.1				6,000,000	6,000,000
						6,000,000	7,432,006
22.5	**Others**						
	DFI Consortium Finance	22.5.1	6 months LIBOR + 2.6%	7 payments	July 29, 2013	2,789,150	3,589,561
	International Finance Corporation	22.5.2	6 months LIBOR + 6%	3 half yearly	September 15, 2016	2,284,468	2,458,031
	International Finance Corporation	22.5.2	6 months LIBOR + 6%	3 half yearly	September 15, 2015	2,415,784	3,365,332
	International Finance Corporation		6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	1,246,479	1,991,687
	DFI Consortium Finance		6 months LIBOR + 3%	20 half yearly	December 15, 2010	8,045,654	9,172,969
						16,781,535	20,577,580

22.1.1 Engro Islamic Rupiya (EIR) Certificates are AA rated, listed and secured Ijaratul Musha & Murabaha Sukuk certificates of a total issue size of Rs. 4,000,000 duly approved by the Securities and Exchange Commission of Pakistan (SECP). . EIR - I Certificates amounting to Rs. 3,000,000 have a tenure of 36 months with an expected profit rate of 13% per annum payable semi-annually, while EIR - II Certificates amounting to Rs. 1,000,000 have a tenure of 60 months with an expected profit rate of 13.5% per annum payable semi-annually. The certificate holder, however, may request the Holding Company for early redemption at any time from the date of investment subject to an Early Redemption Discount service charge on the outstanding issue price. The Holding Company, in this respect, has appointed Meezan Bank Limited as a trustee.

The proceeds from the EIR Certificates I and II were utilized to pay-off conventional liabilities and to meet funding requirements of the subsidiaries and to finance new projects.

22.2.1 This represents Privately Placed Subordinated Sukuk (PPSS) amounting to Rs. 3,200,000. Pak Brunei Investment Company Limited is the Trustee while Meezan Bank Limited acts as the Investment Agent for this Sukuk. EFert used PPSS to refinance the subordinated loan from the Holding Company.

22.2.2 During the year, a number of loans of EFert including from Askari Bank Limited, Citibank N.A., Standard Chartered (Pakistan) Limited, Bank Islami Pakistan Limited and Term Finance Certificates (3rd Issue) was refinanced through a loan from United Bank Limited. The pricing of the new loan is 6 month KIBOR + 0.65%, while the repayment schedule matches exactly with the refinanced loans. The loan was made a part of the Inter Creditor Agreement (ICA) and thus has the same charge with the other Senior Lenders. The new loan does not have a Corporate Guarantee from the Holding Company unlike the other Senior Lenders.

22.2.3 This represents the balance amount of an offshore Islamic Finance Facility Agreement of USD 36,000 with Habib Bank Limited, National Bank of Pakistan and SAMBA Financial Group and Rs. 3,618,000 with Faysal Bank (previously share belonged to Citi Bank N.A.), Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank (Pakistan) Limited.

22.3.1 During the year, EFert negotiated re-pricing for the following borrowings:

Bank	Mark-up rate per annum: Original	Mark-up rate per annum: Repriced	Effective Date of Repricing
Bank Limited	6 Month Kibor + 2.35%	6 Month Kibor + 1.20%	26-Nov-15
Standard Chartered Bank (Pakistan) Limited	6 Month Kibor + 2.40%	6 Month Kibor + 0.90%	17-Jun-15
Samba Bank Limited	6 Month Kibor + 2.40%	6 Month Kibor + 0.90%	1-Jul-15
National Bank of Pakistan	6 Month Kibor + 2.40%	6 Month Kibor + 1.20%	28-Sep-15
Habib Metropolitan Bank Limited	6 Month Kibor + 2.40%	6 Month Kibor + 0.90%	21-Dec-15
Pak Kuwait Investment Company (Private) Limited	6 Month Kibor + 2.35%	6 Month Kibor + 1.0%	1-Nov-15

(Amounts in thousand)

22.4.1 This represents Privately Placed Subordinated TFCs amounting to Rs. 4,000,000 (PPTFC Issue I) and Rs. 2,000,000 (PPTFC Issue II) respectively. The PPTFCs are perpetual in nature with a five year call and a ten year put option. The PPTFC I issue has mark-up of six months KIBOR plus 2.1% whereas the PPTFC II issue has mark-up of six months KIBOR plus 1.65%. IGI Investment Bank Limited is the trustee for these TFCs. In 2011, the aforementioned TFCs have been listed on the Over-The-Counter (OTC) market of the Pakistan Stock Exchange Limited.

22.5.1 This represents the balance amount of a facility agreement amounting to USD 85,000 with a consortium of Development Finance Institutions comprising of DEG, FMO and OFID.

22.5.2 The Holding Company entered into a C Loan Agreement (Original Agreement) dated September 29, 2009 with International Finance Corporation (IFC) for USD 50,000, divided into Tranche A (USD 15,000) and Tranche B (USD 35,000). Both Tranche A and B were fully disbursed as at December 31, 2009 and transferred to EFert under the scheme of demerger effective January 1, 2010. However, the option given to convert the Tranche A loan amount of USD 15,000 remained upon the Holding Company's ordinary shares at Rs. 205 per ordinary share (reduced to Rs. 155.30 and Rs. 119.46 as at December 31, 2011 and December 31, 2012 respectively consequent to bonus issues) calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notices issued by IFC to exercise the conversion option. Such option was to be exercised within a period of no more than five years from the date of disbursement of the loan (December 28, 2009). Tranche B, however, is not convertible. The Holding Company has entered into an agreement with EFert that in the event IFC exercises the aforementioned conversion option (Tranche A), the loan amount then outstanding against EFert would stand reduced by the conversion option amount and EFert would pay the Pakistan Rupee equivalent of the corresponding conversion amount to the Holding Company which would simultaneously be given to EFert as a subordinated loan, carrying mark-up payable by the Holding Company for Pakistan Rupee finances of like maturities plus a margin of 1%. The effect of IFC conversion resulted in a loan from the Holding Company having the same repayment terms / dates as that of Tranche A.

In 2014 IFC exercised its entire conversion option for an outstanding amount of USD 15,000 of Tranche A and accordingly 12,515,319 ordinary shares of the Holding Company have been issued to the IFC.

On December 22, 2010, EFert and IFC entered into an amended agreement for further disbursement of USD 30,000 over and above the aforementioned disbursed amount of USD 50,000. The amount was fully disbursed as at June 30, 2011. The salient features of the Original Loan essentially remained the same and some of the terms of the loan were further amended through an agreement dated January 29, 2014. The additional loan of USD 30,000 is divided into (i) Tranche A2: 30% convertible loan on the shares of EFert at Rs. 24.00 per ordinary share calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notices issued by IFC to exercise the conversion option; and (ii) Tranche B2: 70% non-convertible loan. The additional loan is repayable by September 15, 2017 in three equal installments and carries interest at six months LIBOR plus a spread of 6%.

On June 25, 2014, EFert received a notice from IFC for exercise of option on loan of USD 5,000, as a result of which 20,541,667 ordinary shares of EFert have been allotted to IFC. During the year, EFert received a notice from IFC for exercise of further loan of USD 3,000 on January 9, 2015 out of the remaining USD 4,000 of Tranche A2, accordingly, 12,590,625 ordinary shares of EFert have been allotted to the IFC on January 14, 2015. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 298,749.

22.6 During the year, Engro Elengy Terminal Private Limited (EETPL), a wholly owned subsidiary company, entered into a Common Terms Agreement (CTA) and financing agreements with Asian Development Bank (ADB), International Finance Corporation (IFC), Askari Bank Limited (ABL) and NIB Bank Limited as arrangers and ADB as lender. No amounts have been disbursed / drawn during the year. Details of facilities are as follows:

(Amounts in thousand)

	Note	Interest rate	US $
ADB		LIBOR + 5%	30,000
IFC		LIBOR + 5%	20,000
Others	22.6.1	KIBOR + 2.25%	41,520
			91,520

22.6.1 This represents USD equivalent of Pak Rs. 4,210,000 (converted at the exchange rate of Rs. 101.393 / USD) obtained from Pak Brunei Investment Company Limited, NIB and ABL.

22.7 In view of the substance of the transactions, the sale and repurchase of assets under long term finance have not been recorded in these financial statements.

23. DEFERRED LIABILITIES

	2015	2014
	(Rupees)	
Deferred income under Ijarah arrangement (note 23.1)	568	2,516
Retirement and other service benefits obligations (note 23.2)	160,674	195,027
	161,242	197,543
23.1 Deferred income under Ijarah arrangement		
Balance as at January 1	2,516	9,410
Less: Amortization during the year	(1,948)	(6,894)
Balance as at December 31	568	2,516
23.2 Retirement and other service benefits obligations		
Retirement and other service benefits obligations	258,757	238,365
Less: Current portion shown under current liabilities	98,083	43,338
	160,674	195,027

24. TRADE AND OTHER PAYABLES

	2015	2014
Creditors (note 24.1)	18,305,424	36,270,417
Accrued liabilities (notes 24.2 and 24.3)	10,330,657	6,835,731
Advances from customers	2,197,559	7,215,324
Deposits from dealers/ distributors refundable on termination of dealership	16,297	16,373
Retention money	207,714	250,762
Contractors'/ suppliers' deposits	103,854	81,978
Workers' welfare fund	1,982,449	1,385,169
Workers' profits participation fund (note 24.4)	142,602	76,422
Sales tax payable	125,775	994,521
Payable to retirement benefit funds	80,060	24,230
Withholding tax payable	111,916	93,441
Others	446,279	254,022
	34,050,586	53,498,390
24.1 Includes due to following related parties:		
- Mitsubishi Corporation	2,195,710	5,290,255
- Engro Vopak Terminal Limited	120,135	95,794
	2,315,845	5,386,049

(Amounts in thousand)

24.2 Accrual for Gas Infrastructure Development Cess (GIDC)

24.2.1 Engro Fertilizers Limited (EFert)

"Includes Rs. 789,775 (2014: Rs. 12,580,333) on account of GIDC relating to EFert.

During the year, the Parliament passed the GIDC Act 2015 in May 2015 which seeks to impose GIDC levy since 2011. The Company has challenged the validity and promulgation of GIDC Act, 2015 before the Honorable High Court of Sindh, wherein the Court passed interim orders, thereby restraining Mari Gas Limited, Oil and Gas Development Company Limited, Spud Energy Pty Limited, Government Holdings (Private) Limited and IPR TransOil Corporation from recovering GIDC arrears till the pendency of the matter. Further, the Court has also passed interim orders restraining Sui Northern Gas Pipeline Limited from charging or recovering GIDC on concessionary gas. However, at the request of the Government, and without compromising on the legal stance, the fertilizer industry agreed to pay GIDC arrears except on concessionary gas/fixed price contracts to the Government.

24.2.2 Engro Polymer and Chemicals Limited

Under the GIDC Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Subsidiary Company has obtained ad-interim stay orders from High Court of Sindh. However, on prudent basis the Subsidiary Company recognized a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 GIDC Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumption, respectively.The GIDC Act ,2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The Subsidiary Company based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Subsidiary Company has reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs.592,125 in respect of captive power. Further, the Subsidiary Company has also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. However, based on prudence, the Subsidiary Company has recognized a provision of Rs. 556,748 pertaining to the period subsequent to promulgation of GIDC Act, 2015.

24.3 Engro Elengy Terminal Private Limited (EETPL), a wholly owned subsidiary company, received a notice from Model Customs Collectorate (the 'Customs Authorities') during the year seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. customs duty and advance income tax. EETPL is of the view that the FSRU has been classified as plant, machinery and equipment vide SRO 337(1)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(1)/2004 dated August 7, 2004, read with condition (vii) relating to the clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment. Further, since EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities are not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. EETPL in response filed a suit with the High Court of Sindh (the 'Court') which through its order dated June 29, 2015 has restrained Customs Authorities from collection of customs duty and advance income tax. However, EETPL, based on the merits of the case and opinion of its legal advisor has provided for the potential exposure relating to customs duty amounting to Rs. 1,297,737, being 5% of the value of FSRU, whereas EETPL considers likelihood of matter relating to advance income tax being decided against EETPL to be remote.

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
24.4 Workers' profits participation fund		
Payable at beginning of the year	76,422	116,099
Add:		
- Interest charge for the year (note 34)	154	4,193
- Allocation for the year (note 33)	1,482,985	665,692
Less: Amount paid to Trustees	(1,416,959)	(709,562)
Payable at end of the year	142,602	76,422

25. ACCRUED INTEREST / MARK-UP

Accrued interest / mark-up on secured:		
- long term borrowings	970,231	1,823,217
- short term borrowings	357,916	244,463
	1,328,147	2,067,680

26. SHORT TERM BORROWINGS

Running finance utilized under mark-up arrangements (note 26.1)	5,096,645	7,014,678
Short term finance	1,080,000	4,750,000
	6,176,645	11,764,678

26.1 Running finances

The short-term running finances available to Group from a consortium of commercial banks under mark-up arrangement amounts to Rs. 27,080,000 (2014: Rs. 28,075,000). The rates of mark-up on these finances are KIBOR based and range from 7% to 12.13% SPB Export Finance Facility (ERF) rate (2014: 10.54% to 12.57%) per annum. The aggregate running finances are secured by way of hypothecation of ranking floating charge over present and future loans, advances, receivables, stocks, book debts, Energy Purchase Price (EPP), current assets and pledge over shares.

26.2 Letters of credits and bank guarantees

The aggregate facilities available to Group for opening Letter of credits and Bank guarantees amounts to Rs. 20,965,000 (2014: Rs. 20,940,000). The unutilized balance as at December 31, 2015 amounts to Rs. 12,682,198 (2014: Rs. 9,385,858).

27. CONTINGENCIES AND COMMITMENTS

	2015	2014
	-------------(Rupees)-------------	
Contingencies		
27.1 Guarantees issued in favour of Subsidiary Companies by the Holding Company:		
- Engro Fertilizers Limited (note 27.1.1)	30,905,573	40,460,159
- Engro Powergen Qadirpur Limited (note 27.1.2)	1,047,500	1,006,000
- Engro Powergen Limited (note 27.1.3)	228,000	-
- Engro Elengy Terminal (Private) Limited (note 27.1.4)	3,320,575	2,012,000
- Engro Eximp (Private) Limited (note 27.1.5)	-	553,300
	35,501,648	44,031,459
Others (note 27.2)	610,000	-
	36,111,648	44,031,459

(Amounts in thousand)

27.1.1 Includes Corporate Guarantee amounting to USD 45,335 to International Finance Corporation (IFC) against loans of USD 23,335 under the C Loan Agreement (Original Agreement) and further USD 22,000 under the Amended Facility Agreement entered into by the subsidiary company with IFC. During the year, under the Amended Facility Agreement, IFC has exercised its loan conversion option converting loan of USD 3,000 into ordinary shares of the Engro Fertilizers Limited.

27.1.2 Represents Corporate Guarantee amounting to USD 10,000 issued to Allied Bank Limited to open DSRA letter of credit in favour of senior long term lenders of Engro Powergen Qadirpur Limited (EPQL).

27.1.3 During the year, a bank has issued performance guarantee on behalf of Engro Powergen Thar (Pvt.) Limited (EPTL) in favour of Private Power and Infrastructure Board (PPIB). The performance guarantee relates to 2 x 330 MW mine mouth power plants to be constructed by EPTL and has been submitted to PPIB as a condition precedent for the issuance of Letter of Support (LoS) by PPIB for the Thar Power Project. The performance guarantee is valid upto March 30, 2016 and is secured by way of first exclusive charge on all present and future assets of Engro Powergen Limited (EPL), a wholly owned subsidiary of the Company and a parent company of EPTL. In this regard, the Holding Company has extended corporate guarantee amounting to Rs. 228,000 to the bank against Letter of Guarantee facility granted to EPL.

27.1.4 During the year, the following changes occurred in repect of Guarantees issued in favour of Engro Elengy Terminal (Private) Limited (EETPL):

- The Holding Company had extended a Corporate Guarantee amounting to USD 20,000 to a bank against a Letter of Credit (SBLC) facility granted to EETPL, a wholly owned subsidiary of Elengy Terminal Pakistan Limited (ETPL). The Corporate Guarantee expired during the year.

- The Holding Company extended a Corporate Guarantee amounting to USD 20,700 to a bank against SBLC facility granted to EETPL, a wholly owned subsidiary of ETPL. Furthermore, the Holding Company has also pledged shares of Engro Fertilizers Limited and Engro Foods Limited with the bank against the SBLC.

- The Holding Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against the Letter of Guarantee provided by EETPL, the subsidiary company through National Bank of Pakistan amounting to USD 10,000 in favour of Sui Southern Gas Company Limited (SSGCL) to guarantee the performance of the obligations of the EETPL under the LNG Operations and Services Agreement (LSA).

- The Holding Company, as Sponsor Support, has permitted United Bank Limited to mark a lien on its treasury bills against the Letter of Guaurantee provided by EETPL, subsidiary company through the bank amounting to USD 1,000 in favour of Port Qasim Authority (PQA) to gaurantee the performance of the obligations of the subsidiary company under the Implementation Agreement.

27.1.5 Represented Corporate Guarantee amounting to USD 5,500 issued to a bank against finance facilities granted to Engro Eximp (Private) Limited, a wholly owned subsidiary company. During the year, the guarantee was released by the bank.

27.2 During the year, the Holding Company divested some of its shareholding in Engro Fertilizers Limited (EFert). The Holding Company held such shareholding in EFert since 2010 i.e. more than five years. Under the income tax laws, capital gain on sale of securities held for more than 24 months are to be taxed at zero %. However, the Holding Company was informed by the National Clearing Company of Pakistan Limited (NCCPL) that their clearing system shall deduct capital gain tax on such disposal and NCCPL shall deposit the same with the tax authorities. The Holding Company has obtained a stay thereagainst from High Court of Sindh and has also provided a bank guarantee amounting to Rs. 610,000 in this respect in favor of Nazir of High Court of Sindh.

(Amounts in thousand)

27.3 Last year, Engro Fertilizers Limited (EFert), a subsidiary company, had purchased losses surrendered by Engro Eximp Agriproducts (Private) Limited (EEAPL), a wholly owned subsidiary company, to avail the benefit of Group Relief under section 59B of the Income Tax Ordinance, 2001, aggregating to Rs. 3,508,441 representing business losses of Rs. 1,765,178 for financial year ended December 31, 2012 and Rs. 1,743,263 for financial year ended December 31, 2013. Further, during the year, losses aggregating to Rs. 2,899,363 for the financial year ended December 31, 2014 were surrendered by EEAPL in favour of EFert. These losses were duly adjusted by EFert against taxable profit for the financial years ended December 31, 2013 (Tax Year 2014) and December 31, 2014 (Tax Year 2015) whilst filing its tax returns for the said tax years. The Holding Company has provided an indemnity to EFert in case of any losses incurred by it due to any adverse order on account of the Group Relief transaction.

27.4 Claims, including pending lawsuits, not acknowledged as debts amounted to Rs. 109,685 (2014: Rs. 55,038).

27.5 EFert is contesting a penalty of Rs. 115,631 paid and expensed in 1997, imposed by the State Bank of Pakistan (SBP) for alleged late payment of foreign exchange risk cover fee on long term loans and has filed a suit in the High Court of Sindh. A partial refund of Rs. 62,618 was, however, recovered in 1999 from SBP and the recovery of the balance amount is dependent on the Court's decision.

27.6 EFert had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86 respectively. The sole arbitrator in the second case has awarded EFert Rs. 47,800 whereas the award for the earlier years is awaited. The award for the second arbitration was challenged in High Court of Sindh (the Court) and during the year the Court has upheld the award. However, as this can be challenged by way of further appeals, it will be recognized as income on realization thereof.

27.7 EFert had filed a constitutional petition in the High Court of Sindh, Karachi against the Ministry of Petroleum and Natural Resource (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmcfd gas per day to the Enven Plant and to prohibit from suspending, discontinuing or curtailing the aforesaid supply. The High Court of Sindh, in its order dated October 18, 2011, has ordered that SNGPL should supply 100 mmcfd of gas per day to EFert's new plant. However, five petitions have been filed in the Supreme Court of Pakistan against the aforementioned order of High Court of Sindh by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited along with 21 other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. EFert's management as confirmed by the legal advisor considers the chances of petitions being allowed to be remote.

Further, EFert upon continual curtailment of gas after the aforementioned decision of the High Court has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. EFert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to EFert's plant despite the judgment of High Court in EFert's favour. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the High Court. The application is pending for hearing and no orders have yet been passed in this regard.

27.8 All Pakistan Textile Processing Mills Association (APTPMA), Shan Dying & Printing Industries (Private) Limited, Agritech Limited (Agritech) and 27 others have each contended, through separate proceedings filed before the Lahore High Court that the supply to EFert's expansion plant is premised on the output of Qadirpur gas field exceeding 500 mmcfd by 100 mmcfd and the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 with Sui Northern Gas Pipeline Limited (SNGPL) be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. EFert has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmcfd gas has been allocated to EFert

(Amounts in thousand)

through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the expansion plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both EFert and gas field (Qadirpur), that is to initially supply gas to EFert, are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply upon Qadirpur field producing 100 mmcfd over 500 mmcfd. No orders have been passed in this regard and the petition has also been adjourned sine die. However, EFert's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

27.9 EFert along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 in relation to unreasonable increase in fertilizer prices. EFert has responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess and sales tax and partially the gas curtailment. The CCP has issued an order in March 2013, whereby it has held that EFert enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on EFert and that other fertilizer company respectively. An appeal has been filed in the Competition Appellate Tribunal (at present non-functional) and a writ has been filed in the Sindh High Court and stay has been granted against the recovery of the imposed fine. EFert's management believes that the chances of ultimate success are very good, as confirmed by legal advisor. Hence, no provision has been made in these consolidated financial statements.

27.10 Bank guarantees have been provided to:

- Sui Southern Gas Company Limited amounting to Rs. 62,842 (2014: Rs. 56,199) under the contract for supply of gas;
- Sui Northern Gas Company Limited (SNGPL) amounting to Rs. 34,350 (2014: Rs. 34,350) under the contract for supply of gas;
- SNGPL amounting to Rs. 2,496,126 (2014: Rs. 2,496,126) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement;
- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 258,712 (2014: Rs. 258,712) under Sales Tax Rules 2006, against refund claim of input sales tax. Against these guarantees, sales tax refunds amounting to Rs.172,000 (2014: Rs. 172,000) have been received to-date;
- Controller Military Accounts, Rawalpindi amounting to Rs. 9,001 (2014: Rs. 5,953), as collateral against supplies;
- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (2014: Rs. 600) as collateral against supplies; and
- Officer Commanding PAF Faisal Base amounting to Rs. 4,745 (2014: Rs. 3,818) as collateral against supplies.
- Other third parties amounting to Rs. 1,402,223 (2014: Rs. 1,075,119).

(Amounts in thousand)

27.11 A Corporate Guarantee amounting to USD 3,500 for principal plus interest amount has been issued on December 19, 2015 by Engro Powergen Limited on behalf of Engro Power Investments International B.V (EPII) in favor of UBL Switzerland AG against the term loan. As of December 31, 2015, EPII has not utilized this facility.

27.12 The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Act thereafter was last amended through Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of total value of goods as assessed by the Custom Authorities (the Authorities) plus one paisa per kilometer against various slab of net weight of goods.

In 2014, Engro Elengy Terminal Private Limited (EETPL) filed a petition against the aforementioned levy before the High Court of Sindh (the Court) where it is currently pending. Earlier, the Court through an interim order on petitions filed by other companies, directed companies to clear the goods on paying 50% of the amount of levy and furnishing bank guarantee / security for the balance amount.

EETPL estimates the amount of levy as at December 31, 2014 to be Rs. 8,774. In this respect, EETPL has paid 50% of the above levied cess and has provided bank guarantee amounting to Rs. 8,000 in favor of the Authorities to comply with interim orders of the Court. The bank guarantee shall continue and remain valid until the decision of the Court in the above mentioned case. However, based on the merits of the case and as per the opinion of its legal advisor, EETPL expects a favorable outcome on the matter and accordingly no provision has been made in this respect in these consolidated financial statements.

27.13 During the year, EETPL imported steel linepipes (the goods) for the LNG Project, on which the authorities allowed exemption from custom duty, however, refused to allow exemption from sales tax. EETPL filed a petition before the Court against levy of sales tax on the goods and to restrain the authorities from hindering clearance of the same. Under interim orders, the Court directed the authorities to release the goods subject to deposit of pay order with the Nazir of the Court amounting to Rs. 9,026, which has been duly deposited. The matter is currently pending for further hearing.

EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favorable outcome on the matter and accordingly no provision has been made in this respect in these consolidated financial statements.

27.14 Last year Engro Eximp (Private) Limited (EEL) received various notices from Deputy Commissioner Inland Revenue (DCIR) in respect of recovery of sales tax amounting to Rs. 213,012 under section 8B of the Sales Tax Act, 1990. EEL responded to these notices through its tax consultant and pleaded not to recover any amount under the above mentioned section as EEL was in a net refundable position. However, DCIR rejected EEL's contention for adjustment of refund against 8B payments and has demanded payments amounting to Rs. 49,907. An appeal to this effect has been filed with Commissioner Inland Revenue (Appeals) for which no hearing has taken place to date.

Further, EEL has filed a writ petition in Honorable High Court of Sindh (the Court) challenging the existence of section 8B on the grounds that such a section is confiscatory in its operation and thus unconstitutional. A stay order against the recovery of the aforementioned demand under section 8B has been granted to EEL by the Court. The management, based on advice of their legal counsel is confident that the matter will ultimately be decided in favor of EEL.

(Amounts in thousand)

27.15 Subsequent to the balance sheet date, the Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016 raised sales tax demand of Rs. 524,589 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The management of Engro Polymer & Chemicals Limited (EPCL) strongly believes that the order passed against EPCL is baseless as the DCIR has used inappropriate theoretical assumptions for calculating the sales tax liability.

The management of EPCL, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matter would be favorable and is in the process of filing appeal against aforesaid order at relevant forums.

Commitments

27.16 Details of commitments as at December 31, 2015 entered by the Group are as follows:

27.16.1 Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 1,295,668 (2014: Rs.3,884,174).

27.16.2 Commitments in respect of letters of credit / contracts other than for capital expenditures amount to Rs. 6,183,587 (2014: Rs. 7,090,270). This includes a letter of credit amounting to Rs. 840,663 (2014 : Rs. 806,972) extended by Engro Powergen Qadirpur Limited (EPQL) in favor of its senior lenders.

27.16.3 Other commitments in respect of subsidiary companies amounts to Rs. 1,175,460 (2014: Rs. 5,239,659).

27.16.4 The aggregate facility for performance guarantees to be issued by banks as at December 31, 2015 amounts to Rs. 1,098,000 (2014: Rs. 1,165,000). The amount utilized thereagainst as at December 31, 2015 was Rs. 1,097,280 (2014: Rs. 1,080,939).

27.16.5 EPCL has entered into various contracts with Engro Vopak Terminal Limited, a related party, for storage and handling of Ethylene and Vinyl Chloride Monomer (VCM) valid till March, 2026 and December 2018, respectively, and Ethylene Di-Chloride (EDC) valid till May 2018. Annual fixed cost payable to Engro Vopak Terminal Limited, under these contracts, approximates to USD 9,165.

27.16.6 The Group has entered into lease arrangements for computer / office equipments and for storage and handling of Ethylene Di Chloride (EDC) & caustic soda. The future aggregate lease payments under these arrangements are as follows:

	2015	2014
	-------------(Rupees)-------------	
Not later than 1 year	109,945	109,842
Later than 1 year and no later than 5 years	158,094	275,601
Later than 5 years	-	-
	268,039	385,443

27.16.7 Engro Elengy Terminal Private Limited (EETPL) has entered into lease arrangement for hire of Floating Storage & Regasification Unit (FSRU). The future aggregate lease payments as daily hire charges under this arrangement are as follows:

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
Not later than 1 year	4,016,460	-
Later than 1 year and no later than 5 years	16,404,344	-
Later than 5 years	41,182,208	-
	61,603,012	-

27.16.8 EETPL is required to pay USD 1,225 to foreign lenders (Asian Development Bank and International Finance Corporation) and Rs. 42,100 to local commercial facility financiers (comprising of Pak Brunei Investment Company Limited, NIB Bank Limited and Askari Bank Limited) as loan arrangement fees under the Common Terms Agreement.

28. REVENUE

	2015	2014
	-------------(Rupees)-------------	
Own manufactured products (note 28.1)	168,210,680	157,499,786
Less:		
- Sales tax	(20,025,220)	(14,839,132)
- Discounts	(3,797,384)	(2,016,274)
	144,388,076	140,644,380
Purchased product / services rendered	38,637,608	39,442,759
Less: Sales tax	(1,373,304)	(4,128,797)
	37,264,304	35,313,962
Subsidy from Government of Pakistan	2,611,879	-
	184,264,259	175,958,342

28.1 Includes export sales amounting to Rs. 3,561,108 (2014: Rs. 8,515,714).

29. COST OF REVENUE

	2015	2014
	-------------(Rupees)-------------	
Cost of goods sold (note 29.1)	127,969,399	139,741,638
Cost of services rendered (note 29.2)	4,800,072	-
	132,769,471	139,741,638

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
29.1 Cost of Goods Sold		
Raw and packing materials consumed including unprocessed rice (note 29.1.2)	62,798,796	73,388,603
Salaries, wages and staff welfare (note 29.1.3)	5,032,972	4,355,398
Fuel and power	21,428,248	20,459,344
Repairs and maintenance	1,988,490	1,724,758
Depreciation (note 4.2)	8,671,629	8,501,719
Amortization (note 6.1)	27,138	39,945
Consumable stores	2,087,935	783,322
Staff recruitment, training, safety and other expenses	142,557	172,497
Purchased services	1,097,012	1,155,253
Storage and handling	1,678,134	1,877,782
Travel	292,232	214,818
Communication, stationery and other office expenses	307,053	297,283
Insurance	749,638	788,200
Rent, rates and taxes	616,904	507,960
Provision / (Reversal of provision) against:		
- stock-in-trade	(1,653,298)	1,433,069
- slow moving spares	42,421	25,875
Other expenses	287,307	122,754
Manufacturing cost	105,595,168	115,848,580
Add: Opening stock of work-in-progress (note 12)	641,389	489,936
Less: Closing stock of work-in-progress (note 12)	213,415	641,389
	427,974	(151,453)
Cost of goods manufactured	106,023,142	115,697,127
Add: Opening stock of finished goods manufactured (note 12)	4,581,087	3,647,394
Less: Closing stock of finished goods manufactured (note 12)	4,041,032	3,880,408
	540,055	(233,014)
Cost of goods sold		
- own manufactured product	106,563,197	115,464,113
- purchased product (note 29.1.1)	21,406,202	24,277,525
	127,969,399	139,741,638
29.1.1 Cost of sales - purchased product		
Opening stock (note 12)	298,214	197,486
Add: Purchases	25,225,734	24,364,184
Less: Closing stock (note 12)	4,117,746	284,145
	21,406,202	24,277,525

29.1.2 This is net of reversal of provision amounting to Rs. 881,860 (2014: Nil) in respect of duty on import of raw materials and GIDC of prior periods.

29.1.3 Salaries, wages and staff welfare include Rs. 341,980 (2014: Rs. 298,595) in respect of staff retirement benefits.

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
29.2 Cost of services rendered		
Fixed expenses (note 29.2.1)	3,881,982	-
Variable expenses (note 29.2.2)	350,079	-
Depreciation (note 4.2)	417,336	-
Amortization of direct cost on FSRU	72,096	-
Salaries, wages and benefits	44,707	-
Repairs and maintenance	22,128	-
Travelling and entertainment	4,418	-
Security and other expense	7,326	-
	4,800,072	-

29.2.1 Includes expenses in respect of rental, operating and maintenance charges of FSRU and for its use as LNG carrier amounting to Rs. 3,783,314.

29.2.2 Includes royalty to Port Qasim Authority amounting to Rs. 203,383.

30. SELLING AND DISTRIBUTION EXPENSES

	2015	2014
	-------------(Rupees)-------------	
Salaries, wages and staff welfare (note 30.1)	1,480,188	1,266,607
Staff recruitment, training, safety and other expenses	72,724	62,874
Product transportation and handling	5,559,310	5,907,916
Repairs and maintenance	87,184	66,765
Advertising and sales promotion	2,589,747	2,524,219
Rent, rates and taxes	260,492	310,865
Communication, stationery and other office expenses	105,378	76,061
Travel	159,894	188,903
Depreciation (note 4.2)	236,526	227,859
Amortization (note 6.1)	960	160
Purchased services	22,127	16,356
Others	182,454	176,544
	10,756,984	10,825,129

30.1 Salaries, wages and staff welfare include Rs. 119,748 (2014: Rs. 100,948) in respect of staff retirement benefits.

(Amounts in thousand)

31. ADMINISTRATIVE EXPENSES

	2015	2014
	-------------(Rupees)-------------	
Salaries, wages and staff welfare (notes 31.1 and 31.2)	1,875,055	1,741,568
Staff recruitment, training, safety and other expenses	164,737	130,443
Repairs and maintenance	64,235	100,130
Advertising	93,092	6,199
Rent, rates and taxes	312,349	272,238
Communication, stationery and other office expenses	346,596	295,787
Travel	184,772	271,317
Depreciation (note 4.2)	115,730	104,723
Amortization (note 6.1)	70,832	70,998
Purchased services	383,390	560,333
Donations (note 49)	149,237	129,267
Others	85,749	280,879
	3,845,774	3,963,882

31.1 Salaries, wages and staff welfare include Rs. 136,867 (2014: Rs. 148,968) in respect of staff retirement benefits.

31.2 Includes Rs. 157,972 (2014: Rs. 94,614) in respect of Employees' share option compensation expense.

32. OTHER INCOME

	2015	2014
	-------------(Rupees)-------------	
Financial assets:		
Income on deposits / other financial assets	1,689,901	2,580,859
Exchange gain	55,108	28,764
Interest on receivable from SSGCL	205,643	-
Delayed payment charges on overdue receivables	195,865	171,126
Non financial assets:		
Service charges	-	4,321
Insurance claims	141,936	235,373
Gain on disposal of disposal of property, plant and equipment	46,029	-
Income from sale of spares / scrap	57,669	56,177
Capital gain on disposal of investment in subsidiary companies - Gain on deemed disposal	6,935	129,103
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets (note 5.1)	243,603	245,506
Reversal of provision against:		
- infrastructure cess (note 32.1)	148,583	-
- doubtful loan to Avanceon Limited	-	35,379
Others	188,947	232,434
	2,980,219	3,719,042

(Amounts in thousand)

32.1 As per the interim arrangement with the Excise and Customs authorities, the bank guarantees furnished by the Group (Appellants before the Supreme Court) upto December 27, 2006 were discharged and returned. As agreed, 50% in value of the Bank Guarantees furnished for consignments released after the aforesaid date were permitted to be enchased; the remaining 50% were to be retained until a judicial resolution. It was specifically agreed, as per the joint statement, that after May 31, 2011 all imports would be released on payment of 50% cash and 50% bank guarantee.

The management of the Group being confident that no demand will be raised for any amount pertaining to the period prior to December 27, 2006, has reversed the provision relating to that period.

33. OTHER OPERATING EXPENSES

	2015	2014
	-------------(Rupees)-------------	
Workers' profits participation fund (note 24.4)	1,482,985	665,692
Workers' welfare fund	561,821	345,469
Legal and professional charges	814,640	359,844
Research and development	56,405	54,339
Reversal of provision for trade debts, loans advances and other receivables	-	(10,918)
Provision for contractual commitments and insurance	-	96,145
Provision for insurance settlement of subsidiary since inception	-	84,975
Provision for dispatch claims	35,718	-
Provision against refundable sales tax	180,000	-
Loss on disposal of property, plant and equipment	-	260,204
Loss on disposal of biological assets	-	18,921
Loss on disposal of subsidiary	-	453,381
Auditors' remuneration (note 33.1)	35,346	27,471
Provision for culling of biological assets (note 5)	24,748	22,314
Others	35,265	121,725
	3,226,928	2,499,562

33.1 Auditors' remuneration:

The aggregate amount charged in respect of auditors' remuneration, including remuneration of auditors' of foreign subsidiaries, is as follows:

Fee for:		
- audit of annual financial statements	6,544	5,297
- review of half yearly financial statements	1,478	1,160
Special audit, certifications, audit of retirement benefit funds, review of compliance with Code of Corporate Governance and other advisory services	13,044	11,268
Tax services	11,786	7,529
Reimbursement of expenses	2,494	2,217
	35,346	27,471

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	

334. FINANCE COST

	2015	2014
Interest / mark-up on:		
- long term borrowings	5,508,432	7,140,605
- short term borrowings	1,293,325	2,570,141
Interest on Workers' profits participation fund (note 24.4)	154	4,193
Loss on fair value of IFC conversion option	28,551	566,998
Foreign exchange loss, net	1,121,793	1,373,150
Financial charges on usance letters of credit	83,662	353,705
Others	389,320	335,367
	8,425,237	12,344,159

35. SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES

	2015	2014
Engro Vopak Terminal Limited		
Share of profit before taxation	910,038	795,098
Less: Share of provision for taxation	(123,101)	(85,736)
	786,937	709,362
Sindh Engro Coal Mining Company & GEL Utility Limited		
Share of profit from associates	232,008	13,674
	1,018,945	723,036

36. TAXATION

	2015	2014
Current		
- for the year	5,779,213	3,761,441
- for prior years	440,317	(403,734)
	6,219,530	3,357,707
Deferred	2,296,919	(175,798)
	8,516,449	3,181,909

36.1 The Holding Company

In 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs. 218,790 and raised a demand of Rs. 139,575 whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed an appeal with the Commissioner Inland Revenue (CIR) - Appeals who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 184,191 and revised the demand to Rs. 104,976. The Company paid Rs. 53,250 thereagainst and simultaneously filed an appeal against the CIR - Appeals decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to the Company. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for denovo proceedings, thereby accepting the Company's contention. The income tax department, in response thereagainst, had filed an appeal with ATIR, which was pending for hearing. Subsequent to the year end, the ATIR has also dismissed the appeal of the CIR.

In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Company filed an appeal against the said order with CIR - Appeals, whereby the order has been remanded back to assessing officers for denovo proceedings.

During the year, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Company received notices of demand amounting to Rs. 105,955 and Rs. 250,773, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. The Company filed appeals thereagainst with the CIR - Appeals and also obtained stays from the High Court of Sindh from initiating any recovery proceedings in respect of both tax years. Subsequently, in respect of tax year 2011, the CIR - Appeals accepted the Company's plea and annulled the order passed by the DCIR. In response the DCIR filed an appeal before the ATIR for rectification of the order passed by the CIR - Appeals.

36.2 Subsidiary Companies

36.2.1 Engro Fertilizers Limited (EFert)

36.2.1.1 During the year, the income tax department amended the assessment filed by EFert for tax year 2014. EFert filed the appeal before CIR - Appeals against disallowances made through the assessment, which mainly pertained to exchange gain and loss, loss on derivative and losses purchased from Engro Eximp Agriproducts (Private) Limited under section 59B of the Income Tax Ordinance, 2001. In addition the tax department raised demand for the Alternative Corporate Tax through the same order, for which EFert specifically obtained a stay order. The case is pending to be heard with the CIR - Appeals and EFert is confident of a favourable outcome.

36.2.1.2 Last year, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert filed the appeals before ATIR against the said disallowances, which through its decision during last year, provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011, and loss on derivative for tax year 2011. During the year, EFert has challenged the said decision before High Court of Sindh, which is pending to be heard and is confident of a favourable outcome.

36.2.1.3 EFert had filed suit in the High Court of Sindh, against the Federal Board of Revenue contesting both the retrospective and prospective application of Alternate Corporate Tax (ACT) under section 113C of the Income Tax Ordinance, 2001 (introduced vide Finance Act 2014). EFert has been granted stay against ACT for the years 2013 and 2014 during 2014 and stay for the cuirrent year has been granted during the year.

36.2.1.4 During the year, EFert has purchased losses surrendered by Engro Eximp Agriproducts (Private) Limited, a Group Company, to avail the benefit of Group Relief under section 59B of the Income Tax Ordinance, 2001, amounting to Rs 2,899,368 representing business tax losses for financial year ended December 31, 2014. These losses have been duly adjusted by EFert against taxable profit for the financial year ended December 31, 2014 (Tax Year 2015) whilst filing its tax return for the said tax year.

36.2.1.5 In previous years, the department had filed reference applications in High Court against the below-mentioned ATIR's decisions in EFert's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 and 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

EFert is confident that all pending issues will eventually be decided in its favour.

(Amounts in thousand)

36.2.1.7 During the year, EFert received a sales tax order from the tax department for the year ended December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by EFert on advances received from dealers amounting to Rs. 1,844,075. EFert filed appeal with CIR - Appeals which has decided the matters in favour of EFert. The department has now challenged the decision of the CIR - Appeals with ATIR , which is pending to be heard.

36.2.2 Engro Foods Limited (EFoods)

Following is the position of the EFoods's open tax assessments:

36.2.2.1 EFoods in accordance with section 59B (Group Relief) of the Income Tax Ordinance, 2001 has surrendered to EFert, its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the years ended December 31, 2006, 2007 and 2008 (Tax years 2007, 2008 and 2009) for cash consideration aggregating Rs. 1,500,847 being equivalent to tax benefit / effect thereof.

EFoods has been designated as part of the Group of Engro Corporation Limited by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59 B(2)(g) of the Ordinance and a requirement under the Group Companies Registration Regulations, 2008 (the Regulations) notified by the SECP on December 31, 2008.

Further, the ATIR, in respect of surrender of aforementioned tax losses by the EFoods to EFert for the years ended December 31, 2006 and 2007, decided the appeals in 2010 in favour of EFert, whereby, allowing the surrender of tax losses by EFoods to EFert. The tax department has filed reference application thereagainst before the Sindh High Court, which are under the process of hearings. However, in any event, should the reference application be upheld and the losses are returned to EFoods, it will only culminate into recognition of deferred income tax asset thereon with a corresponding liability to EFert for refund of the consideration received. As such there will be no effect on the results of the EFoods.

In 2013, the ATIR also decided the similar appeal filed by EFert for the year ended December 31, 2008 in its favour.

36.2.2.2 EFoods's appeal against the order of CIR - Appeals for reduction of tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007, is currently in the process of being heard. However, EFoods, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, hence the balance of taxes recoverable has not been reduced by the effect of the aforementioned disallowance.

36.2.2.3 In 2013, CIR - Appeals raised a demand of Rs. 223,369 for tax year 2009 by disallowing the provision for advances, stock written-off, repair and maintenance, sales promotion and advertisement expenses etc. During the year, in response to the appeal filed against the audit proceedings, the Commissioner Appeals issued an appellate order in favour of EFoods holding the selection of case for audit to be illegal and without jurisdiction. The tax department has filed an appeal against the order with the ATIR, however, no hearing has been conducted to date. EFoods, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

(Amounts in thousand)

36.2.2.4 In 2014, the Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 713,341 for tax year 2012 by disallowing the initial allowance and depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, purchase expenses, sales promotion and advertisement and other expenses etc. EFoods has obtained a stay order from the Sindh High Court against the recovery proceedings and has also filed an appeal thereagainst before CIR - Appeals. EFoods, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

36.2.3 Engro Elengy Terminal (Private) Limited (EETPL)

EETPL has been granted tax holiday for a period of 5 years from the date of commencement of operations through Finance Act, 2015.

36.2.4 Engro Eximp (Private) Limited (EEL)

Following is the position of EEL open tax assessments:

36.2.4.1 Uptil 2011, EEL's major operating activities were taxable under the Final Tax Regime (FTR) except for profit on bank accounts, capital gain on investments and gain on local commodity trading were taxable under the Normal Tax Regime (NTR). However, through Finance Act, 2012, certain amendments were introduced, whereby EEL had the option to be taxed under NTR in respect of activities previously taxable under FTR, with the condition that minimum tax liability with respect to such income as specified therein.

EEL intended to opt for NTR and accordingly has made provision and filed return for tax year 2013 on that basis. Last year, EEL's return for tax year 2013 was selected for audit by the tax authorities under section 177 of Income Tax Ordinance, 2001, (ITO). As a result of the audit, the assessing officer has passed a notice of demand along with an amended assessment order in which the officer has treated the entire return as a return under FTR thereby disallowing the refundable adjustment amounting to Rs. 369,329 arising as a result of clause 41A, 41AA and 41AAA of Second Schedule of the Income Tax ordinance, 2001.

Further, the notice of Demand was issued for the recovery of Workers Welfare Fund (WWF) and tax on bank deposits amounting to Rs. 17,241 and Rs. 7,243 respectively.

In respect thereof, EEL has filed an appeal to the CIR - Appeals against the disallowance of NTR / FTR adjustment along with the notice for the recovery of WWF and tax on deposits. The CIR - Appeals through his order dated January 26, 2015 accepted EEL's contention on account of FTR opt out. However, matters in respect of Income from deposits and WWF were decided against EEL.EEL has filed an appeal on the matters decided against EEL and based on advice of tax consultant, is confident that these matters will also be decided in favour of EEL. Accordingly, no provision has been recognized in this respect in these consolidated financial statements.

36.2.5 Engro Eximp AgriProduct (Private) Limited (EEAPL)

EEAPL's return for tax year 2011 was selected for audit by the tax authorities through balloting under section 214C of Income Tax Ordinance, 2001, (ITO). As a result of the audit, the assessing officer passed an amended assessment order under section 122 of ITO, whereby it disallowed total depreciation including initial allowance amounting to Rs. 569,062 and also disallowed certain manufacturing and trading expenses amounting to Rs. 26,900. EEAPL, in response to the amended assessment order, had filed an appeal before CIR - Appeals which has been disposed off in favor of the tax department.

In this respect, the EEAPL filed an appeal to ATIR, on the grounds that necessary supports are available with the management to prove its stance. During the year, the ATIR reverted the case to the Commissioner and directed to assess the case in the light of evidences and supports available with the management. To date, management has submitted partial information with a request for extension in filling other necessary supports. The management based on advice of tax consultant, is confident that matters will be decided in favour of the EEAPL. Accordingly, no provision has been recognized in these consolidated financial statements.

36.2.6 Engro Polymer & Chemicals Limited (EPCL)

36.2.6.1 Tax year 2008

The DCIR through the order dated November 26, 2009 raised a tax demand of Rs. 213,172. The demand arose as a result of additions on account of trading liabilities of Rs. 47,582 under section 34(5) of the Income Tax Ordinance, 2001 (the Ordinance); disallowance of provision for retirement benefits of Rs. 5,899; adding imputed interest on loans to employees and executives of Rs. 16,069 to income; disallowing finance cost of Rs. 134,414 and not considering adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

EPCL filed an appeal against the aforesaid order before CIR - Appeals, but discharged the entire demand through adjustment against assessed refunds of Rs. 180,768 and paying the balance of Rs. 32,404 'under protest'. Through his appellate order, the CIR - Appeals maintained certain additions aggregating Rs. 189,810 including finance cost amounting to Rs. 134,414 and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period of tax years 2004 to 2007. An appeal against the said appellate order was filed by EPCL before the ATIR. The department also filed an appeal against the said appellate order challenging the actions of the CIR - Appeals.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting EPCL's position except for additions on account of trading liabilities to the extent of Rs. 20,280 and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs. 19,692 and Rs. 7,300 respectively, which were maintained.

EPCL filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of EPCL. The management of EPCL, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same in these consolidated financial statements.

36.2.6.2 Tax year 2009

The DCIR through his order dated November 30, 2010 raised a tax demand of Rs. 163,206. The demand arose as a result of disallowance of finance cost of Rs. 457,282; additions to income of trading liabilities of Rs. 21,859 under section 34(5) of the Ordinance; disallowance of provision for retirement benefits of Rs. 14,239; disallowance of provision against Special Excise Duty refundable of Rs. 36,689; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by EPCL before the CIR - Appeals. Through his appellate order, the CIR - Appeals maintained certain additions aggregating to Rs. 493,971 including disallowance of finance cost amounting to Rs. 457,282 and remanded back the issue of imputed interest on loans to employees and executives. An appeal against the said appellate order was filed before the ATIR. The department also filed an appeal against the said appellate order challenging the action of CIR - Appeals, regarding deletion of addition on account of provision for the retirement benefits.

(Amounts in thousand)

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting EPCL's position except for additions on account of SED provision of Rs. 36,689 and imputed interest on loans to employees and executives to the extent of Rs. 17,430, which were maintained.

EPCL filed a reference to the High Court of Sindh against the additions maintained by ATIR. Likewise, the tax department has also filed reference to the High Court of Sindh against the order passed by the ATIR in favour of EPCL. The management of EPCL, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matters would be favorable and, accordingly, has not recognized the effects for the same in these consolidated financial statements.

36.3 Relationship between tax expense and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2015	2014
	-------------(Rupees)-------------	
Profit before taxation	25,784,845	10,982,755
Tax calculated at the rate of 32% (2014: 33%)	8,251,150	3,624,309
Depreciation on exempt assets not deductible for tax purposes	3,043	3,140
Effect of exemption from tax on certain income	(2,753,629)	(668,587)
Effect of applicability of lower tax rate, FTR and other tax credits / debits	(2,094,857)	541,244
Prior year current and deferred tax charge	753,356	(652,317)
Un-recoupable minimum turnover tax	161,613	387,210
Effect of derecognition of carried forward losses	1,181,778	-
Effect of provision for impairment against long term investment	1,492,405	-
Tax effect of minimum tax liability on imports, exports and local trading	66,700	-
Others	1,454,890	(53,090)
Tax charge for the year	8,516,449	3,181,909

37. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by weighted average number of ordinary shares in issue during the year.

Diluted earnings per share has been calculated by adjusting the weighted average number of ordinary shares outstanding for assumed conversion of equity option on IFC loan throughout the year. The effect of these options is anti-dilutive as at December 31, 2015.

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
Profit / (loss) for the year (attributable to the owners of the Holding Company) from:		
- Continuing operations	13,784,418	7,567,767
- Discontinued operations	-	(560,935)
	13,784,418	7,006,832
The information necessary to calculate basic and diluted earnings per share is as follows:		
Profit for the year from continuing operations	13,784,418	7,567,767
Add: Interest on IFC loan - net of tax	3,820	41,955
- Loss on revaluation of conversion options on IFC loan - net of tax	14,240	238,795
	18,060	280,750
	13,802,478	7,848,517
	-----(Number in thousands)-----	
Weighted average number of ordinary shares	523,785	515,591
Add: Weighted average adjustment for assumed conversion	-	2,922
Weighted average number of ordinary shares for determination of diluted EPS	523,785	518,513

37.1 As at December 31, 2015, there was no dilutive effect on the basic earnings per share of the Group since the options granted on the Holding Company's share to IFC have been exercised during the year.

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts in respect of remuneration, including all benefits, to the Chief Executive and Directors of the Holding Company and Executives of the Group are as follows:

	2015			2014		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	-------------------------------------		Rupees	-------------------------------------		
Managerial remuneration	93,512	3,330	4,402,502	91,694	3873138	3,873,138
Retirement benefits funds	840	-	491,207	1,260	459414	459,414
Other benefits	19	677	209,416	-	215491	215,491
Fees	-	29,523	234,640	13,200	93446	93,446
Total	94,371	33,530	5,337,765	92,954	13,200	4,641,489
Number of persons including those who worked part of the year	2	17	1,643	1	11	1569

38.1 The Group also makes contributions based on actuarial calculations to pension and gratuity funds and provides certain household items for use of some executives.The Group also provides certain household items for use of some employees and Chief executive. Cars are also provided for use of certain employees and directors. In addition, entertainment and security expenses are also incurred for directors.

(Amounts in thousand)

38.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Company, amounts to Rs.1,254 (2014: Rs. 1,517).

39. RETIREMENT BENEFITS

39.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Group offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

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

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

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

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

In addition to above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

39.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2015, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded 2015	Defined Benefit Gratuity Plan Funded 2014	Defined Benefit Pension Plan Funded (Curtailed) 2015	Defined Benefit Pension Plan Funded (Curtailed) 2014
	-----------------------(Rupees)		------------------------	
39.1.2 Balance sheet reconciliation				
Present value of defined benefit obligation	987,920	809,146	33,367	34,406
Fair value of plan assets	(876,700)	(828,212)	(40,835)	(38,824)
Deficit / (Surplus)	111,220	(19,066)	(7,468)	(4,418)
Payable to Defined Contribution Gratuity Fund	10,120	10,515	-	-
Payable in respect of inter group transfers	505	1,021	-	-
Unrecognized asset	-	-	7,468	4,418
Net (asset) / liability recognized in the balance sheet	121,845	(7,530)	-	-
39.1.3 Movement in net (assets) / liability recognized in the balance sheet				
Net liability at beginning of the year	(7,530)	97,148	-	-
Expense / (income) for the year	114,216	104,847	(464)	(821)
Net contribution by the Group	(109,803)	(204,217)	-	-
Remeasurement loss / (gain) to Other Comprehensive Income	124,962	(4,904)	464	821
Discontinued operations	-	(404)	-	-
Net (asset) / liability at end of the year	121,845	(7,530)	-	-
39.1.4 Movement in present value of defined benefit obligation				
As at beginning of the year	809,146	727,897	34,406	32,218
Current service cost	110,629	95,289	-	-
Past service cost	6,345	-	-	-
Interest cost	94,116	97,595	3,400	3,949
Benefits paid during the year	(129,918)	(92,649)	(4,054)	(3,847)
Remeasurement loss / (gain) to Other Comprehensive Income	122,544	(17,144)	(385)	2,086
Liability transferred in respect of inter-company transfer	(1,076)	(1,547)	-	-
(Asset) / Liability in respect of defined contribution transfers	(23,866)	665	-	-
Discontinued operations	-	(960)	-	-
As at end of the year	987,920	809,146	33,367	34,406
39.1.5 Movement in fair value of plan assets				
As at beginning of the year	828,212	641,931	38,824	38,535
Expected return on plan assets	96,874	88,037	3,864	4,770
Contributions by the Group	109,803	204,217	-	-
Benefits paid during the year	(129,918)	(92,649)	(4,054)	(3,847)
Remeasurement (loss) / gain to Other Comprehensive Income	(2,418)	(11,466)	2,201	(634)
Inter group asset transfers	(1,987)	(1,156)	-	-
Assets adjusted in respect of defined contribution transfers	(23,866)	-	-	-
Discontinued operations	-	(702)	-	-
As at end of the year	876,700	828,212	40,835	38,824

(Amounts in thousand)

	Defined Benefit Gratuity Plan Funded 2015	Defined Benefit Gratuity Plan Funded 2014	Defined Benefit Pension Plan Funded (Curtailed) 2015	Defined Benefit Pension Plan Funded (Curtailed) 2014
	-----------------------(Rupees)		------------------------	
39.1.6 Charge for the year				
Current service cost	110,629	95,289	-	-
Past service cost	6,345	-	-	-
Net Interest income / (cost)	(2,758)	9,558	(464)	(821)
	114,216	104,847	(464)	(821)
39.1.7 Principal actuarial assumptions used in the actuarial valuation				
Discount rate	9% - 10%	10.5% - 12.25%	9%	10.5%
Expected rate of return on plan assets - per annum	9% - 10%	12.25% - 14%	9%	10.5%
Expected rate of increase in pension - per annum	-	-	1%	2.5%
Expected rate of increase in future salaries - per annum	8% - 10%	9.5% - 11.25%	8%	9.5%-11.25%
39.1.8 Actual return on plan assets	85,887	89,633	3,823	3,782

	2015 Rupees	2015 %	2014 Rupees	2014 %
39.1.9 Plan assets comprise of the following				
Defined Benefit Gratuity Plans				
Debt	645,786	74%	614,395	74%
Mutual funds	5,492	1%	5,223	1%
Equity	119,231	13%	95,231	11%
Others	106,191	12%	113,363	14%
	876,700	100%	828,212	100%
Defined Benefit Pension Plan				
Debt	38,998	96%	38,142	98%
Others	1,837	4%	682	2%
	40,835	100%	38,824	100%

39.1.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

39.1.11 Historical information of staff retirement benefits

(Amounts in thousand)

	2015	2014	2013	2012	2011
	-----------------------------(Rupees)-------------------------------				
Defined benefit gratuity plans					
Present value of defined benefit obligation	(987,920)	(809,146)	(727,897)	(693,804)	(610,989)
Fair value of plan assets	876,700	828,212	641,931	670,677	546,096
Surplus / (deficit)	(111,220)	19,066	(85,966)	(23,127)	(64,893)
Defined benefit pension plan					
Present value of defined benefit obligation	(33,367)	(34,406)	(32,218)	(181,783)	(164,522)
Fair value of plan assets	40,835	38,824	38,535	187,719	154,157
Surplus / (deficit)	7,468	4,418	6,317	5,936	(10,365)

39.1.12 Expected future cost / (reversal) for the year ending December 31, 2016 is as follows:

	Rupees
Defined benefit gratuity plans	132,877
Defined benefit pension plan	(672)

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2015	2014	2015	2014
	-----------------------(Rupees)------------------------			
39.1.13 **Remeasurement recognized in Other Comprehensive Income**				
Loss from change in demographic assumptions	-	-	-	(740)
Gain / (Loss) from change in experience adjustments	(106,732)	17,780	138	(1,769)
(Loss) / Gain from change in financial assumptions	(15,812)	(636)	247	423
Remeasurement of Obligation	(122,544)	17,144	385	(2,086)
Actual Return on plan assets	85,887	89,633	3,823	3,782
Expected Return on plan assets	(96,874)	(88,037)	(3,864)	(4,770)
Difference in opening fair value of plan assets	8,569	(13,062)	2,242	354
Remeasurement of Plan Assets	(2,418)	(11,466)	2,201	(634)
Adjustments for DC transfer pertaining to earlier periods	-	(774)	-	-
Effect of Asset Ceiling	-	-	(3,050)	1,899
	(124,962)	4,904	(464)	(821)

(Amounts in thousand)

39.1.14 Sensitivity analysis

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

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
	----------------------(Rupees)-----------------------			
Discount rate	903,592	836,299	31,390	35,592
Long term salary increases	1,073,403	705,857	-	-
Long term pension increases	-	-	35,754	31,223
Withdrawal rates : Light	31,390	-	-	-
Withdrawal rates : Heavy / Moderate	35,592	-	-	-

39.1.15 Maturity Profile

	Gratuity Plans	Pension Plan
	------Rupees------	
Time in years		
1	106,260	4,095
2	75,497	4,135
3	103,055	4,177
4	163,934	4,219
5-10	705,787	21,734
11-15	1,012,833	22,843
16-20	1,862,020	24,008
20+	11,755,865	108,920
Weighted average duration	3.83 - 12.22	6.30

39.2 Defined contribution plans

An amount of Rs. 293,053 (2014: Rs. 268,372) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

(Amounts in thousand)

40. CASH GENERATED FROM OPERATIONS

	2015	2014
	----------(Rupees)----------	
Profit before taxation	25,784,845	10,982,755
Adjustment for non-cash charges and other items:		
Depreciation	9,441,221	8,868,307
Amortization of intangible assets	98,930	111,103
Amortization of deferred income	(5,720)	(6,894)
Amortization of deferred employee share compensation expense	157,973	94,614
Amortization of arrangement fees on long term finances	6,685	-
Amortization of prepaid financial charges	27,069	-
Amortization of direct cost on FSRU	72,096	-
(Gain) / Loss on disposal of property, plant and equipment - net	(47,847)	204,027
Stores and spares written-off	29,795	8,156
Loss on disposal of biological assets	3,327	18,921
Loss on fair value adjustments of embedded derivatives and hedging instruments	-	88,640
Provision for retirement and other service benefits	282,035	104,026
Income on deposits / other financial assets	(1,689,901)	(2,580,859)
Share of income from joint venture and associated companies (note 35)	(1,018,945)	(1,072,423)
Gain arising from changes in fair value less estimated point of sale costs of biological assets	(243,604)	(245,506)
Financial charges (note 34)	8,425,237	12,344,159
Foreign currency translation	28,004	(1,207,440)
Provision for surplus and slow moving stores and spares	164,849	5,417
Provision for stock in trade	102,881	2,234,257
Provision for impairment of other receivable	215,718	544
Provision / (Reversal of provision) for doubtful trade debts	902	(11,502)
Provision for impairment of property, plant and equipment and intangible assets	3,454,184	475,945
Provisions against concessionary duty on import of raw materials and gas infrastructure development cess	134,690	-
(Gain) / Loss on disposal of investment in subsidiary	(6,935)	324,278
Provision for culling of biological assets	24,748	22,314
Working capital changes (note 40.1)	(25,303,660)	14,747,710
	20,138,577	45,510,549

(Amounts in thousand)

	2015	2014
	-------------(Rupees)-------------	
40.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(296,565)	(514,250)
- Stock-in-trade	(2,624,408)	6,880,036
- Trade debts	(2,119,302)	(1,627,612)
- Loans, advances, deposits and prepayments	(15,694)	(259,924)
- Other receivables - net	(2,617,441)	(306,651)
	(7,673,410)	4,171,599
Increase / (decrease) in current liabilities		
- Trade and other payables and provisions	(17,630,250)	10,576,111
	(25,303,660)	14,747,710

41. CASH AND CASH EQUIVALENTS

	2015	2014
Cash and bank balances (note 18)	4,112,298	12,244,533
Short term investments (note 17)	12,570,835	3,258,782
Short-term borrowings (note 26)	(5,426,645)	(7,014,678)
	11,256,488	8,488,637

42. FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
Financial assets as per balance sheet		
- Loans and receivables		
Loans and advances	5,385,429	2,270,847
Trade debts	6,733,613	4,615,213
Other receivables	1,891,758	1,443,428
Cash and bank balances	4,112,298	12,244,533
	18,123,098	20,574,021
- Fair value through profit and loss		
Short term investments	11,827,935	27,694,406
Held to maturity	2,222,177	1,292,678
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortized cost		
Borrowings	65,991,407	85,138,492
Trade and other payables	29,410,225	43,709,283
Accrued interest / mark-up	1,328,147	2,067,680
	96,729,779	130,915,455
- Fair value through profit and loss		
Derivative financial instruments	348,093	1,084,897
- Derivatives used for hedging	33,152	431,314

(Amounts in thousand)

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's Finance and Planning departments under policies approved by the Senior Management.

a) Market risk

i) Currency risk

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

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

The Holding Company has given guarantees in favor of its subsidiary companies amounting to USD 130,947 (2014: USD 159,144). The devaluation / revaluation of currency will only impact contingent liabilities and the impact on consolidated post tax profit for the year is Nil.

At December 31, 2015, if the Pakistani Rupee had weakened / strengthened by 1% against the US Dollars with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 63,187, mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated liabilities.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short and long-term borrowings and obligations under finance lease. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

The Group manages its interest rate exposure through floating to fixed rate interest swaps on its foreign currency borrowings.

As at December 31, 2015, if interest rates on Group's borrowings had been 1% higher / lower with all other variables held constant, consolidated post tax profit for the year would have been lower / higher by Rs. 482,502, mainly as a result of interest exposure on variable rate borrowings.

(Amounts in thousand)

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

As at December 31, 2015, the Group is not exposed to any significant price risk.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Maximum exposure to credit risk is equal to the carrying amount of financial assets. The Group maintains internal policies to place funds with commercial banks/mutual funds having a minimum short term credit rating of A1 and AM3. The Group accepts bank guarantees of banks of reasonably high credit ratings as approved by management.

The Group's fertilizer segment is exposed to a concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees inland letter of credits and by the fact that the exposure is spread over a wide customer base.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantee from the Government of Pakistan.

The Group's foods and polymers segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no default in recent history and a major part is secured by bank guarantees and letters of credit from customers or written terms of agreement. However, the foods segment has significant concentration of credit risk resulting from receivable from Tetra Pak Pakistan Limited, Ecolean AB and deposits with banks and financial institutions amounting to Rs. 884,032 (2014: Rs. 244,909). The Group attempts to control credit risk arising on receivable from Tetra Pak Pakistan Limited and Ecolean AB, through legally binding agreements that are signed between the two parties.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
	(Rupees)	
Loans and advances	5,385,429	2,270,847
Trade debts	6,249,835	4,281,518
Other receivables	784,045	458,334
Short term investments	11,827,935	28,987,084
Cash and bank balances	4,112,298	12,244,533
	28,359,542	48,242,316

(Amounts in thousand)

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

Bank	Rating agency	Rating	
		Short term	Long term
Al-Baraka Bank Pakistan Limited	JCR-VIS	A1	A
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	JCR-VIS	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Bank Islami Pakistan Limited	PACRA	A1	A+
Burj Bank Limited	JCR-VIS	A-2	A-
CIMB Bank Berhud	Moody's	P2	A3
Citibank N.A.	Moody's	P1	A2
Deutsche Bank AG	Moody's	P2	A3
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
HSBC Bank Middle East Limited	Moody	P1	A2
Industrial & Commercial Bank of China	Moody's	P1	A1
JS Bank Limited	PACRA	A1+	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
Mashreq Bank	Moodys	P-2	Caa2
National Bank of Pakistan	JCR-VIS	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Pak Oman Investment Company	JCR-VIS	A1+	AA+
Samba Bank Limited	JCR-VIS	A1	AA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A1	A
The Bank of Punjab	PACRA	A1+	AA-
United Bank Limited	JCR-VIS	A1+	AA+

c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2015			2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	----------Rupees----------					
Financial liabilities						
Derivatives	393,070	17,382	410,452	1,465,108	51,103	1,516,211
Trade and other payables	29,410,225	-	29,410,225	43,482,751	-	43,482,751
Accrued interest / mark-up	1,328,147	-	1,328,147	2,067,680	-	2,067,680
Borrowings	28,874,852	37,116,555	65,991,407	29,710,172	55,379,841	85,090,013
	60,006,294	37,133,937	97,140,231	76,725,711	55,430,944	132,156,655

43.2 Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The regulatory regime in which the Group's power segment operates, renders the value of the equity to a bond given the guaranteed IRR of 15% with an indexation allowed under the Power Purchase Agreement for changes in US $ / PKR exchange rate.

The Group's strategy is to ensure compliance with the Prudential Regulations issued by the State Bank of Pakistan and is in accordance with agreements executed with financial institutions so that the total long term borrowings to equity ratio does not exceed the lender covenants. The total long term borrowings to equity ratio as at December 31, 2015 and 2014 are as follows:

	2015	2014
	-------(Rupees)-------	
Borrowings	59,582,596	73,325,335
Equity	85,672,881	68,024,512
	145,255,477	141,349,847
Gearing Ratio	41%	52%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

(Amounts in thousand)

44. FAIR VALUE ESTIMATION

44.1 The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	--------------------------(Rupees)---------------------------			
Assets				
Financial assets at fair value through profit and loss				
- Short term investments	-	11,827,935	-	11,827,935
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives	-	348,093	-	348,093
- Derivatives used for hedging	-	33,152	-	33,152

44.2 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives.

Heding derivatives include forward exchange contracts, interest rate swaps and conversion option on IFC loans. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. Interest rate swaps are fair valued using mark to market rates received from the banks and financial institutions. The fair value of conversion options on IFC loan is determined using the option pricing model where its determinants are derived from observable market inputs.

Short term investments comprise treasury bills and fixed income placements which are valued using discounted cash flow model.

There were no transfers amongst the levels during the year.

(Amounts in thousand)

45. PROVIDENT FUND

45.1 The employees of the Group participate in a Provident Fund maintained by the Holding Company. Monthly contribution are made both by companies in the Group and employees to the fund maintained by the Holding Company at the rate of 10% of basic salary.

45.2 The following information is based upon the latest unaudited financial statements of the Provident Fund as at June 30, 2015 and the audited financial statements as at June 30, 2014.

	2015	2014
	-------------(Rupees)-------------	
Size of the fund - Total assets	3,161,499	2,596,271
Cost of the investments made	2,333,996	2,095,037
Percentage of investments made	87%	88%
Fair value of investments	2,736,879	2,280,519

45.3 The break-up of investments is as follows

	2015		2014	
	Rupees	(%)	Rupees	(%)
National Savings Scheme	223,037	8%	290,609	13%
Government securities	1,045,090	38%	1,195,404	52%
Listed securities and Unit trusts	1,164,311	43%	643,829	28%
Balances with banks in savings account	304,441	11%	150,677	7%
	2,736,879	100%	2,280,519	100%

45.4 The investments out of the fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

	Fertilizer		Polymer		Food		Power		Other operations		Elimination - net		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	-----Rupees-----													
Revenue from external customers (note 28)	89,246,241	89,408,511	22,263,742	23,819,272	51,715,327	50,557,250	13,419,258	12,049,228	16,055,315	2,111,365	(8,435,624)	(1,987,284)	184,264,259	155,359,930
Segment gross profit / (loss)	32,536,403	26,575,480	2,773,243	1,820,927	10,699,165	4,916,200	2,530,479	2,710,390	11,255,243	2,111,365	(8,299,745)	(1,945,773)	51,494,788	36,188,589
Segment expenses - net of other income	(9,194,477)	(7,386,414)	(2,028,884)	(2,338,549)	(6,503,144)	(7,105,020)	(427,054)	(55,419)	2,735,802	713,732	(1,578,227)	(703,528)	(16,995,984)	(16,322,165)
Income on deposits / other financial assets (note 32)	1,357,966	2,116,331	38,692	54,333	3,444	13,736	97,290	193,528	1,282,191	987,525	(633,066)	(584,704)	2,146,517	2,780,749
Impairment	-	-	-	-	(3,406,849)	(43,295)	-	-	-	-	(47,335)	-	(3,454,184)	(43,295)
Financial charges (note 34)	(4,838,908)	(6,858,681)	(1,143,122)	(1,064,980)	(1,005,007)	(2,807,882)	(443,591)	(764,071)	(1,395,133)	(1,204,532)	400,524	553,033	(8,425,237)	(12,344,159)
Share of income from joint venture (note 35)	-	-	-	-	-	-	232,008	-	786,937	723,036 -	-	-	1,018,945	723,036
Income tax (charge) / credit (note 36)	(6,309,651)	(4,958,206)	(284,053)	418,951	(1,142,226)	1,562,579	(47,303)	(3,297)	(708,803)	(154,074)	(24,413)	(47,862)	(8,516,449)	(3,181,909)
Segment profit after tax / (loss)	13,551,333	9,488,510	(644,124)	(1,109,318)	(1,354,617)	(3,463,682)	1,941,829	2,081,131	13,956,237	3,177,052	(10,182,262)	(2,728,834)	17,268,396	7,800,846
Segment loss after tax from discontinued operations	-	-	-	-	-	(644,309)	-	-	-	-	-	(644,309)	-	(644,309)
Segment assets	110,817,000	117,700,955	24,211,764	26,336,715	29,152,843	34,719,874	22,438,983	21,835,491	54,004,958	51,312,571	(47,302,233)	(34,818,994)	193,323,314	217,086,612
Investment in joint venture / associate (note 7)	-	-	-	-	-	-	1,557,143	-	1,411,394	2,730,157	-	2,730,157	2,968,537	2,730,157
Total segment assets	110,817,000	117,700,955	24,211,764	26,336,715	29,152,843	34,719,874	23,996,126	21,835,491	55,416,352	54,042,728	(47,302,233)	(32,088,837)	196,291,851	219,816,769
Total segment liabilities	67,880,391	88,371,981	18,878,036	20,371,681	12,860,134	18,684,174	12,275,802	12,651,965	17,135,808	16,924,817	(18,411,201)	(7,942,518)	110,618,970	149,062,100
Capital expenditure including biological assets	1,984,808	703,578	660,708	1,052,114	1,025,075	2,680,006	752,656	273,579	5,393,124	4,677,519	-	46,198	9,816,371	9,432,994
Depreciation (note 4.2)	4,735,541	4,734,780	1,269,108	1,223,646	2,273,240	2,150,903	717,093	701,297	446,239	23,675	-	-	9,441,221	8,834,301
Amortization of intangible assets (note 6.1)	24,105	31,308	14,871	13,394	53,595	56,546	6,217	6,756	142	110	-	2,989	98,930	111,103

(Amounts in thousand)

47. TRANSACTIONS WITH RELATED PARTIES

Related party comprise subsidiaries, joint venture companies, associates, other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2015	2014
	-------------(Rupees)-------------	
Parent Company		
Dividend paid	2,480,477	315,023
Associated Companies		
Purchases and services	7,519,749	10,859,759
Sale of goods and rendering of services	353,237	1,605,821
Investment inTreasury bills	608,070	719,701
Redemption of investment in Treasury bills	719,701	-
Payment of interest on TFCs and repayment of principal amount	45,349	41,898
Advance against issue of share capital	675,048	-
Share capital issued	168,000	-
Investment in associated company	-	135,791
Investment in mutual funds securities	490,000	102,908
Redemption of mutual funds securities	491,210	133,430
Reimbursement to associated companies	251,086	-
Reimbursement from associated companies	21,554	-
Expenses paid on behalf of associated companies	12,773	-
Utilization of overdraft facility	467,112	-
Repayment of overdraft facility	467,112	-
Mark-up on utilization of overdraft facility	2,172	-
Commitment fee	5,492	-
Interest on deposit	1,504	-
Bank charges	4	-
Dividend paid	557,855	96,814
Joint Ventures		
Purchase of services	1,147,606	1,020,876
Services rendered	18,801	1,273
Reimbursements	67,473	45,785
Dividend received	787,500	630,000
Retirement funds		
Contribution to retirement benefit schemes / funds	808,847	766,210
Others		
Other benefits paid	71,021	72,820
Sale of operating assets to employees	2,731	1,780
Dividend paid	63,749	8,756
Remuneration of key management personnel	732,290	674,658
Reimbursement to key management personnel	11,786	21,690

(Amounts in thousand)

48. WAIVER FROM APPLICATION OF IFRIC - 4 “DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE”

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of SRO 24 (1) / 2012 dated January 16, 2012 has granted waiver from the application of International Financial Reporting Interpretation Committee (IFRIC) - 4 “Determining Whether an Arrangement Contains a Lease” to all companies including power sector companies. However, the SECP made it mandatory to disclose the impacts on the results had IFRIC - 4 been applied.

If the Group were to apply IFRIC - 4, the agreement between EETPL and SSGCL for operating and provision of services, would have been classified as operating lease. However, the impact of such application over the assets, liabilities or the net profit of the Group for the year would have been immaterial.

49. DONATIONS

Donations include the following in which the Director of the Company or Group companies is interested:

Dirctor	Interest in Donee	Name of donee	2015	2014
Khalid Siraj Subhani	Chairman	Engro Foundation	102,500	83,250
Ruhail Mohammad	Trustee			
Shamshuddin A. Shaikh	Trustee			
Babur Sultan	Trustee			
Syed Mohammad Ali	Trustee			
Naz Khan	Trustee			
Imran Anwar	Trustee			
Jahangir Piracha	Trustee			

50. PRODUCTION CAPACITY

		Designed Annual Capacity		Actual Production	
		2015	2014	2015	2014
Urea	Metric Tons	2,275,000	2,275,000	1,964,034	1,818,937
NPK	Metric Tons	100,000	100,000	126,074	117,193
PVC Resin	Metric Tons	178,000	164,083	162,000	153,000
EDC	Metric Tons	127,000	127,000	100,000	118,000
Caustic soda	Metric Tons	106,000	106,000	98,000	114,000
VCM	Metric Tons	204,000	204,000	162,000	168,000
Power (note 50.1)	Mega watt	1,855,782	1,860,135	1,424,015	1,721,959
Dairy and beverages	Thousand Litres	748,000	730,000	552,532	472,735
Milling / Drying unit of rice processing plant (note 50.2)	Metric Tons	414,000	414,000	45,982	166,801
Ice cream	Thousand Litres	39,000	39,000	19,364	16,726

(Amounts in thousand)

50.1 Output produced by the plant is dependent on the load demanded by NTDC and plant availability.

50.2 Three months season design capacity and production is dependent on availability of rice paddy.

51. NUMBER OF EMPLOYEES OF THE GROUP

	Number of employees as at		Average number of employees as at	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Management employees	2,775	2,750	2,766	2,777
Non-management employees	774	943	848	928
	3,549	3,693	3,614	3,705

52. SEASONALITY

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

The Group’s foods business is subject to seasonal fluctuation, with demand of ice cream and beverages products increasing in summer. It is also subject to seasonal fluctuation due to lean and flush cycles of milk collection.

The Group's agri business is subject to seasonal fluctuation as majority of paddy / unprocessed rice is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

53. LOSS OF CERTAIN ACCOUNTING RECORDS

During 2007, a fire broke out at PNSC Building, Karachi where the Head Office and registered office of the Holding Company was located. Immediately following this event the Holding Company launched its Disaster Recovery Plan due to which operational disruption and financial impact resulting from this incident remained minimal.

The fire destroyed a substantial portion of its hard copy records related to the financial years 2005, 2006 and the period January 01, 2007 to August 19, 2007 although, electronic data remained intact due to the Holding Company’s Disaster Recovery Plan. The Holding Company launched an initiative to recreate significant lost records and was successful in gathering the same in respect of the financial year 2007. Hard copy records related to the already reported financial years 2005 and 2006 have not been recreated.

(Amounts in thousand)

54. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on February 18, 2016 has proposed a final cash divident for the year ended December 31, 2015 @ Rs. 7.00 per share, for approval of the members at the Annual General Meeting to be held on April 15, 2016.

The consolidated financial statements for the year ended December 31, 2015 do not include the effect of the proposed cash dividend, which will be accounted for in the consolidated financial statements for the year ending December 31, 2016.

55. LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE

Name of Subsidiaries	Financial year end
Engro Fertilizers Limited (EFert)	December 31
Engro Foods Limited (EFoods)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Engro Eximp (Private) Limited (EXIMP)	December 31
Engro Powergen Limited (EPL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Kolachi Portgen (Private) Limited (KPPL)	December 31
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTPL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Polymer Trading (Private) Limited (EPTL)	December 31
Name of Joint Venture	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates	
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31

(Amounts in thousand)

55.1 Set out below is summarised financial information for each subsidiary that has Non-Controlling Interests (NCI). The amounts disclosed for each subsidiary are before inter-company eliminations:

Name of Subsidiaries	EPQL	EPTPL	EXIMP	EFert	FZE	EFoods	EPCL
Total Assets	19,551,619	1,869,622	1,473,713	105,381,084	3,962,203	26,285,386	24,211,764
Total Liabilities	12,062,849	91,232	1,728,969	62,855,063	3,296,359	11,372,585	18,878,036
Total Comprehensive Income / (Loss)	1,788,951	(3,700)	(1,560,394)	15,036,216	100,725	3,139,780	(631,306)
Total Comprehensive Income / (Loss) allocated to NCI	556,630	(51)	(46,870)	2,825,508	21,252	406,384	(278,961)
Accumulated NCI	2,381,279	842,157	(45,123)	8,812,398	20,460	2,054,700	2,365,574
Cash and Cash Equivalent	(2,072,689)	287,542	(71,715)	11,455,483	670,502	(120,708)	(1,137,864)
Cash (utilized in) / generated from							
- operating activities	2,861,624	63,573	(8,467,447)	4,641,053	114,808	4,516,967	(1,191,441)
- investing activities	(263,016)	(461,915)	7,164,179	17,660,819	375,773	(790,020)	(611,120)
- financing activities	(2,768,969)	564,767	-	(16,384,368)	-	(1,721,870)	(98,192)
Dividend paid to NCI	251,875	-	-	1,415,050	-	-	-

56. CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

57. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 18, 2016 by the Board of Directors of the Holding Company.

annexure

proxy form

I/We ____

of ______________________________ being a member of ENGRO CORPORATION LIMITED

and holder of ____
(Number of Shares)

Ordinary shares as per share Register Folio No. ______________________ and/or CDC Participant I.D. No. ______________ and Sub Account No. ______________ ,hereby appoint ______________________ of ______________________ or failing him ____ of ____

as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 15th day of April, 2016 and at any adjournment thereof.

Signed this ______________ day of ________ 2016.

Witnesses:

1) Signature : ______________
Name : ______________
Address : ______________
____
CNIC or : ______________
Passport No.: ______________
____

2) Signature : ______________
Name : ______________
Address : ______________
____
CNIC or : ______________
Passport No.: ______________
____

____
Signature
Signature should agree with the specimen registered with the Company

Note:

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

electronic transmission consent form

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block 6, P.E.C.H.S, next to Hotel Faran, Nursery, Shahrah-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr. /Ms. ____

S/o, D/o, W/o ______________________ hereby consent to have the Engro corporation Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member/Shareholder	
Folio/CDC Account Number	
CNIC	
Email Address	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

______________________ Date: ______________

Signature of Member/Shareholder

request for video conferencing facility form

Members can also avail video conference facility in Lahore and Islamabad. If the Company receives consent at least 10 days prior to date of meeting, from members holding in aggregate 10% or more shareholding and residing at either Lahore and/or Islamabad to participate in the meeting through video conference, the company may arrange video conference facility in that city.

In this regard please fill up the following form and submit it to registered address of the Company 10 days before holding of the annual general meeting.

I/We, ______________________________ of ___________________________ being a member of Engro Corporation Limited, holder of ____________________________ Ordinary Share(s) as per Register Folio No/CDC A/c No.__________________ hereby opt for video conference facility at _______________________.

____
Signature of Member/Shareholder

Date: _______________________

ویڈیو کانفرنسنگ کی سہولت کے فارم کی درخواست

لاہور اور اسلام آباد میں اراکین ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔ لاہور اور ر یا اسلام آباد میں مقیم وہ شیئر ہولڈرز جو مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئرز کے حامل ہوں اور اجلاس میں ویڈیو کانفرنس کے ذریعے شامل ہونا چاہتے ہوں تو اگر اجلاس کی تاریخ سے کم از کم 10 روز قبل کمپنی کو ان کی طرف سے اجازت موصول ہو جاتی ہے تو وہ ان میں سے کسی بھی شہر میں اُن کے لئے ویڈیو کانفرنس کی سہولت مہیا کر سکتی ہے۔

اس ضمن میں براہِ مہربانی درج ذیل فارم پُر کیجئے اور اسے کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاسِ عام کے انعقاد کی تاریخ سے کم از کم 10 روز قبل داخل کروا دیجئے۔

میں ر ہم -- اینگرو کارپوریشن لمیٹڈ کے رکن اور رجسٹر کے صفحہ نمبر ر سی ڈی سی اکاؤنٹ نمبر---------------------- کے مطابق------------ عام شیئر (ز) کے حامل کی حیثیت سے-------------- میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں ر چاہتے ہیں۔

دستخط رکن ر شیئر ہولڈر

تاریخ: ---------------------------------

اینگروفوڈز:

اینگروفوڈز اس بات پر یقین رکھتا ہے کہ وہ ترقی کی جانب اپنا سفر جاری رکھے گا اور اس کاروبار کو تقویت فراہم کرے گا۔ کمپنی کو امید ہے کہ دودھ کے حوالے سے جو دباؤ ہے اور فیول کی کم قیمتوں کی وجہ سے ان کے منافع پر اثر پڑا ہے اسی لئے موجودہ کاروبار پر عملدرآمد کیلئے صحیح حکمت عملی کی ضرورت ہے کیونکہ کمپنی کیلئے مزید تقویت اس کی ترقی پر ہے جس کی وجہ سے کمپنی کو ایک بہتر پلیٹ فارم حاصل ہوگا جس کے ذریعے وہ اپنے ترقی کے سفر پر اسی طرح رواں دواں رہے گی اور تیزی سے پاکستان میں کمپنی کے معیار کو مرتب کرے گی۔

لاء اینڈ آرڈر کے حالات میں بہتری ہوئی ہے اور قیمتوں میں مناسب طور پر اضافہ کی وجہ سے مثبت ترقی نظر آرہی ہے بالخصوص مڈل کلاس کے لوگ پاور کی خریداری میں بڑھ چڑھ کر حصہ لے رہے ہیں اور کمپنی اس بات پر یقین رکھتی ہے کہ اینگروفوڈ مستقل طور پر اپنے مقاصد کو حاصل کرے گا اور قابل عمل غذائی پروڈکٹس فراہم کرے گا جو کہ اس کے صارفین کیلئے بہتر ضمانت ہوگی۔

اینگروEXIMPزرعی پروڈکٹس:

آگے جانے کیلئے کمپنی نے اپنے عمل کو مناسب طور پر بہتر کرنے، برآمدات کو بڑھانے اور لوکل صارفین کیلئے بہتر مارجن سے اور اشیاء کی مناسب قیمتوں کے تحت اس میں کامیابی کی توقع کرتی ہے۔

اینگروپولیمر:

آگے جانے کیلئے کمپنی اس بات کا ارادہ رکھتی ہے کہ گورنمنٹ کی جانب سے توانائی کے مسائل کو حل کرنے کیلئے ملک میں کثیر سرمایہ کاری کی ضرورت ہے جو کہ پاک چائنا اکانومک کے توسط سے ممکن ہے۔اس کے علاوہ کم ڈسکاؤنٹ کے ریٹ کے بھی سرمایہ کاری کے حوالے سے قابل عمل ہے۔

گلوبلPVC مارکیٹ کی طلب 2015ء میں قائم ہوئی اور مستقل اقتصادی حالت کے تحت آگے بڑھتی رہی۔ ہمیں امید ہے کہ PVC کی طلب گلوبل اقتصادی مارکیٹ میں بڑھے گی اور یہ بھی امید ہے کہ اقتصادی حالت میں مزید تقویت حاصل ہوگی بالخصوص چائنا کے تعاون سے یہ ممکن ہے۔

لوکلPVC مارکیٹ 2015ء میں اس بات کی گواہ ہے کہ کمپنی کو اقتصادی اور تعمیراتی سیکٹر میں کافی فائدہ ہوا۔ہم 2016ء میں بھی اسی طرح کی سرمایہ کاری کی حکمت عملی کو عملی جامہ پہنانا چاہتے ہیں تاکہ تعمیراتی سیکٹر میں مضبوط ترین انفراسٹرکچر حاصل ہو اس کے ساتھ ساتھ پاور سپلائی کی دستیابی کی بھی توقع رکھتے ہیں۔

گھریلو کاسٹک سوڈا مارکیٹ سال 2015ء کے دوران مسلسل مقابلہ پر رہی اور تمام تر کاسٹک سوڈا کی طلب موصول ہوتی رہی۔ عارضی طور پر CA پلانٹ بھی جس نے EPCL پروڈکٹ کی سپلائی کو مارکیٹ میں متاثر کیا ہے۔ لٰہذا اس سلسلے میں اقدامات کئے جائیں تاکہ سال 2016ء میں مکمل پروڈکشن حاصل ہو۔

کمپنی اس بات پر یقین رکھتی ہے کہ مضبوط ترین آپریشن کارکردگی سال 2016ء کے دوران دکھائی جائے گی اور یہ بے حد پر امید ہے کہ اس کی مارکیٹنگ کی سرگرمیاں مثبت امور پر آئندہ سال بھی جاری رہیں گی اس کے علاوہ کمپنی کی اقتصادی ویلیو میں بھی اضافہ ہوگا اور ساتھ توانائی کی قیمتوں اور کرنسی کے حوالے سے بے حد کارگر ثابت ہوگا۔

اینگروپاورجین:

کمپنی مسلسل طور پر توانائی کے سیکٹر میں نئے مواقع تلاش کررہی ہے اور عالمی طور پر شراکت داری کی خواہاں ہے۔ حکومت کے ساتھ شراکت داری میں تھر مائننگ اور پاور پروجیکٹس کے حوالے سے یہ امید کی جاتی ہے کہ وہ اگلے تین سالوں میں مکمل ہوجائے گی اور اس کے بعد ملک کے اندر توانائی کے مسائل پر قابو پالیا جائے گا۔

قادر پور میں کمپنی کا پلانٹ مسلسل طور پر سال 2016ء میں گیس کی بلارکاوٹ سپلائی جاری رکھے گا۔ پوری دنیا میں خام تیل کی قیمتوں میں حالیہ تبدیلی کے حوالے سے یہ امید کی جاتی ہے کہ NTDC اس سلسلے میں اہم کردار ادا کرے گا۔ مزید موجودہ امور کے بارے میں جو کہ گرڈ کی گنجائش کے متعلق ہے اس پر بھی جلد قابو پالیا جائے گا۔

سال 2015ء کے دوران IPP کو ادائیگی میں بہتری کے باوجود GOP میں IPPS کے واجب الادا انٹریسٹ کا مسئلہ حل نہیں ہوسکا۔ ہمیں یقین ہے کہ کسی بھی مضبوط اقدامات کی عدم موجودگی میں یہ جڑیں مضبوط کی جائیں گی اور انڈسٹری کے حوالے سے تمام چیلنجز کا اسی طرح مقابلہ کیا جائے گا۔

آگے جانے کیلئے کمپنی مستقل طور پر پلانٹ اور دیگر ساز وسامان پر نظر رکھے ہوئے ہے اور اپنی کارکردگی کو بہتر سے بہتر کرنے کی کوششوں میں ہے تاکہ تمام اسٹیک ہولڈرز کے فائدے کے لئے نیشنل گرڈ کو پاور کی سپلائی جاری ہے۔

اینگروانرجی:

یہ پروجیکٹ شروع کردیا گیا ہے اور یہ اپنا کردار بہتر طریقے سے سرانجام دے رہا ہے اور امید ہے کہ مستقبل میں اسی طرح کے دیگر پروجیکٹ میں بھی تعاون کرے گا۔

اینگرووپاک:

کمپنی امید کرتی ہے کہ وہ اپنے آپریشن کو مزید بہتر کرے گی اور لیکوئیڈ کیمیکل کی انڈسٹری میں اپنی پوزیشن کو بہتر کرے گی۔

خالد سراج سبحانی
پریذیڈینٹ

حُسین داؤد
چیئرمین

پراکسی فارم

میں/ہم -- کے --

اینگرو کارپوریشن لمیٹڈ کے رکن اور عام شیئر کے حامل کی حیثیت کے ------------------------------ (شیئرز کی تعداد)

رجسٹر کا فولیو نمبر -------- اور/ یا سی ڈی سی فولیو کا آئی ڈی نمبر ------------------------ اور ذیلی اکاؤنٹ نمبر ------------------،----------------- کے

------------------------------ یا ------------------------------ کے ------------------------------

کو کمپنی کے سالانہ عام اجلاس جو 28 مارچ 2016ء کو منعقد ہوگا، میں میرے/ہمارے لئے اور میری/ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

دستخط ------------------------ بروز ------------ بتاریخ -------- / ------------ 2016ء

گواہان:

- دستخط : ------------------------------
  نام : ------------------------------
  پتہ : ------------------------------

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ------------------------------
  پاسپورٹ نمبر : ------------------------------

- دستخط : ------------------------------
  نام : ------------------------------
  پتہ : ------------------------------

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ------------------------------
  پاسپورٹ نمبر : ------------------------------

دستخط شیئر ہولڈر
(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

نوٹ : نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہوجانا چاہیئے۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔

سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

بورڈ آف ڈائریکٹرز:

بورڈ آف ڈائریکٹرز نے کمپنی کے تمام معاملات کا جائزہ لیا ہے جس میں کمپنی کی حکمت عملی، سالانہ کاروباری پلان اور ٹارگٹ، طویل مدتی سرمایہ کاری اور بورڈ آف ڈائریکٹر نے معیار برقرار رکھنے کا اعادہ کیا ہے۔

ڈائریکٹرز کی ذمہ داریوں سے متعلق بیان:

تمام ڈائریکٹرز، کارپوریٹ اور فنانشل رپورٹنگ فریم ورک بابت SECP کوڈ کے حوالے سے درج ذیل اقرار کرتے ہیں:۔

۱۔ ڈائریکٹرز تصدیق کرتے ہیں کہ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک SECP کے کارپوریٹ گورننس کے کوڈ کے عین مطابق ہے۔

۲۔ کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلی بیان کرتے ہیں۔

۳۔ کمپنی کے اکاؤنٹس کی بکس کی معقول دیکھ بھال کی گئی ہیں۔

۴۔ کمپنی کے اکاؤنٹس بکس کو مناسب طریقے سے برقرار رکھا گیا ہے۔

۵۔ مناسب اکاؤنٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے سوا؟ موجودہ سٹینڈرڈز کی تشریحات، سٹینڈرڈز یا ترامیم کی ابتدائی درخواست کے نتیجے میں ہونے والی تبدیلیوں کے. اکاونٹنگ تخمینے معقول دانشمندانہ فیصلے پر مبنی ہیں۔

۶۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں، ان کی تمام فنانشل اسٹیٹمنٹس میں مکمل پیروی کی گئی ہے اور جہاں نہیں کی گئی وہاں مناسب طور پر ذکر کیا ہے اور مکمل وضاحت کی گئی ہے۔

۷۔ اندرونی کنٹرول کے نظام کا ڈیزائن بلکل ٹھیک ہے اور اسے مؤثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔

۸۔ کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

۹۔ لسٹنگ ریگولیشنز میں تفصیلی طور پر درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی میٹریل ڈیپارچر نہیں۔

بورڈ اور بورڈ کمیٹی کی میٹنگ اور اس میں حاضری:

سال 2015ء میں بورڈ آف ڈائریکٹرز کی 10 میٹنگز ہوئیں جس میں تمام سرگرمیوں کا جائزہ لیا گیا، یہ بورڈ 22 اپریل 2015ء کے الیکشن کے ذریعے دوبارہ منتخب ہوا تھا (ایک میٹنگ کے بعد)۔ ڈائریکٹران کی موجودگی درج ذیل ہے:

ڈائریکٹرز کے نام	حاضری
جناب حسین داوٴد	10/10
جناب عبدالصمد داوٴد	10/10
جناب شہزادہ داوٴد	8/10
جناب منیر کمال	9/9
جناب شہزاد نقوی	9/9
جناب محمد عبدالعلیم	9/9
جناب وقار ملک	9/9
جناب خالد ایس سبحانی	8/8
جناب منصور خان	6/6
جناب اسفندیار شاہین	6/6
جناب حسن رضاء الرحیم	3/3
جناب آصف سعد	2/3
جناب محمد علی الدین انصاری	2/3
جناب شبیر ہاشمی	1/1
جناب خواجہ اقبال حسن	1/1
جناب فرینک مری جونز	1/1
جناب روحیل محمد	1/1
جناب شاہد حامد پراچہ	1/1
جناب سرفراز اے رحمان	1/1

بورڈ کی آڈٹ کمیٹی کی 7 میٹنگز سال 2015ء کے دوران منعقد ہوئی۔ یہ کمیٹی 27 اپریل 2015ء کو دوبارہ تشکیل دی گئی (دو میٹنگز کے بعد)۔ کمیٹی میں حاضری کا ریکارڈ درج ذیل ہے:۔

ڈائریکٹرز کے نام	حاضری
جناب محمد عبدالعلیم	5/5
جناب وقار ملک	5/5
جناب منیر کمال	4/5
جناب منصور خان	3/3
جناب شبیر ہاشمی	2/2
جناب خواجہ اقبال حسن	2/2
جناب شاہد حامد پراچہ	2/2
جناب شہزادہ داوٴد	1/2
جناب حسن رضاء الرحیم	1/1

سرمایہ کاری بورڈ میٹنگ سال 2015ء میں 10 بار ہوئی۔ کمیٹی کی ریکارڈ حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	حاضری
جناب عبدالصمد داوٴد	8/10
جناب شہزاد نقوی	9/9
جناب منیر کمال	9/9
جناب اسفندیار شاہین	5/6
جناب آصف سعد	2/2
جناب خواجہ اقبال حسن	1/1
جناب شاہد حامد پراچہ	1/1
جناب سعد راجہ	1/1

معاوضہ کمیٹی بورڈ کی میٹنگ سال 2015ء میں 5 بار ہوئی۔ یہ کمیٹی 27 اپریل 2015 کو دوبارہ تشکیل دی گئی (ایک میٹنگ کے بعد)۔ کمیٹی کی ریکارڈ حاضری درج ذیل ہے:

ڈائریکٹرز کے نام	حاضری
جناب عبدالصمد داوٴد	5/5
جناب وقار ملک	4/4
جناب محمد عبدالعلیم	3/4
جناب شہزاد نقوی	3/4
جناب حسین داوٴد	1/1
جناب شہزادہ داوٴد	1/1
جناب شبیر ہاشمی	1/1
جناب سعد راجہ	0/1

ڈویڈنڈ:

بورڈ نے حتمی کیش ڈویڈنڈ ______ PKR فی شیئر کی تجویز دی ہے جو کہ 31 دسمبر 2015ء کے لئے ہے۔ کل ڈویڈنڈ جو کہ ______ PKR فی شیئر بشمول کل میعادی کیش ڈویڈنڈ 11 PKR فی شیئر سال کے دوران حاصل کیا۔

مستقبل پر نظر:

پاکستان کی اقتصادی حالت کا جائزہ پچھلے سال لیا گیا تھا اور اس سلسلے میں IMF نے تمام تر جائزہ لیا اور کرنسی کے اتار چڑھاؤ پر غور کیا گیا کیونکہ اس کی وجہ سے برآمدات پر اثر پڑا ہے اس کے علاوہ توانائی جو کہ ایک اہم حصہ ہے اور سپلائی کے معاملات میں بے حد ضروری امور پر مشتمل ہے، اینگرو کارپوریشن مستقل طور پر اپنے اس مشن پر رواں دواں ہے اور ملکی توانائی کے مسائل کو حل کرنے کیلئے تعاون کر رہی ہے۔ پاکستان کا سب سے بڑا ہائیڈروکاربن ریز روتھر کول جو کہ ایک بڑا پاور پیدا کرنے والا منصوبہ ہے۔

اینگرو کے لئے سال 2016ء میں تمام ممکنہ کوششیں کی جائیں گی جس میں تین اہم پلر توانائی اور متعلقہ انفراسٹرکچر فرٹیلائزر اور زراعت شامل ہیں۔ اس حکمت عملی کے تحت کمپنی نے انسانی ذرائع کے حوالے سے کئی چیلنجز کا مقابلہ کیا ہے اور حکمت عملی سے متعلق کئی فیصلے کئے ہیں لہٰذا اس کی بے حد اہمیت ہے تا کہ مطلوبہ نتائج حاصل کئے جاسکیں۔

اینگرو فرٹیلائزر:

گلوبل یوریا کی طلب 2016ء میں متوقع ہے جبکہ اس کی سپلائی کے تناسب میں بھی نئی گنجائش کے ساتھ توقع کی جاتی ہے جس میں امریکہ، چائنا، نائجیریا اور آزر بائیجان شامل ہیں۔ گلوبل یوریا کی قیمتیں 2015ء میں سال کے دوران 16% سے نیچے گر گئیں لیکن 2016ء میں یہ امید کی جاتی ہے کہ سپلائی کے دباؤ کے تحت اس میں اضافہ ہوگا۔

مزید یہ کہ انٹرنیشنل DAP قیمتوں پر مستقل طور پر سال 2016ء میں پریشر رہے گا جو کہ تمام اہم مراکز سے کم امپورٹ کی طلب کی وجہ سے ہے اس کے علاوہ 2016 1H کے تحت DAP پر بھی کمزور کاشتکاری، کمزور اقتصادی پالیسی کی وجہ سے اس کا موازنہ سال 2015ء سے کیا جاسکتا ہے۔ جس میں لوکل قیمتیں بھی شامل ہیں۔

مزید یہ کہ RLNG کا 100% نامزدگی کے حوالے سے SSGCL نے مرتب کیا ہے۔ تمام تر سروسز جو کہ 86.1% تھی جو کہ فلوٹنگ اسٹوریج ریگیسفیکیشن یونٹ (FSRU) کے استعمال کے باوجود اسے مرتب کیا گیا ہے۔

اس پروجیکٹ کی منظوری مساوی تناسب 75:25 ڈیبٹ پر دی گئی تھی اور کمپنی نے مالیاتی قرضہ جات USD 92.5 ملین کیلئے تمام متعلقہ فریقین کے ساتھ معاہدے پر دستخط کردیئے ہیں اور یہ رقم 2016 1Q کے دوران منتقل ہونے کی امید ہے اور اینگرو کارپوریشن سے معاملات طے کرنے کے بعد اسے استعمال کیا جائے گا۔

اینگرو ووپاک:

اس سال کے دوران اینگرو ووپاک نے بغیر کسی خسارے کے محفوظ ترین آپریشنز کے 18 سال مکمل کر لئے ہیں۔ آپریشن کے حوالے سے LPG کا 106 KT اور فاسفورس ایسیڈ کا 691 KT کو EVTL پر ہینڈل کیا گیا تھا اور یہ تعداد ان پروڈکٹس کے لئے EVTL کی تاریخ میں واحد کاروباری سال تھا۔ اس کے علاوہ EVTL میں گزشتہ سال KT 1,172 کے مقابلہ میں کل KT 1,286 حاصل کیا۔ کمپنی مستقل طور پر مالیاتی آپریشن پر رواں دواں ہے جس میں ریونیو PKR 2,599 ملین جس کا موازنہ 2014ء کے PKR 2,168 ملین سے کیا جاسکتا ہے۔ ٹیکس کی رقم 2014ء میں PKR 1,419 ملین کے مقابلے میں PKR 1,611 ملین کی ادائیگی کے بعد منافع حاصل کیا۔

اینگرو اسلامک روپیہ:

کمپنی نے ٹارگیٹ کے حوالے سے اداروں اور انفرادی سرمایہ کاران کو 2014ء میں اسلامی دستاویز جاری کی، اس دستاویز کے تحت 13% اور 13.5% سالانہ ریٹرن کی پیشکش کی گئی ہے جس کی مدت 3 سے 5 سال ہوگی۔ پاکستان کریڈٹ ریٹنگ ایجنسی نے اپنے سالانہ جائزہ میں اس دستاویز کی ریٹنگ AA+ ظاہر کی ہے۔

کیپٹل انویسٹمنٹ، کیپٹل اسٹرکچر اور مالیات:

متعلقہ شیئر ہولڈرز کے حساب کتاب کا تصفیہ سال کے آخر میں کیا گیا جس میں اضافہ مبلغ PKR 17,648 ملین رہا اور یہ رقم PKR 85,673 ملین تک قائم رہی۔ مالکان کے حصہ میں PKR 69,055 ملین شمار کیا گیا اور یہ اضافہ سال کے دوران منافع کے سبب ہوا ہے۔

طویل مدتی حساب کتاب کا تصفیہ سال کے آخر میں کیا گیا جس میں 2014ء میں PKR 73,325 ملین سے کم ہوکر PKR 59,583 ملین ہوگئی جو کہ اینگرو فرٹیلائزر کی ابتدائی ڈلیوری کی وجہ سے ہوا۔

کچھ کاروبار میں منافع کا تناسب نقد کی بنیاد پر ہوا لیکن موثر مالیاتی انتظامیہ نے ان کو بغیر کوئی وعدہ کئے مطلوبہ آپریشن کا یقین دلایا اور یہ نقد کا معاملہ بڑی احتیاط سے متعلقہ امور کے ذریعے پورے سال کے دوران فراہم کیا گیا تاکہ کاروبار میں اضافہ ہوسکے۔

کریڈٹ ریٹنگ:

بہترین مالیاتی کارکردگی کے نتیجے میں پاکستان کریڈٹ ریٹنگ ایجنسی میں اپنے سالانہ جائزہ کے دوران کمپنی کے کریڈٹ میں اضافہ ظاہر کیا گیا اس طرح سے طویل مدتی اینگرو کارپوریشن کا ریٹ AA پر تفویض کیا گیا اور مختصر مدتی ریٹنگ A1+ پر مرتب کی گئی۔ یہ ریٹنگ کمپنی کی مالیاتی اور انتظامی استعداد کا اشارہ دیتی ہے اور وعدہ کے مطابق وقت پر ادائیگی کیلئے اس کی امید کی جاتی ہے۔

اہم فیصلے کے ایریا:

گروپ کی رعایت سے متعلقہ ایریا اور گروپ ٹیکس، GIDC، سیلز ٹیکس، متبادل کارپوریٹ ٹیکس، ٹرن اوور پر کم سے کم ٹیکس اور دیگر اخراجات شامل ہیں جس کی تفصیلات اکاؤنٹس کے نوٹس میں دی گئی ہیں۔

ٹریژری انتظامیہ:

ٹریژری کی سرگرمیاں جو کہ بورڈ کی جانب سے منظور شدہ پالیسیوں کے مطابق کنٹرول کی جاتی ہیں۔ ٹریژری پالیسیوں کا مقصد اس بات کو یقینی بنانا ہے کہ موثر طور پر تمام وقت فنڈ دستیاب ہیں اور مالیات کے حوالے سے کم سے کم خطرات ہیں۔ خطرات کو منظّم کرنے کیلئے ٹریژری فنکشن موجود ہے جس میں انٹریسٹ کا ریٹ، کریڈٹ، مارکیٹ اور کرنسی کے خطرات کے تحت ہوتا ہے۔ ہم مالیاتی دستاویزات کے تحت زرمبادلہ کے ریٹ، انٹریسٹ ریٹ اور مقاصد نقد رقم اور آمدنی میں کمی واقع ہوتی ہے۔

انٹریسٹ ریٹ کی انتظامیہ:

سال 2015ء کے ختم ہونے پر اینگرو کارپوریشن کے قرضہ جات کی رقم PKR 59,583 ملین تھی، اس رقم کا کافی حصہ غیر ملکی کرنسی پر مشتمل ہے جس کا تعلق LIBOR سے ہے۔ غیر ملکی کرنسی پر انٹریسٹ کے ریٹس LIBOR سے تعلق رکھتی ہے جبکہ لوکل کرنسی میں قرضہ کا حساب کتاب KIBOR کی بنیاد پر ہے۔ جس کی نگرانی باقاعدگی سے کی جاتی ہے تاکہ اندراج متاثر نہ ہو۔

رسک مینجمنٹ کا فریم ورک:

اینگرو کارپوریشن نے سال 2011ء میں لین انٹرپرائز رسک مینجمنٹ کا فریم ورک شروع کیا ہے اور یہ ہماری پالیسی ہے کہ اس بات کا جائزہ لیا جائے کہ رسک مینجمنٹ جو کہ شیئر ہولڈر کی ویلیو کا تحفظ کرتا ہے اور اس میں اضافہ کرتا ہے۔ کاروباری تشخیص کے تحت ان کی حکمت عملی یہ ہے کہ اپنی اپنی ذمہ داریوں کو قبول کریں اور اپنی اہلیت کے مطابق حکمت عملی، تجارت، آپریشن اور مالیاتی رسک کی درجہ بندی کرنا ہے۔

سال 2015ء کے شروع میں بورڈ آف اینگرو کارپوریشن نے گروپ کے لئے فریم ورک منظور کیا جس پر مالیاتی رسک مینجمنٹ نے عملدرآمد کرایا جس کا مقصد مالیاتی رسک کو منظّم کرنا تھا۔ فریم ورک کے تحت تمام متعلقہ اداروں کیلئے یہ ضروری ہے کہ وہ اپنی اپنی پالیسیاں/SOP مرتب کریں اس کے ساتھ ساتھ میعادی جائزہ اور مالیاتی رسک کے بارے میں رپورٹ تیار کریں۔

حساب کتاب کا رسک:

اپنے ورکنگ کیپیٹل کی ضروریات کیلئے مناسب طریقے سے حساب کتاب مرتب کیا جانا چاہئے۔ ہر متعلقہ ادارے کے بورڈز نے مختصر مدتی اور طویل مدتی فنڈ کی سہولیات کو منظور کیا ہے اور اس فنڈ کے حوالے سے بینک کی سہولیات دستیاب ہیں تاکہ اس پر کامیابی سے عملدرآمد کیا جاسکے اور ہمیں اپنے کیش کی ضروریات پر نظر رکھنی ہوگی اور اپنے کریڈٹ فراہم کرنے والوں کے ساتھ باقاعدگی سے رابطہ رکھنا ہوگا اور بورڈ کی منظوری کے تحت مضبوط مالیات کیلئے بینکوں کا انتخاب کرنا ہوگا۔

غیر ملکی کرنسی کا رسک:

جب بھی ضروری ہوا، ہم اشیاء کی خریداری اور غیر ملکی کرنسی کے تحت زرمبادلہ کے معاوضوں کے مطابق قرضہ جات حاصل کرتے ہیں، کچھ کاروبار جو کہ حقیقی معنوں میں ان کی غیر ملکی کرنسی کے تحت کاروبار کو رواں دواں کرنا پڑتا ہے اور یہ پاور بزنس واپڈا کے حوالے سے ہے جبکہ اینگرو ووپاک کے پاس ڈالر میں کچھ معاہدے ہیں جو کہ فرٹیلائزر کے کاروبار کے حوالے سے تحریر کئے گئے ہیں جس کیلئے 62 ملین امریکن ڈالر کا تخمینہ لگایا گیا ہے اور اس کل غیر ملکی کرنسی میں سے قرضہ جات مبلغ 89.2 ملین ڈالر حاصل کئے۔ ہم مستقل طور پر غیر ملکی کرنسی کے اتار چڑھاؤ کا بغور جائزہ لے رہے ہیں اور جب بھی ضرورت ہوئی ہم اس سلسلے میں مناسب کاروائی کریں گے۔

اشیاء کا رسک:

مارکیٹ کے حوالے سے رسک کے سلسلے میں ہم لوکل اور انٹرنیشنل مارکیٹ میں باقاعدگی کے ساتھ اشیاء کی قیمتوں پر نظر رکھے ہوئے ہیں اس کے علاوہ ہمارا مقصد یہ ہے کہ یہ تمام امور احتیاط سے پورے کئے جائیں اور بورڈ کی پالیسیوں کے مطابق اور منظور شدہ حدود کے اندر رہ کر کام کیا جائے۔

کریڈٹ کا رسک:

مضبوط ترین مالیاتی بینک کے انتخاب کے حوالے سے زیادہ کریڈٹ کی ریٹنگ اس سلسلے میں ہمارے لئے مددگار ہونگی اور کریڈٹ کی لمٹ جو کہ صارفین، کریڈٹ ریفرنسز، مارکیٹ کی پوزیشن اور عالمی صنعتی پریکٹس کی بنیاد پر اضافہ کیا جاتا ہے۔

مینجمنٹ انفارمیشن سسٹم:

انفارمیشن سسٹم جس کی شروعات 2015ء میں کی گئی تھی اور اس سلسلے میں انفارمیشن ٹیکنالوجی کی حکمت عملی پر عمل کرتے ہوئے ''سسٹم آف ریکارڈ'' مرتب کیا گیا جو کہ کامیاب رہا۔ I.T جو کہ HR کو مائی اینگرو کے توسط سے ڈلیور کیا گیا تھا، HR ٹرانسفارمیشن جو کہ آن لائن مینجمنٹ کارکردگی کی پیشکش کرتا ہے اس کے ساتھ ساتھ تقرری، معاوضہ، منافع اور دیگر امور اس میں شامل ہیں۔ ورلڈ کلاس انوینٹری کیٹلاگ سسٹم کو ہمارے موجودہ میٹریل مینجمنٹ سسٹم پر موثر طور پر استعمال کیا گیا جس کی بناء پر اینگرو نے پاور ہاؤس خریدا۔ SAP مسلسل طور پر اپنے قدم آگے بڑھا رہے ہیں تاکہ جلد از جلد ان امور پر قابو پایا جائے۔

اکاؤنٹنگ کا اسٹینڈرڈ:

کمپنی کی اکاؤنٹنگ کی پالیسیاں جو کہ مکمل طور پر کمپنیز آرڈیننس 1984ء کے تحت ہیں اور یہ منظور کردہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ کی تکمیل اس آرڈیننس کے تحت کی گئی ہے اس کے علاوہ سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات پر بھی عمل کیا جارہا ہے۔

پنشن، گریجویٹی اور پروویڈنٹ فنڈ:

اینگرو کارپوریشن نے یہ پلان مرتب کیا ہے جس کے تحت سابق ملازمین اور ریٹائرمنٹ کے فوائد گروپ کے تمام ملازمین کو دیئے جائیں۔ اس میں کنٹریبیوشن (DC) اور منافع (DB)، پنشن پلانز کے تحت DC پروویڈنٹ فنڈ، DC گریجویٹی اور DB گریجویٹی پلان پر مشتمل ہے۔

DB پلانز کے تحت فنڈ حاصل کرنے کی اسکیم بنائی گئی ہے جو کہ ٹیکس اتھارٹیز نے پیش کی ہے اور DB پنشن اور گریجویٹی اسکیم کو 31 دسمبر 2015ء میں شروع کیا گیا تھا اور اس سلسلے میں مالیاتی اسٹیٹمنٹ کا 31 دسمبر 2014ء تک باقاعدہ آڈٹ کیا گیا ہے۔

حالیہ آڈٹ شدہ اکاؤنٹ برائے پروویڈنٹ فنڈ جو کہ 30 جون 2015ء کے لئے ہے اور DC گریجویٹی اور DC پنشن فنڈ جو کہ 31 دسمبر 2014ء کو کور کرتا ہے۔ کمپنی نے مذکورہ تمام اسکیمز پر اپنی ذمہ داریاں پوری کیں۔

صافی اثاثہ جات برائے پروویڈنٹ فنڈ کی ویلیو (30 جون 2015ء کو) گریجویٹی فنڈ (31 دسمبر 2014ء کو) اور پنشن فنڈ (31 دسمبر 2014ء کو) اس کا انحصار ان کے آڈٹ کردہ اکاؤنٹس پر ہے جو کہ مندرجہ ذیل ہیں:

پروویڈنٹ فنڈ PKR 3,064 ملین

DC پنشن فنڈ: PKR 675 ملین

DB پنشن فنڈ: PKR 34 ملین

DC گریجویٹی فنڈ: PKR 1,032 ملین

DB عدم MPT گریجویٹی فنڈ: PKR 152 ملین

MPT DB گریجویٹی فنڈ: PKR 264 ملین

آڈیٹرز:

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر اور اہل ہونے، خود کو ری اپائنٹمنٹ کے لیے پیش کیا ہے. بورڈ کی آڈٹ کمیٹی 31 دسمبر، 2016 کو ختم ہونے والے سال کے لئے ان کی باحیثیت آڈیٹر اپائنٹمنٹ کی سفارش کرتی ہے۔

شیئرز ٹریڈ اور قیمتوں کا تناسب:

کمپنی کا اسٹاک جو کہ موثر طور پر ملک کے تمام اسٹاک ایکسچینجز پر موثر شیئر کی تجارت کر رہی ہے اس سال کے دوران 1,007 ملین شیئرز کی کمپنی کے کراچی اسٹاک ایکسچینج میں تجارت کی گئی۔ کمپنی کے شیئرز کی قیمت کی تناسب کی بنیاد یومیہ کلوزنگ ریٹ PKR 294.4 جبکہ 52 ہفتوں یا دہ سال 2015ء کے دوران PKR 222.1 جو کہ 344.7 فی شیئر کے حساب سے تھا۔

شیئر ہولڈنگ کا طریقہ کار:

اینگرو کارپوریشن لمیٹڈ کے مین شیئر ہولڈر دی داؤد گروپ بشمول داؤد ہرکولس کارپوریشن لمیٹڈ (DH) پر مشتمل ہے۔ دیگر شیئر ہولڈرز جو کہ اینگرو گروپ کمپنی کے ملازمین، ان کے رشتہ داران، ملکی اور غیر ملکی افراد اور دیگر عام پبلک شامل ہے۔

شیئر ہولڈنگ کا عام طریقہ کار کا بیان بشمول شیئر ہولڈرز کی کچھ درجہ بندیوں میں شیئر ہولڈنگ کا طریقہ کار جس کا اظہار فریم ورک کے دوران کیا گیا اور خرید و فروخت برائے شیئر کا اسٹیٹمنٹ ڈائریکٹرز، کمپنی سیکریٹری اور ان کے شوہر/بیویوں بشمول نابالغ بچوں کا ہے جو کہ سال 2015ء کے دوران اس رپورٹ میں شیئر ہولڈنگ کے سیکشن میں دیا گیا ہے۔

اینگرو پاورجین قادر پور لمیٹڈ: EPQL جو کہ ایک منفرد پروجیکٹ ہے اور یہ سلفر کے اجزاء اور BTU گیس میں شامل ہیں جو کہ اس سے قبل بجلی پیدا کرنے کیلئے نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC) کو منتقل کی گئی جو کہ پاور پرچیز ایگریمنٹ کے تحت ہوئی۔ EPQL جو کہ گیس کی سپلائی کے حوالہ سے سوئی سدرن گیس پائپ لائن لمیٹڈ (SNGPL) جو کہ قادر پور گیس فیلڈ سے 75 MMCFD کی فراہمی کیلئے ہے۔ ایک منفرد فیول سپلائی کے حوالے سے گیس کی سپلائی کرتی ہے اس کے علاوہ موجودہ گیس کے ذخائر جو کہ قادر پور گیس فیلڈ میں موجود ہے اور یہ پروجیکٹ پوری زندگی کیلئے ہے۔ مزید یہ کہ معاہدہ کی شرائط کے تحت حکومت پاکستان فیول کے اخراجات میں کمی کیلئے اپنی ذمہ داری پوری کررہی ہے اور اس کے متبادل فیول بطور گیس کیلئے کے حوالے سے یہ رائے پیش کی گئی ہے کمپنی نے اپنا کام طویل مدتی معاہدہ کے تحت شروع کیا ہے۔

2015ء کے دوران EPQL نے 99.7% کی دستیابی کا مظاہرہ کیا ہے جس کا مقابلہ گزشتہ سال 99.9% سے کیا گیا ہے جس کی پیداواری آؤٹ پٹ 1,424 GWh ہے اور نیشنل گرڈ کے حوالے سے اس کا تناسب 76.7% رہا جو کہ گزشتہ سال 92.6% تھا۔ لوڈ کی وجہ سے پلانٹ آپریشنز میں ہر چھ سال کے بعد مینٹی ننس کا عمل کیا جاتا ہے۔ یہ پلانٹ سالانہ بنیاد پر قادر پور گیس پروسیسنگ کی سہولیات اور دیگر مینٹی ننس کی سرگرمیاں بحوالہ 2H بابت 2015ء فراہم کررہا ہے۔ یہ تمام حکمت عملی PPA کے تحت پاور کی خریداری سے متعلق تھی اور یہ وقت مقررہ کے اندر مکمل کی گئی۔

سال 2015ء کے لئے EPQL کے ریونیو کا تناسب PKR 13,354 ملین ہے جس کا موازنہ گزشتہ سال کی رقم PKR 12,041 ملین سے کیا جاسکتا ہے۔ سیلز ریونیو میں اضافہ دراصل گیس کی بلنگ اور ڈویلپمنٹ سے ہے جو کہ سال 2013 اور 2014ء سے متعلق ہے۔ سال کا کُل منافع مبلغ PKR 2,465 ملین تھی جو کہ گزشتہ سال کے مقابلے میں PKR 2,702 ملین تھی۔ اس سلسلے میں کل منافع کی حکمت عملی گرڈ سے متعلق ارسال کی گئی تھی۔ اس سال کی دیگر آمدنی جو کہ PKR 7 ملین ریکارڈ کی گئی تھی جس کا موازنہ سال 2014 میں PKR 154 ملین سے کیا جاسکتا ہے۔

گزشتہ سال دیگر آمدنی بالخصوص نئے روٹر بتوسط انشورنس کو رتیج تھا جو کہ ورکنگ کیپیٹل کی پوزیشن میں اصلاح کی گئی تھی اور فیول سپلائر کو وقت پر ادائیگی کی گئی تھی جس سے اس سال میں مالیاتی اخراجات میں کمی واقع ہوئی جو کہ PKR 2 ملین رہی جس کا موازنہ گزشتہ سال کی رقم PKR 579 ملین سے کیا جاسکتا ہے۔ NTDC سے رقم کے حوالے سے 31 دسمبر 2015 کو PKR 1,691 ملین تھی جس کا موازنہ 31 دسمبر 2014ء کی رقم PKR 1,210 سے کیا جاسکتا ہے۔ اسی طرح 31 دسمبر 2015ء کو PKR 583 ملین تھی جس کا موازنہ 2014ء میں PKR 232 سے کیا جاسکتا ہے۔ کمپنی نے 2015ء میں صافی منافع PKR 1,798 ملین حاصل کیا جس کا موازنہ گزشتہ سال PKR 2,021 ملین سے کیا جاسکتا ہے۔

GEL یوٹیلٹی لمیٹڈ: GEL کے تجارتی آپریشن جو کہ نومبر 2014ء میں حاصل کیا گیا تھا اسے اینگرو O&M کی ٹیم نے شروع کیا تھا۔ سال 2015ء میں O&M کی ٹیم کو GEL پلانٹ کی کامیاب تکمیل پر ایک سال کیلئے آپریشن حوالے کیا تھا اور اس کی سالانہ دستیابی 99.95% رہی جبکہ دستیابی کا ٹارگیٹ 98% تھا اور یہ صفر TRIR کے تحت 425,467 لوگوں نے مکمل کیا۔

تھر کول پروجیکٹ:

تھر کول پروجیکٹ کی فیلڈ کا تخمینہ 175 بلین ٹن ہیکسی بھی بڑے تیل کی پیداوار کرنے والے ملک کے ذخائر کے برابر ہے اور اسے 100 سال تک 100,000 MW کے لئے استعمال کیا جاسکتا ہے۔ اینگرو نے مائننگ اور پاور پروجیکٹ میں اشتراک کیا ہے اور ملکی ذرائع کو استعمال کرتے ہوئے اس مشکلات کو نمٹانے میں اہم کردار ادا کیا ہے۔

سندھ اینگرو کول مائننگ کمپنی (SECMC): سال کے دوران 3.7 ملین بینکڈ کیوبک میٹر (BCM) کو مکمل کیا گیا تھا۔ EPC ٹھیکیدار، CMEC نے بنیادی انجینئرنگ ڈیزائن کا کام 80% مکمل کیا ہے جس کی نظر ثانی SECMC اور RWE جرمنی کررہے ہیں۔ SECMC کی ٹیم نے Huolinhe Open Cast Mine سے تربیت حاصل کی ہے جو کہ CPI Mengdong Inner منگولیا، چائنا، CMEC ٹیم نے عارضی سائٹ کی سہولیات کیلئے تعمیرات کی ہیں اس کا اہم مقصد مائن اور پاور پلانٹ کیلئے روڈ بنانا ہے۔

SECMC کونٹریکٹ کے تعین کیلئے MD TCEB نے 6 جون 2015ء کو دستخط کئے اس کے علاوہ کول سپلائی معاہدہ برائے تھر کول پر عملدر آمد کیا گیا جو کہ SECMC اور اینگرو پاورجین تھر پرائیویٹ لمیٹڈ کے مابین جاری کیا گیا ہے اور اس سال کے دوران اس کی گنجائش (2x330 MW) پاور پلانٹ (IPP) ہے۔

دونوں فیز I & II بابت LBOD پانی کی سپلائی کی اسکیم 68% اور 38% مکمل ہونے کے مراحل میں ہے اس کے ٹارگیٹ کے مکمل کرنے کی تاریخ دونوں فیز I & II کی ستمبر 2017ء ہے۔ اور یہ پروجیکٹ تکمیل کے مراحل میں ہے۔ 50 کیوسک کام جو کہ اب تک شیڈول کے مطابق ہوا ہے جبکہ اس وقت کام کی رفتار میں اضافہ کیا گیا ہے۔ موجودہ تکمیلی حدف 31 مارچ 2016ء ہے۔ SECMC مستقل طور پر دونوں LBOD اور 50 کیوسک ڈسپوزل اسکیم کی نگرانی کررہی ہیں جس کے لئے تیسرے فریق کنسلٹنٹ کی خدمات حاصل کی گئی ہیں تاکہ کام کی کوالٹی بہتر ہو اور کام وقت پر مکمل ہو۔

اس سال کے دوران فیز I پروجیکٹ کے اخراجات کا تخمینہ USD 845 ملین تھا جس میں سے USD 211 ملین ایکوئیٹی کے ذریعے شامل کئے گئے جبکہ USD 634 ملین کی فنانس ڈیبٹ کے ذریعے کی جائے گی جس میں چار ایکوئیٹی پارٹنرز حبکو، تھل، HBL اور CMEC کو اس سال کے دوران داخل کیا گیا تھا۔ اس سلسلے میں تمام اہم معاہدے 21 دسمبر 2015ء کو دستخط کئے گئے۔ سیکیورٹی دستاویزات کے اجراء کے بعد قرض کی ادائیگی متوقع ہے اسی طرح سے لوکل قرض دہندگان کے لئے ضمانت بھی 11 جنوری 2016ء کو جاری کردی گئی۔

اینگرو پاورجین تھر (پرائیویٹ) لمیٹڈ: یہ سنگ میل مالیاتی سال کی کلوزنگ کے دوران حاصل کیا گیا تھا۔ EPTL نے NEPRA سے 18 مارچ 2015ء کو لائسنس حاصل کیا۔ بعد ازاں EPTL نے پرائیویٹ پاور اور انفراسٹرکچر بورڈ (PPIB) سے سپورٹ کا لیٹر 17 اپریل 2015 کو حاصل کیا۔ 4 مئی 2015ء کو EPTL نے پاور کی خریداری کا معاہدہ (PPA) نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی کے ساتھ کیا اور عملدر آمد معاہدہ (IA) اور جزوی معاہدہ IA بمعہ اسلامک ری پبلک آف پاکستان سے کیا۔ EPTL نے SECMC کے ساتھ کول کی سپلائی کے لئے معاہدہ 7 جون 2015 کو کیا۔ بنیادی انجینئرنگ کی کاروائی شروع کردی گئی اور اس سال کے دوران مکمل کیا گیا۔

CMEC نے جیوٹیکنیکل اور ٹوپوگرافک سروے مکمل کیا، 96 بور ہولز (50 میٹر کی گہرائی تک) بھی مکمل کیا اور پاور پلانٹ سائٹ کے ٹوپوگرافک سروے کو تکمیل تک پہنچایا۔ اس سلسلے میں پاور پلانٹ سائٹ پر بنیادی کام CMEC نے 8 تصدیق شدہ بور ہولز کو مکمل کیا۔

اینگرو پاورجین (پرائیوٹ) لیمیٹڈ:

مالکاری حصول کے لئے سال کے دوران مربوط اور تاریخ ساز ترقی حاصل کی گئی۔ ای پی ٹی ایل نے پیمرا سے پیداواری لائسنس حاصل کیا جو 18 مارچ 2015 سے موثر ہے۔ ای پی ٹی ایل نے 17 اپریل 2015 کو پرائیوٹ پاور اور انفراسٹکچر بورڈ سے حمایتی خط بھی وصول کیا ہے۔ اسکے علاوہ ای پی ٹی ایل نے نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی کے ساتھ بجلی کی خریداری اور عمل درا? مد جبکہ اسلامی جمہوری پاکستان کے ساتھ اضافی عمل درآمد کا معاہدہ طے کیا ہے۔ ای پی ٹی ایل نے اسکے علاوہ ای پی ٹی ایل نے 7 جون 2015 کو کوئلے کی سپلائی کا معاہدہ ایس ای سی ایم سی کے ساتھ طے کیا ہے۔ بنیادی انجینئرنگ کی جانچ کا کام شروع کردیا گیا ہے۔ جبکہ سال کے دوران ابتدائی جیوٹیکنیکل اور زمینی ساخت کے سروے کا کام مکمل کرلیا گیا ہے۔

سی ایم ای سی نے جیوٹیکنیکل اور زمینی ساخت کا سروے مکمل کرلیا ہے۔ چھانوے بورکے (پچاس میٹر گہرائی) کے سوراخ کئے گئے جبکہ پاور پلانٹ سائٹ کا ٹوپوگرافک سروے مکمل کرلیا گیا۔ سی ایم ای سی نے پاور پلانٹ سائٹ پر پائلنگ ٹیسٹ کا آغاز کرتے ہوئے آٹھ تصدیقی بور سوراخ مکمل کر لئے گئے ہیں۔

سال کے دوران، ای پی ٹی ایل نے اپنے متوقع شیئر ہولڈنگ ڈھانچے اور ملکی اور بیرونی قرض گیروں سے مالکاری معاہدوں پر دستخط کر لئے ہیں۔ ای پی ٹی ایل منصوبے کی لاگت کا تخمینہ 1108 میلین ڈالر لگایا گیا ہے۔ جس میں 831 میلین قرض لے کر جبکہ 277 میلین ایکویٹی پر منبی ہوگا۔ اس طرح قرض اور ایکویٹی کا تناسب 25:75 ہوگا۔

اینگرو پاورجین لیمیٹڈ مجوزہ 51 فیصد حصص خرید کر کمپنی کا بڑا حصہ دار ہوگا۔ منصوبے کے لئے باقی سرمایہ کاری کے حصول کی منصوبہ بندی سی ایم ای سی تھر پاور انوسٹمنٹ لیمیٹڈ اور دیگر مقامی سرمایہ کاروں سے کی گئی ہے۔ (حبیب بینک لیمیٹڈ اور لیبرٹی ملز) مالکاری کے بڑے معاہدے 21 دسمبر 2015 کو وضع کئے گئے۔ جبکہ فنانشل کلوز اور قرضوں کی فراہمی سیکیورٹی دستاویزار، گارنٹی کے اجراء اور قانونی تقاضوں پورے کئے جانے سے متوقع ہے۔

اینگرو پولی مر اینڈ کیمیکلز

اینگرو پولی مر کے لئے سال 2015 چیلنجنگ رہا۔ سال کے دوران کمپنی کا خسارہ بشمول ٹیکس 644 میلین روپے رہا۔ گذشتہ سال کا خسارہ 1109 میلین روپے تھا۔ کمپنی کے نقصان کی بنیادی وجہ غیر مستحکم اجناس کی قیمتیں رہیں جس سے مقامی سطح پر پی وی سی شعبے کی اضافی سیلز نمو کو ختم کردیا۔ قدرتی گیس کی قیمت میں اضافے اور کھولرالکلی یونٹ پر پیداواری مسائل نے منافع کو مذید کم کیا۔ البتہ، شرح تبادلہ میں مثبت تبدیلی، صنعتی یونٹ پر جی ا? ئی ڈی سی کے اطلاق سے استثنی اور استھیلین پر ڈیوٹی پانچ فیصد سے کم کرکے دو فیصد کئے جانے سے کمپنی کو مالی بوجھ کم کرنے میں مدد ملی۔

پیداواری سطح پر کمپنی نے وی سی ایم کو پی وی سی پر منتقل کرنے اور پی وی سی پیداوار کی تمام ضروریات کو اندرونی وی سی ایم سے پورا کرنے کی حکمت عملی کو جاری رکھا۔ 2015 کے دوران کمپنی کی پی سی وی پیداوار بلند ترین۔ ایک سو اکسٹھ ہزار ٹن رہی۔ جبکہ وی سی ایم کی پیداوار ایک سو باسٹھ ہزار ٹن اور کاسٹک سوڈا کی پیداوار اٹھانوے ہزار ٹن رہی۔

سال دو ہزار پندرہ میں پی وی سی کی مقامی مارکیٹ کا حجم 179 ہزار ٹن رہا۔ کمپنی نے سال کے دوران کمپنی کی سیلز میں خاطر خواہ اضافہ ہوا۔ جسکی بنیادی وجہ مقامی مارکیٹ میں اضافی توجہ دینے اور درآمدی متبادل کے سبب رہا۔ پی وی سی کو مقامی سطح پر صرف اینگرو پولیمر اینڈ کیمیکل تیار کررہا ہے جسے "سبز" کے برانڈ سے فروخت کیا جارہا ہے۔ 2015 میں ای پی سی ایل کا مارکیٹ شیئر 83 فیصد رہا 2014 میں اسکی شرح 77 فیصد تھی۔ 2015 میں پی وی سی کی اسکریپ درا? مد کے اندازے چھ ہزار ٹن ہے۔ جو 2014 کے مقابلے میں ترسٹھ فیصد کم ہے۔ رال اور اسکریپ کے درمیان قیمت کا فرق کم ہونے سے اسکریپ صارف رال کے استعمال کی طرف راغب ہوئے جس نے ای پی سی ایل کی مقامی سیلز میں اضافہ کیا۔ مقامی سطح پر پائپ اور فٹنگ پی وی سی کھپت کا بڑا حصہ ہے۔ تعمیراتی شعبے کی اضافی طلب جبکہ سرکاری اور بڑے پیمانے کی صنعتوں میں پی وی سی پائپ کے اضافی استعمال کے سبب سیلز نمو میں خاطر خواہ اضافہ ہوا ہے۔ 2015 میں پی وی سی کی فروخت 145 ہزار ٹن جو ایک سال پہلے 125 ہزار ٹن تھی۔

ملک میں پی وی سی پائپ کی کھپت بڑھانے کے لئے کمپنی نجی اور سرکاری شعبے کے تعاون اور اپنے وسائل کو بروئے کار لاکر پی وی سی کی دیگر مصنوعات کی کھپت بڑھانے پر توجہ دے رہی ہے۔ ای پی سی ایل شعبے کی تعمیر و ترقی اور پی وی سی مصنوعات کی خصوصیات اور مارکیٹ میں موجود دیگر مصنوعات پر پی وی سی کی فوقیت کو اجاگر کرتا رہیگا۔ کمپنی جارحانہ مارکیٹنگ حکمت عملی پر عمل پیرا ہے اور کوشش کررہی ہے کہ وہ صارف، حکومتی ایجنسیوں، آرکیٹکٹ اور کنسٹرکشن ماہرین کے ساتھ مل کر پی وی سی مارکیٹ کو فروغ دے رہی ہے۔ کمپنی پرامید ہے کہ ان اقدامات کے ثمرات کمپنی کے اسٹیک ہولڈرز تک ا? ئندہ دنوں میں پہنچیں گے۔ اس سے تعمیراتی شعبے میں نظر آنے والے بہتری، پبلک سیکٹر ڈیولپمنٹ پروگرام، بہتر ہوتی ہوئی معاشی صورتحال خصوصا چین پاکستان اقتصادی راہداری منصوبہ شروع ہونے سے مقامی سطح پر پی وی سی کی کھپت کو ممکنہ طور پر بڑھائیں گے۔ سال کے دوران کمپنی نے مقامی کاسٹک سوڈا مارکیٹ میں تراسی ہزار ٹن فروخت کیا۔ یہ گذشتہ سال کے مقابلے میں دس ہزار ٹن کم ہے جسکی وجہ مقامی سطح پر سخت مارکیٹ مقابلے اور پلانٹ پر پیداواری مشکلات کے سبب رہی جسے اب ٹھیک کرلیا گیا ہے۔ جسکی وجہ سے مارکیٹ شیئر ایک سال کے دوران چھتیس فیصد سے گر کر 2015 میں بتیس فیصد رہا۔ ان چیلنجز کے باوجود کمپنی نے اپنی پوزیشن کو جنوبی کاسٹک سوڈا مارکیٹ میں ایک قائد کی طور پر بنائے رکھا۔ اسکے علاوہ اختتام سال کے قریب اینگرو کارپوریشن لیمیٹڈ کے چھپن اعشاریہ ایک نو حصص کی خریداری کے لئے اے ٹی ایس سینتھٹک (پرائیوٹ) لیمیٹڈ سے پیشکش موصول ہوئی۔ صورتحال سے تمام اسٹاک ایکسچینجوں کو آگاہ کیا جاچکا ہے۔

اینگرو ایلنجی

سال 2014 میں، اینگرو نے پاکستان کے پہلے ایل این جی اسٹوریج اور ری گیسیفیکیشن ٹرمینل کی تعمیر کا سفر شروع کیا۔ ایل این جی آپریشن اور خدمات کا معاہدہ (ایل ایس اے) سوئی سدرن گیس کمپنی لیمیٹڈ کے ساتھ اپریل دو ہزار چودہ میں وضع کیا۔ جس میں اینگرو نے اکتیس مارچ دو ہزار پندرہ تک کمرشل آپریشن شروع کرنے کی حامی بھری۔ انتیس مارچ دو ہزار پندرہ کو کمپنی نے سرٹیفکیٹ آف ایکسپٹنس، ایس ایس جی سی ایل سے کامیابی ٹیسٹ کے بعد ایل ایس اے کے مطابق وصول کیا اور ری گیسی فائی ایل این جی کی ترسیل ایس ایس جی سی ایل کو شروع کی۔ پروجیکٹ کو اپنی مقررہ مدت انتیس مارچ دو ہزار پندرہ کو تین سو بتیس دنوں کے ریکارڈ مدت میں ایک سو بائیس امریکی ڈالر لاگت سے تعمیر کیا گیا۔ پروجیکٹ نے ایک مرتبہ پھر اینگرو کے عزم کا پرچار کیا ہے کہ وہ ملکی کی بہتری کیلئے کوشاں ہیں کیونکہ یہ منصوبہ ملک سے سے قدرتی گیس کی قلت کو تیس فیصد تک دور کردے گا۔ اس منصوبے کی تعمیر میں اینگرو کے موجود انفراسٹرکچر کو استعمال کیا جس کی وجہ سے منصوبے پر دنیا کے دیگر ٹرمینل کے مقابلے میں کم لاگت میں تیار ہوا اور اسکا ٹیرف چھیاسٹھ سینٹ ایم ایم بی ٹی یو ہے۔ گذشتہ سال، ٹرمینل نے سترہ کارگوز اور 1030557 میٹرک ٹن ایل این جی کو ھینڈل کیا۔ اس نے 48?05 بی سی ایف ری گیسیفائڈ ایل این جی ایس ایس جی سی نیٹ ورک میں تقریبا اکاون بیلین بی ٹی یوانرجی کو شامل کیا۔ اسکے علاوہ ادارے نے سو فیصد آر ایل این جی ری گیسی فیکیشن نامزدگی کا انتظام سنبھالا۔

ملک کی کاسٹک سوڈا مارکیٹ میں سال 2015ء میں 260KT رہی، زیادہ تر طلب پاکستان میں ٹیکسٹائل، صابن اور ڈٹرجنٹ کی وجہ سے ہوئی۔ اس میدان میں اضافہ ملک کے اندر کاسٹک سوڈا کی طلب کی بنیاد پر ہے۔ سال 2015ء کے دوران ٹیکسٹائل سیکٹر میں گیس کی متواتر عدم پیداوار کی وجہ سے کم رہی۔ ملک میں تمام تر پیداوار کی گنجائش میں اضافہ قیمتوں پر دباؤ کی وجہ سے رہا، اسی وجہ سے قیمتوں کی حکمت عملی کو مقابلے کی طرز پر رکھا گیا۔

کاروباری جائزہ:

اینگرو کارپوریشن کیلئے ایک اور بڑا سال رہا جس میں PKR 175,958 ملین 2014ء کے مقابلے میں اس سال کا ریکارڈ ریونیو PKR 184,264 تھا جس کا تناسب 4.7% سال سے سال تک حاصل کیا۔ کمپنی نے بعد از ٹیکس منافع کی رقم مبلغ PKR 13,784 ملین مقرر کی جس کا موازنہ سال 2014ء کے دوران مبلغ PKR 7,007 ملین سے کیا گیا۔

اینگرو فرٹیلائزر کے دونوں پلانٹس نے کامیابی سے پیداوار کو جاری رکھا اس مسلسل پیداوار کی وجہ گیس کی بلا تعطل فراہمی تھی. اس کے علاوہ 16 مارچ 2015 سے گیس رعایتی نرخوں پر موصول ہوتی رہی۔ اینگرو کارپوریشن نے فرٹیلائزر ٹریڈنگ اور چاول کے کاروبار کے ڈھانچوں میں کامیابی سے اصلاحات کیں۔ یہ اصلاحات اس طرح ممکن ہوئیں جب اینگرو فرٹیلائزر اور EXIMP اگری پروڈکٹس کو اینگرو کارپوریشن میں ختم کر دیا گیا۔ اینگرو فوڈز نے UHT کی مارکیٹ میں شاندار کارکردگی کا مظاہرہ کیا اور سب سے زیادہ مارکیٹ شیئر حاصل کیا۔ اینگرو پاورجن قادر پور اور اینگرو ووپک نے کامیابیوں کے سلسلوں کو برقرار رکھا تاہم چاول کے کاروبار میں نسبتاً نقصان کا سامنا کرنا پڑا، پراپرٹی، پلانٹ اور دیگر سامان اسٹور اور اسپیئرز کے حوالے سے PKR 3,384 کا خسارہ برداشت کیا۔ پیٹروکیمیکل کے کاروبار کو بھی عالمی معیار پر چلایا گیا لیکن ایتھائلن PVC کی قیمتوں میں کمی کے سبب خسارہ کا سامنا کرنا پڑا۔ لہٰذا پیٹروکیمیکل کے کاروبار کیلئے مالیاتی سال 2016ء کے بجٹ میں کچھ مراعات دی گئی تھیں اور ایتھلائن کی درآمد پر درآمدات کی ڈیوٹی مورخہ یکم جولائی 2016ء سے 5% سے کم ہو کر 2% رہ گئی۔

اس سال LNG ٹرمینل کی تجارتی سرگرمیاں شروع ہوئیں اور ملک میں جاری توانائی کے بحران کو کم کرنے کے ساتھ ساتھ کمپنی کے لیے منافع بخش آغاز کیا۔ سال کے دوران اینگرو کارپوریشن نے اینگرو فرٹیلائزر کے 8.16% (93 ملین شیئرز) حاصل کئے جو کہ نئی توانائی سے متعلق منصوبوں سے ہے۔ مزید سندھ اینگرو کول مائننگ کمپنی کے لئے غیر ملکی مالیاتی معاہدے بھی کئے گئے اور بیجنگ میں مورخہ 21 دسمبر 2015ء کو اینگرو پاورجین تھر کے معاہدے پر دستخط کئے گئے تھے۔

کمپنی کے شیئرز بھی ایک بار پھر بہترین کارکردگی کا حوالہ دیا اور 35% تک سالانہ ریٹرن حاصل کیا (جس میں ڈویڈنڈ ایڈجسٹ کئے گئے ہیں) جب کہ KSE-100 انڈیکس کا ریٹرن صرف 2.1% ریکارڈ کیا گیا۔ اس کے علاوہ اینگرو کارپوریشن کی طویل مدتی ریٹنگ AA اور مختصر مدتی ریٹنگ A1+ مقرر کی گئی۔

اس سال اینگرو نے اپنی 50 سالہ مسافت پوری کی ہے یہ سفر 1965 میں Esso پاکستان کے ساتھ شروع ہوا جو کہ ایک فرٹیلائزر مینوفیکچرنگ اور مارکیٹنگ آپریشن کمپنی تھی جبکہ اب اینگرو ایک کثیر الجہتی کمپنی ہے اور مختلف سیکٹرز میں کام کر رہی ہے۔

GIDC ایکٹ 2015ء کے مطابق کمپنی نے GIDC کے تحت کیس کے خلاف اسٹے آرڈر حاصل کیا ہے لہٰذا گورنمنٹ کی درخواست اور بغیر کسی قانونی امور کے کمپنی نے مکمل رقم 2011ء سے مبلغ PKR15.2 بلین روپے غیر مراعاتی گیس کی سپلائی کے عوض ادا کر دی ہے۔ اس وقت کمپنی تمام غیر رعایتی گیس پر GIDC کی ادائیگی کر رہی ہے۔

کمپنی نے رعائیتی گیس کے حوالے سے GIDC کے خلاف بھی اسٹے آرڈر حاصل کیا ہے لہٰذا نئے یوریا پلانٹ کو رعایتی گیس کی سپلائی پر GIDC کی ادائیگی نہیں کی جارہی ہے۔ رعائیتی گیس پر GIDC کا اطلاق فرٹیلائزر پالیسی اور کمپنی کے گیس سپلائی معاہدے جس کے تحت کمپنی نے نئے فرٹیلائزر مینوفیکچرنگ پلانٹ کی بنیاد رکھی تھی کے بھی برخلاف ہے۔

یوریا: کمپنی نے 2014ء میں فراہم کردہ 1,819KT کے مقابلے میں 8% زائد یوریا یعنی 1,968KT فراہم کئے۔ اس کے علاوہ 278 دنوں میں 1.5 ملین ٹن یوریا کی سپلائی بھی کی ہے۔ کمپنی کی رپورٹ کے مطابق یوریا کی سیلز کا تناسب سال 2015ء میں 1,878KT رہا جو کہ 2014ء کے مقابلے میں 3% زائد ہے۔ جس کے نتیجے میں سال 2015ء میں یوریا مارکیٹ کے شیئر میں اینگرو نے پچھلے سال کے مقابلے میں 32% سے 34% فیصد تک کا اضافہ کیا ہے جبکہ برانڈڈ یوریا میں مارکیٹ شیئر 37% ہے۔

فاسفورس:

کمپنی نے 391 KT بابت DAP فروخت کی جبکہ سال کے دوران برانڈ اینگرو DAP کیلئے انڈسٹری میں مارکیٹ شیئر 22% ہے۔ پوری دنیا میں اشیاء کی قیمتوں میں کمی کے سبب DAP کی قیمتیں اسی حوالے سے سال کے شروع میں 490 امریکی ڈالر فی ٹن (CFR پاکستان) سے کم ہو کر سال کے آخر تک 400 امریکی ڈالر فی ٹن ہو گئیں۔

زرخیز:

اس سال کیلئے کمپنی کی بلینڈ کردہ فرٹیلائزر (زرخیز و اینگرو NP) کی فروخت میں 8% سے 135 KT اضافہ ہوا جس کا موازنہ سال 2014ء کے دوران 125 KT سے کیا گیا جو کہ زیادہ NP سیلز ہے۔ گھریلو صنعت کے حوالے سے 2014ء سے 16% کی کمی واقع ہوئی ہے جس کا سبب کمزور کاشتکاری ہے۔ لہٰذا زرخیز کے حوالے سے مارکیٹ شیئر میں اضافہ 51% (2014ء میں 42%) کیا گیا۔

فرٹیلائزر بزنس کا سال 2015ء کے لئے سیلز ریونیو مبلغ PKR 88,032 ملین تھا جس کا موازنہ گزشتہ سال PKR 61,425 ملین سے کیا جا سکتا ہے جو کہ 43% زائد رہا۔ سیلز ریونیو میں اضافہ بنیادی طور پر فاسفورس کے کاروبار میں اضافہ کے سبب ہوا جس کا ریونیو سال 2015ء میں مبلغ PKR 23,606 ملین رہا۔ سال 2015ء میں کل منافع PKR 32,308 ملین رہا جس کا موازنہ گزشتہ سال کیلئے PKR 22,603 ملین سے کیا گیا۔ اس کے علاوہ فاسفورس کے کاروبار کے حوالے سے رعایتی قیمت میں سالہا سال اضافہ ہوا اس طرح سے کل منافع میں بھی اضافہ ہوا۔ سال کے دوران مالیاتی چارجز میں PKR 1,998 ملین کی کمی کے بعد سال کے اختتام پر اس کی سطح PKR 4,627 ملین رہ گئی جس کی بنیادی وجوہات 2014 میں کی گئی کمپنی کے قرضوں میں کمی اور ملک میں تیزی سے گرتی ہوئی شرحِ سود ہیں۔ سال 2015ء میں دیگر آمدنی میں PKR 2,449 ملین کی سطح سے کم ہو کر PKR 1,781 ملین رہی جس کی وجہ GIDC کی مد میں ادائیگی اور سال کے دوران ڈویڈنڈ کی ادائیگی رہی۔ اس سال منافع کی رقم مبلغ PKR 14,819 ملین رہی جو کہ پچھلے سال کے منافع کی رقم PKR 8,208 کے مقابلے میں 81% زائد ہے۔

سال کے دوران PACRA کی ریٹنگ A+ سے بڑھ کر AA ہو گئی اور اس کی مختصر مدتی ریٹنگ A1 سے بڑھ کر A1+ ہو گئی۔

اینگرو فوڈز:

سال 2015ء میں کامیاب سال کے بعد مارکیٹ شیئرز میں اضافہ سال 2014ء میں ہوا اور کمپنی نے اپنی تمام تر توجہ UHT کیٹگری پر مرکوز کر دی۔ ان تمام درجہ بندیوں میں کمپنی نے اپنا اثر و رسوخ استعمال کرتے ہوئے اور پروڈکٹ کی کوالٹی، اور تقسیم کے طریقہ کار کو بہتر بناتے ہوئے نمو حاصل کی۔ کمپنی نے 2015 کے دوران ریونیو کی مد میں PKR 49.8 بلین کمائے جو پچھلے سال کی آمدنی PKR 42.6 بلین کے مقابلے میں 16.9% زیادہ ہے۔ 2015 میں صارفین سے حاصل کردہ بصیرت اور مئوثر پراڈکٹ مکس پر مبنی برانڈ سے متعلق حکمت عملی نے کمپنی کی آمدن پر مثبت اثرات مرتب کیئے۔ گروس مارجن کا تناسب 18.8% سے بڑھ کر 24.2% رہا جس کی بنیادی وجہ اشیاء اور ایندھن کی گرتی ہوئی قیمتیں تھیں۔ مجموعی طور پر سال میں کمپنی کا منافع 2014 کے مقابلے میں PKR 889 ملین سے بڑھ کر PKR 3,162 ملین رہا۔

ڈیری و مشروبات:

A.C نیلسن کے مطابق سال کے دوران کمپنی نے ستمبر 2015ء میں UHT مارکیٹ شیئر میں 57% کا اضافہ حاصل کیا جبکہ نومبر 2014ء میں یہی تناسب 55% تک رہا۔

خصوصی ٹی کریمر کیٹگری کے بارے میں مارکیٹ شیئر بتوسط اعلیٰ پیمانے کی تجارت اور اس میدان میں نئے فریقین نے شمولیت کی اور اس سیکٹر میں سرمایہ کاری کی۔ ان چیلنجز کے باوجود ہم ترقی کی راہ پر گامزن رہے اور ڈسٹری بیوشن کے اقدامات میں اضافہ کیا تا کہ مطلوبہ برانڈ اپنی صحیح جگہ اور کل UHT ڈیری مارکیٹ میں شیئر قائم رکھ سکے۔

اولپرز مسلسل طور پر گزشتہ سال سے کامیابی حاصل کر رہا ہے حالانکہ مدمقابل فریقین کا دباؤ بھی ہے۔ اس برانڈ کیلئے ترقی کا انجن مسلسل رواں دواں ہے جس کی وجہ بہتر ڈسٹری بیوشن اور مدمقابل فریقین کے مقابلے میں بہتر پیکیجنگ کے سبب ہے اور یہ برانڈ مسلسل طور پر اس کیٹگری میں اپنا کردار ادا کر رہا ہے اور امید ہے کہ آئندہ سالوں میں یہ اسی طرح کامیاب رہے گا۔

ڈیری امنگ نے گزشتہ سالوں میں کئی چیلنجز کا مقابلہ کیا ہے اور تمام اقتصادی درجہ بندیوں میں مضبوط قیادت حاصل کی ہے اور اپنا پیغام ہر سطح پر پہنچایا ہے جس کی وجہ سے برانڈ کے صارفین کو بہتر انداز میں اس پروڈکٹ کو متعارف کروانے میں کوشاں ہیں۔

ڈیری اور مشروبات کے حوالے سے یہ رپورٹ کی گئی ہے کہ گزشتہ سال میں رجسٹرڈ شدہ ترقی کے اعداد و شمار 17.5% مبلغ PKR 47 بلین ہیں اور کمپنی کے منافع کے حوالے سے اس سال مبلغ 3,227 ملین کا اضافہ 88.7% کے تناسب سے ہوا ہے۔

آئس کریم اور جمی اشیاء: سال 2015ء کے دوران اینگرو فوڈ آئسکریم نے 2014ء کی طرح کامیابی کی جانب قدم بڑھایا ہے اور نئی پروڈکٹ کے حوالے سے دوبارہ اپنی پوزیشن حاصل کی ہے۔ 2015ء میں انقلابی کردار ادا کیا ہے اور SKU کے علاوہ پارٹنر شپ کی بنیاد پر وارنر برادرز سے لے کر اومورٹوم و جیری نے بچوں کیلئے بہترین دلچسپی کا سامان کیا ہے جبکہ سیلز کے حوالے سے اومور مستقل طور پر مارکیٹ میں سرمایہ کاری کر رہا ہے اور بہترین سیلز والیوم 3.5 بلین روپے کا ریونیو حاصل کیا ہے۔ اس میدان میں خسارہ 2014ء میں مبلغ 292.5 ملین سے کم ہو کر 2015 میں 75 ملین ہوگا۔

ڈیری فارم:

کمپنی کا نارا ڈیری فارم مستقل طور پر اعلیٰ معیار کا دودھ اپنے روزمرہ کے استعمال کیلئے اور دیگر غذائیت فراہم کر رہا ہے۔ یہ فارم اس وقت 35,095 (2014: 33,108) لیٹر یومیہ فراہم کر رہا ہے جس میں کُل 5,429 جانور شامل ہیں جن میں سے 2,227 جانوروں سے دودھ حاصل کیا جارہا ہے۔ اس پیداوار کی اصلاح کے حوالے سے نارا فارم نے 2015ء میں PKR 12.5 ملین منافع حاصل کیا ہے جبکہ 2014ء میں مبلغ PKR 31.4 ملین خسارہ ہوا۔

JCR-VIS جس نے اپنا طویل مدتی کریڈٹ ریٹنگ "A+" (سنگل A پلس) اینگرو فوڈز کو جاری کیا ہے۔ کمپنی کی مالیاتی اور ادارتی قوت سے یہ امید کی جاتی ہے کہ وہ اگلے مالیاتی سال میں مزید ترقی حاصل کرے گی۔

اینگرو ایکز یمپ ایگری پروڈکٹ:

سال 2015ء میں کمپنی نے کُل منافع 18,415 KT حاصل کیا اور چاول کی مصنوعات کے عمل میں 8,519KT حاصل کیا۔ جو کہ سال 2014ء کے مقابلے میں 69% کم ہے۔ 2015ء میں کمپنی نے 9,951KT چاول برآمد کئے تھے اور سال بہ سال 70% کا اضافہ ہوا (2014 کی برآمدات 33,633KT ہے) لیکن پراسس اور سیلز کا عمل بہتری کی جانب گامزن رہا۔

کمپنی نے سال 2015ء میں LWI کے بغیر 18.30 ملین کے گھنٹے پورے کر کے سنگ میل حاصل کیا اس کے علاوہ معیار کے حوالے سے کامیابی حاصل کی۔ پاکستانی چاول کی اعلیٰ کوالٹی متعارف کروائی۔

صارفین کے لیے اگست کے آخر میں چاول کا نیا برانڈ "اوناج" متعارف کیا. ایک مہینے کے اندر ہی اس برانڈ کو بھرپور پزیرائی ملی اور سیلز میں خاطر خواہ اضافہ ہوا۔ اس پروڈکٹ کو صرف صارفین تک ہی محدود نہ رکھا گیا بلکہ اسے b2b میں بھی متعارف کروایا گیا اور امید کی جاتی ہے کہ بہت جلد اس کی فروخت میں اضافہ ہوگا۔

اینگرو پاورجین:

ملک میں جاری توانائی کے پیش نظر اینگرو کارپوریشن نے اینگرو پاورجن کی بنیاد رکھی تا کہ توانائی کے مسائل سے نبرد آزما ہوا جا سکے۔ اینگرو پاورجین جو کہ اینگرو پاورجین قادر پور لمیٹڈ کے نام سے قائم کیا گیا ہے جس میں 217 MW مشترکہ پاور پلانٹس ہیں اس کے علاوہ تھر کول مائننگ پروجیکٹ حکومت سندھ کے اشتراک سے قائم کیا گیا ہے۔ اینگرو پاورجین تھر پرائیویٹ لمیٹڈ جو کہ MW 330 x 2 پاور پلانٹ کے سیٹ اپ کے ساتھ 2014ء میں قائم کیا گیا تھا۔ اینگرو پاورجین کی GEL یوٹلٹی لمیٹڈ نائجیریا میں 45% سے شراکت دار ہے اور پاور پلانٹ MW 72 قائم کیا ہے جو کہ 2014ء سے شروع کیا گیا ہے۔

ڈائریکٹرز کی رپورٹ

اینگرو کارپوریشن لمیٹڈ ڈائریکٹران نے مالیاتی سال 31 دسمبر 2015ء کے لئے سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

اہم سرگرمیاں:

کمپنی کی اہم سرگرمیوں میں ملحقہ کمپنیز میں سرمایہ کاری کو منظّم کرنا اور فرٹیلائزر مینوفیکچرنگ وٹریڈنگ، PVC ریزن مینوفیکچرنگ اینڈ مارکیٹنگ، فوڈز، توانائی، LNG اور زیادہ تعداد میں کیمیکل کی لین دین اور اسٹوریج کے کاروبار شامل ہیں۔

اقتصادی ماحول:

ورلڈ بینک کے مطابق تیل کی قیمتوں میں کمی اور چائنا، یورپ میں کمزور نمو کی وجہ سے عالمی نمو کا تناسب 2014ء میں 2.6% سے کم ہوکر 2015ء میں 2.4% ہوگیا۔ چائنا میں معاشی سست روی ایکسپورٹ کے بجائے نمو کی جانب شفٹ سے پیدا ہوئی۔

چائنا اور اس کی کرنسی یوآن میں پورے سال کے دوران مستقل طور پر بے حد کمی رہی جس کی وجہ سے کم نمو اور سست رفتاری کے دباؤ کی وجہ سے چائنا مسائل کا شکار رہا اور ین میں مستقل طور پر تبدیلی کے باعث اور پرائسنگ میکنزم کی جزوی بہتری کے تحت قیمتوں کا تعین کیا گیا اور کرنسی پر کنٹرول حاصل کیا گیا۔ یوآن کرنسی IMF بینچ مارک کرنسی کے میدان میں شامل ہوا اور یہ عمل کرنسی کیلئے فیول کی طلب میں اہم کردار ادا کرے گا جوکہ چین کی بین الاقوامی فنانشل مارکیٹس میں شمولیت میں ایک اہم پیش رفت ہے۔

مسلسل دوسرے سال بھی تیل کی رسد اور گرتی قیمتوں کا معاملہ زیر بحث رہا اور اس سال خام تیل کی قیمتوں میں پچھلے پانچ سالوں میں 55 ڈالر فی بیرل کمی ہوئی۔ لیکن اس سال کے دوران بھی سپلائی اور طلب کی وجہ سے قیمتیں دباؤ میں رہیں۔ مزید یہ کہ دوسرے سال کیلئے OPEC نے خام مال کی گرتی قیمتوں کو مستحکم کرنے کے لیے پیداوار کو کم کرنے کی سفارش کو مسترد کردیا جس کی وجہ سے تیل کی قیمتوں 37 ڈالر فی بیرل ہوگیں۔ ایران سے یہ امید کی جاتی تھی کہ وہ دوبارہ مارکیٹ میں داخل ہوگا اور کم قیمت کے حوالے سے اہم کردار ادا کرے گا۔ قیمتوں میں گراوٹ کے ثمرات روس اور خلیجی ریاستوں کی معیشتوں پر براہ راست مرتب ہوئے کیونکہ ان ممالک کی برآمداد کا دارومدار تیل پر ہے جبکہ دوسری جانب تیل درآمد کرنے والے ممالک کی ادائیگی میں کمی واقع ہوئی ہے۔ تاہم سال کا اختتام امریکی معیشت میں نمو کی وجہ سے تیل کی قیمتیں مستحکم ہوئیں۔ اس کے ساتھ ساتھ ملازمت کے حوالے سے بھی US نے پیش قدمی کی۔

پاکستان میں اس وقت معیشت کے حوالے سے اسٹرکچرل تبدیلیاں کی جارہی ہیں۔ یہ اقتصادی اصلاحات IMF کے 6.66$ بلین بیل آوٹ پلان کے مطابق ہیں جو پاکستان نے 2013 میں اپنی معیشت کو ممکنہ ناکامی سے بچانے کے لیے لیا تھا جبکہ اس وقت اسٹیٹ بینک آف پاکستان کے غیر ملکی ریزرو 3 بلین ڈالر تھے اور اس کی وجہ سے ملک ادائیگی کے سلسلے میں شدید مشکلات کا شکار تھا۔ اس سلسلے میں IMF اس بات پر متفق ہے اور اس سہولت کی پیشکش کی ہے، لیکن مشکل ترین اقتصادی حالت کے تحت ایک طویل عرصہ میں اقتصادی پائیداری کا یقین دلایا ہے۔ 15 دسمبر کو EFF کی نویں نظر ثانی کا معاملہ مکمل کیا گیا تھا جس کے تحت تقریباً 5 بلین ڈالر کی سہولت کے تحت کل ادائیگی کی گئی۔ اس سلسلے میں پوری دنیا میں گرتی تیل کی قیمتوں نے پاکستان کو چانس دیا کہ وہ اقتصادی معاملے پر عملدرآمد کرے اور اپنی اقتصادی حالت کو قوت بخشے۔ سال کے آخر میں غیر ملکی ریزرو مستقل طور پر 16 بلین ڈالر سے زیادہ ہی رہا جس میں غیر ملکی قرضہ کی واپسی کا شیڈول بھی شامل ہے پاکستان کیلئے ضروری ہوگا کہ وہ اپنی برآمدات اور سرمایہ کاری کو تقویت دے اور زرمبادلہ کے ریٹ کو محفوظ کرے۔

مالیاتی سال 2015ء میں اقتصادیت کی نمو کا ریٹ 4.2% رہا جبکہ مالیاتی سال 2014ء میں اقتصادیت کی نمو 4% تھی۔ جو گزشتہ 7 سالوں میں سب سے زیادہ ہے۔ مالیاتی سال 2015ء میں 4.5% رہیں جس کا مقابلہ مالیاتی سال 2014ء کے 8.6% سے کیا جاسکتا ہے۔ اس کے حوالہ سے اسٹیٹ بینک آف پاکستان کو یہ موقع ملا کہ وہ اپنے سودی ریٹ میں کمی لاسکے اور 9.5% کے تحت 50 basis پوائنٹس کے ڈسکاؤنٹ ریٹ میں کرے۔ سال 2015ء کے دوران ڈسکاؤنٹ کا ریٹ 300bps رہا اور کریڈٹ میں کمی کے سبب اس کا تناسب 6.5% پر آگیا۔ موجودہ اکاؤنٹ میں کمی مالیاتی سال 2016ء، جولائی۔ دسمبر میں 48.5% سے 1.2 بلین ڈالر ہوگی جس کا مقابلہ 2.4 بلین ڈالر سے کیا جاسکتا ہے جوکہ مالیاتی سال کی پہلی نصف مدت میں کیا گیا۔ اس حوالے سے تیل کی درآمدات کی ادائیگی ترسیلات اور سپورٹ فنڈ کی وجہ سے ہوئی۔ اس کے علاوہ سیکیورٹی مسائل میں بہتری آئی کیونکہ اس دوران ملٹری نے دہشت گردوں کے خلاف کاروائی کی۔ اس کے علاوہ سرمایہ کاری کے حوالے سے چائنا پاکستان اکنامک کوریڈور کی وجہ سے پاکستان میں سرمایہ کاری جاری رہے گی اور اس کا پاکستانی معیشت پر مثبت اثر پڑے گا لیکن یہ بات حقیقت ہے کہ توانائی کے مسائل اور سیکیورٹی کے امور اب بھی ترقی اور ملک میں بیرونی سرمایہ کاری کی رہ میں رکاوٹ ہیں۔ صحیح سمت میں سفر کے باوجود ملک کی بڑھتی ہوئی آبادی کی ضروریات کو پورا کرنے کے لیے مزید اقتصادی اصلاحات کی گنجائش ہے۔

زرعی اور ڈیری ماحول:

یونائیٹڈ اسٹیٹ کے زرعی ڈپارٹمنٹ USDA کے مطابق پوری دنیا میں اناج کی پیداوار سال 2015-16 میں 735.4 ملین ٹن تک پہنچ جائے گی جو گزشتہ سال کی ریکارڈ پیداوار سے 9.5 ملین ٹن زیادہ ہوگی۔ اناج کی پیداوار پاکستان کیلئے 25.5 ملین ٹن تک پہنچنے کی امید ہے، گزشتہ سال 0.5 ملین ٹن کمی رہی۔ اناج کی مارکیٹ میں سپلائی میں مسلسل اضافہ ہوا لہٰذا اس کی قیمتیں کم ہوگئیں۔

USDA کے مطابق سال 2015-16 میں چاول کی پیداوار کی پیشنگوئی 470.1 ملین ٹن تھی، پچھلے سال 2% سے کم رہی اور یہ کمی کا دوسرا مسلسل سال ہے۔ چاول کی پیداوار جوکہ پاکستان کے لئے سال 2015-16ء میں 6.9 ملین ٹن متوقع ہے جو گزشتہ سال کے مقابلے 1.5% کم ہے اس کی وجہ کمزور زراعت ہے۔ 2015/16 کے لئے پوری دنیا میں چاول کی برآمداد 484.3 ملین ٹن ہے جبکہ گزشتہ سال کے مقابلے میں 2.4 ملین زیادہ ہے جس کی وجہ سے چاول برآمد کرنے والے ممالک کیلئے فائدہ مند مواقع پیش کرتا ہے۔

ڈیری مصنوعات کی عالمی مانگ میں کمی اور زیادہ رسد کی وجہ سے بین الاقوامی مارکیٹس مشکلات کا شکار رہیں اور USDA کے مطابق سال 2015 کے دوران دودھ کی پیداوار کا تخمینہ 1% پایا گیا جوکہ 2014ء میں پیداواری صلاحیت 4% رہی جس کا حوالہ بغیر بالائی پاؤڈر کا دودھ (SMP) اور مکمل پاؤڈر کا دودھ (WMP) کی قیمتیں کم رہیں جوکہ EU سے ڈیری کی پروڈکٹس کی درآمد پر رشیا کی جانب سے مسلسل پابندی کی وجہ سے رہی۔ اس کے ساتھ ساتھ چائنا میں اس کی درآمدات میں سرمایہ کاران کی کمی اور ڈالر کے ریٹ میں اضافہ کی وجہ سے ہوئی۔ پاکستان میں لوکل ڈیری پیداواری صنعت عالمی طور پر پاؤڈر دودھ کی قیمتوں میں مستقل کمی کی وجہ سے پریشانی کا شکار ہے کیونکہ پاؤڈر کی درآمدات کی وجہ سے خام دودھ کے حوالے سے اقتصادی تقویت فراہم کرتا ہے اور اس کی وجہ سے ملک پراسسنگ انڈسٹری کو نقصان پہنچ رہا ہے۔ مالیاتی سال 2015ء میں دودھ کا تناسب کا مقابلہ مالیاتی سال 2014ء سے کیا جاسکتا ہے جوکہ اضافی سپلائی کی درآمدات کی وجہ سے مسلسل دباؤ کا شکار ہے۔

توانائی کا ماحول:

سال 2015ء کے دوران تیل کی مسلسل بہتات رہی اور OPEC نے گرتی قیمتوں کو استحکام بخشنے کے برخلاف اپنے مارکیٹ شیر کو قائم رکھنے پر توجہ مرکوز رکھی۔ طلب کی جانب چائنا اور EU میں تیل کی قیمتیں مسلسل دباؤ کا شکار رہیں اس حوالے سے ایران اور مستقل U سیکیورٹی کونسل ممبر کے مابین کامیاب بات چیت ہوئی جوکہ اقتصادی منظوری کے بارے میں رہی۔ اس سلسلے میں ایران مارکیٹ میں زیادہ سے زیادہ تیل فراہم کرنے کیلئے تیار ہے اسی وجہ سے دنیا میں خام مال کی قیمتیں سال 2015ء میں 35% کم ہوئیں اور سال کے آخر تک 37 ڈالر فی بیرل رہی جوکہ گزشتہ 11 سالوں کی کم ترین سطح ہے۔ سال 2016ء میں تیل کی قیمتوں میں مسلسل دباؤ کا شکار رہنے کی توقع ہے کیونکہ تیل پروڈیوسر نے سپلائی پر کنٹرول کیا ہے جس کی وجہ سے تیل کی قیمتیں کم ہوئی ہیں اور دیگر سیکٹرز اسی کمی سے فائدہ اٹھا رہے ہیں۔

پاکستان سال 2015ء کے دوران مسلسل توانائی کی کمی کا شکار رہا جس کی وجہ سے تمام سیکٹرز متاثر ہوئے۔ پاکستان کا پاور سیکٹر جوکہ ابتداء میں نیشنل ٹرانسمیشن اور ڈسپیچ کمپنی (NTDC) کے توسط سے آپریٹ کرتا ہے جوکہ پورے پاکستان میں ماسوائے کراچی کے بجلی کی تقسیم کیلئے ذمہ دار ہے جسے K الیکٹرک سپلائی کرتی ہے۔ اس وقت 35 انڈیپنڈنٹ پاور پروجیکٹس ہیں جوکہ ملک میں کُل بجلی کی ضروریات کی چالیس فیصد پیداوار کرتے ہیں۔ گھریلو استعمال کرنے والے بجلی کے صارفین زیادہ ہیں جوکہ 44% بجلی کا استعمال کرتے ہیں جبکہ صنعتی سیکٹرز 27%، زرعی سیکٹرز 11% اور تجارتی سیکٹرز 6% استعمال کرتے ہیں۔ اس حوالے سے گھریلو سیکٹرز بجلی کی کمی کا شکار ہیں اور اسی وجہ سے بجلی کی طلب میں اضافہ ہوتا جارہا ہے جبکہ حکومت پاکستان اس کوشش میں ہے کہ اس مسئلے سے نمٹا جائے اور پورے سال کے دوران لوڈ شیڈنگ جاری رہی۔ وفاقی حکومت کے لئے یہ مسئلہ مسلسل موجود رہا اور مستقبل میں توانائی سیکٹر کو اس سلسلے میں مضبوط پالیسی کو اپنانا ہوگا اور بہتر اقدامات کرنے ہونگے۔

حکومت پاکستان عزم کا اعادہ کرتی ہے کہ ملک میں جاری توانائی کے بحران کو ترجیحی بنیاد پر حل کرے گی، ملک میں بجلی کی کمی کے اہم اقدامات جس میں درآمد شدہ قدرتی گیس (LNG) اور کوئلے کی بنیاد پر بجلی پیدا کرنے کے منصوبے شامل ہیں۔ اینگرو ایلینجی ٹرمینل نے سال کے دوران ملک میں درپیش گیس کی کمی کے حوالے سے اقدامات کئے۔ مزید یہ کہ پاکستان اور قطر حکومت کے حوالے سے حکومت سے حکومت (G2G) میں LNG کی درآمد کیلئے تیار ہیں۔ اس سال کے دوران حکومت پاکستان نے دوسرے LNG ٹرمینل کیلئے ٹینڈر طلب کئے ہیں تاکہ بجلی کے مسائل پر قابو پایا جائے۔ حکومت پاکستان یہ چاہتی ہے کہ آن لائن بنیاد پر نئی سپلائی شروع کی جائے۔

فرٹیلائزر کا ماحول:

سال 2015ء کے دوران دیگر کموڈیٹیز کی قیمتوں کی طرح ہی یوریا کی قیمتوں میں گراوٹ رہی۔ اس کا براہ راست اثر غریب کسانوں پر پڑا اور گیس کی قیمت میں کمی کی وجہ سے ملک میں یوریا کی پیداوار سے بہتر ہوئی۔ عالمی طور پر یوریا کی قیمتیں 304 امریکی ڈالر فی ٹن (CFR کراچی) سے کم ہوکر سال کے شروع میں اور سال کے آخر تک 252 امریکی ڈالر فی ٹن ہوگئیں جوکہ 1900 پاکستانی روپے فی بیگ کے مساوی ہے۔

پاکستان کی یوریا صنعت کی طلب میں 2015ء میں بہتری واقع ہوئی جس کا تناسب 1% رہا جبکہ 2014ء میں 5,573KT رہا اور یہ کمی موسم خریف کے دوران طلب میں مسلسل کمی کی وجہ سے تھا جوکہ مون سون کی بارشوں کا سبب تھا۔ غریب کسان کی اقتصادی حالت بے حد متاثر رہی جبکہ 3Q میں کم طلب کیلئے 4Q کی طلب زیادہ رہی جبکہ ملک میں برانڈ ڈ یوریا میں اضافہ کا تناسب 91% ہے جس کا مقابلہ 2014ء میں 86.6% سے کیا جاسکتا ہے جوکہ خصوصاً گھریلو پیداوار میں اضافہ کا سبب تھا جبکہ 5,285KT بمقابلہ 4,891KT سال 2014ء میں رہا اس کی وجہ صنعتوں کو زیادہ گیس دستیاب ہونا ہے

کلورو وینائل کا ماحول:

PVC:

پوری دنیا میں PVC کی طلب سال 2015ء میں بمعہ 5 سال تک 41Mn میٹرک ٹن رہی اور مشترکہ سالانہ ریٹ 3.7% رہا۔ PVC مارکیٹ میں مسلسل سال 2015ء کے دوران زیادہ سپلائی فراہم کی گئی جس کا تناسب 16Mn میٹرک ٹن سے زائد رہا۔ درآمدکنندگان کے لیے یہ چیلنج رہا کہ وہ مناسب قیمتوں کے تحت مارکیٹ میں زیادہ سپلائی کا مقابلہ کرسکیں۔ 2015ء میں آپریٹنگ ریٹ 66% رہا جیسا کہ گزشتہ سال تھا۔ پائپ اور فٹنگ جوکہ زیادہ بڑا سیکٹر تھا اس میں کھپت 43% رہی جبکہ فلمز اور شیٹس کا تناسب 18% تھا اور پروفائلز اور ٹیوبز کا تناسب 17% تھا۔

کھپت کے مقابلے میں عالمی طلب 64% ایشیا میں رہی جس میں عالمی طلب کا اہم حصہ 46% شمالی ایشیا کی جانب سے تھا۔ PVC مارکیٹ میں چائنا کا مسلسل اہم کردار رہا جس کا عالمی طلب کا تناسب 40% رہا اور چائنا میں 2024ء تک قیمت میں 3% اضافہ کی توقع کی جاتی ہے جوکہ ریجن میں دیگر ملکوں کے مقابلے میں بہتر رہے گی۔

پاکستان میں PVC کی کھپت فی کس 0.9Kg ہے جو خطہ میں سب سے کم ہے۔ یہ امر اس بات کا غماز ہے کہ پاکستان میں PVC کی بہت گنجائش ہے تعمیری میدان میں اضافہ کی وجہ سے پاکستان میں تعمیر ہونے والے منصوبے کے حوالے سے PVC کی طلب میں اضافہ ہونے کا امکان ہے۔

2015ء میں انٹرنیشنل PVC کی قیمتوں کا تناسب 705 ڈالر فی ٹن سے لے کر 885 ڈالر فی ٹن کے درمیان رہا۔ سال 2015ء کی پہلی سہ ماہی میں PVC کی قیمتیں مستقل قائم رہیں لیکن دوسری ششماہی میں خام تیل اور ایتھائل کی قیمتوں میں کمی کی وجہ سے کم ہوگئیں۔ PVC کی قیمتیں گزشتہ سال دسمبر میں 705 ڈالر فی میٹرک ٹن تھیں جوکہ انٹرنیشنل مارکیٹ میں طلب اور سپلائی میں اضافہ کے سبب ہے۔

ایتھائل کی قیمتیں 2015ء کی دوسری سہ ماہی میں سپلائی میں سخت مقابلہ کی وجہ سے بھی قائم رہی اور اس اضافہ کو مزید خام تیل کی قیمتوں میں اور پائیدار کردیا۔ ستمبر 2015ء میں ایتھائل کی قیمت 2010ء سے کم سے کم نقطہ اندراج پر پہنچا جوکہ جنوبی ایشیا بینچ مارک کے تحت 825 ڈالر فی میٹرک ٹن رہی۔

کاسٹک اور متعلقہ پروڈکٹس:

سال 2015ء میں عالمی طور پر کاسٹک سوڈا کی طلب Mn 72 ٹن رہی جس کا اضافہ 5 سال کے CAGR کے تناسب 3.6% پر رہا۔ ریجن کے حساب سے ایشیاء نے عالمی لیڈر کے طور پر اپنی پوزیشن مضبوط کرلی اور 60% کا تناسب پیش کیا۔ اضافی گنجائش مسلسل کاسٹک سوڈا انڈسٹری کے لئے بڑا چیلنج رہا جوکہ سال 2015ء میں 73% تھا جس کا موازنہ مارکیٹ کی طلب سے کیا گیا۔

کاسٹک سوڈا پروڈکشن کی اکثریت ایلومینیم، خام کیمیکلز، پلپ اور پیپر، تحلیل شدہ کیمیکل، ٹیکسٹائل اور ڈٹرجنٹس شامل تھا۔ عالمی طور پر کاسٹک سوڈا کا اخراج سال 2015ء میں تقریباً 10 کلوگرام کے حساب سے تخمینہ کیا گیا جوکہ 2014ء میں 9.8 کلوگرام کے مقابلے میں زیادہ ہے۔ قیمتوں کا تناسب جنوبی ایشیا کی مارکیٹوں میں 315 ڈالر فی میٹرک ٹن سے 365 ڈالر فی میٹرک ٹن تھا۔ سال کے پچھلے چھ مہینوں میں قیمتیں کم ہوگئیں۔ اس سال کے دوران کاسٹک سوڈا انڈسٹری کی سپلائی میں اضافہ متوقع ہے اور اس سلسلے میں کوئی بھی طلب آنے والے سال میں ریٹ کا تناسب 2020ء تک 81% اضافہ کی توقع ہے۔