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WWF GREEN OFFICE

DCIP|THE D'HAMIDI PARTNERSHIP:DESIGN

engro corp

together, we rise

Annual Report 2016

about this report

To Maintain Strong Relationships With Our Customers and Stakeholders, We Maintain One With Our Employees First.

No matter how talented, driven, or passionate our people may be, the secret to our success depends on our ability to build and inspire teams. Leadership isn't considered to be successful by success or failure, but one which can spur its team members to work die heartedly and yearn together towards achieving a common goal.

Not only at Engro Corp, but across all subsidiaries of the Engro group, employees are treated as family, which is one of the core reasons that Engro has come across miles leaving no stone unturned, to achieve its milestones. Engro owes much more to its employees than safety and wellbeing, for their unconditional support and dedication towards the performance of the conglomerate at large.

Engro Corp employs more than 3,700 employees across the conglomerate who belong to diversified cultures, backgrounds, academics, technical credentials and experiences. This makes Engro Corp a diverse and multicultural hub of resources to work together and take on challenges at the workplace with a strong bond which results in maximum output as a result of instilling the spirit of teamwork within all its employees.

Of course, instilling such teamwork isn't an overnight process. In fact, it has taken us on a journey of over 50 years, and the key to unlock this great potential is to ensure lucid communication, and incept aspirational career growth by unique systems that foster an environment of employee and partner privacy. Our core values form the basis of everything we do at Engro; from formal decision making to how we conduct our business to spot awards and recognition because we believe that only together, we rise.

contents

together, we perform

Company Information

company information

Board of Directors
Hussain Dawood, Chairman
Ghias Khan - President
Muhammad Abdul Aleem
Abdul Samad Dawood
Shahzada Dawood
Muneer Kamal
Waqar Malik
Imran Sayeed
Inam-ur-Rahman

Company Secretary
Faiz Chapra

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
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

	2016	2015	2014
Total Assets (Rs. in million)	290,333	196,292	217,087
Sales Revenue (Rs. in million)	157,208	181,652	175,958
Weighted Average number of ordinary shares (in thousands)	523,785	523,785	515,591
Profit After Tax (attributable to owners) (Rs. in million)	69,107	13,784	7,007
Earnings Per Share Rupees	131.94	26.32	13.59
Dividends (Rs. in million)	17,735	9,484	1,217
Capital Expenditure (Rs. in million)	25,085	9,816	9,433
Total Equity (Rs. in million)	169,091	85,673	68,025
Market Capitalization (Rs. in million)	165,563	146,340	116,024
EBITDA (Rs. in million)	97,350	43,750	32,306
Price to Earnings Ratio	2.40	10.62	16.30
Closing Price	316.09	279.39	221.51

our vision

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

company information

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

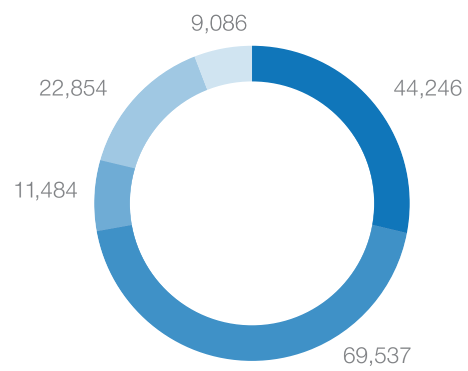
We believe that a successful business creates much bigger economic impact and value in the community, which dwarfs any philanthropic contribution. Hence, at Engro, sustainable business development is to be anchored in commitment to engage with key stakeholders in the community and society.

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.

key figures

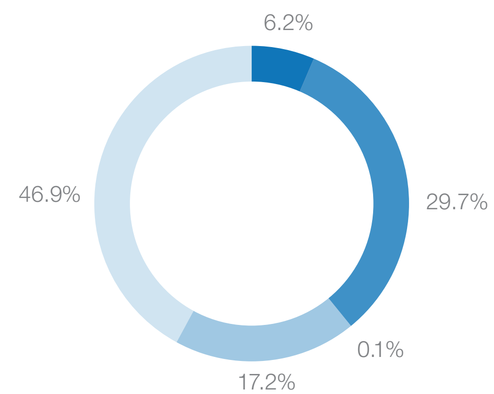
Business Review



Consolidated Revenue
(Rs. in million)
157,207

Foods
Polymer
Others
Fertilizers
Powergen

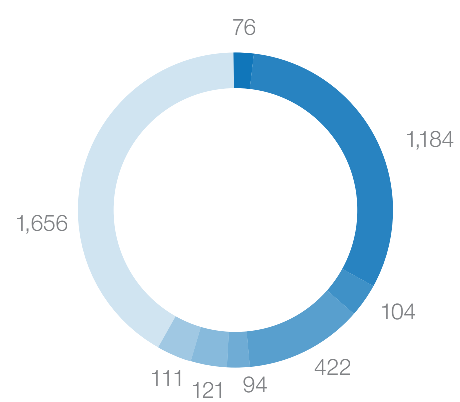
Wealth Generated



Wealth Generated
(Rs. in million)
138,960

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

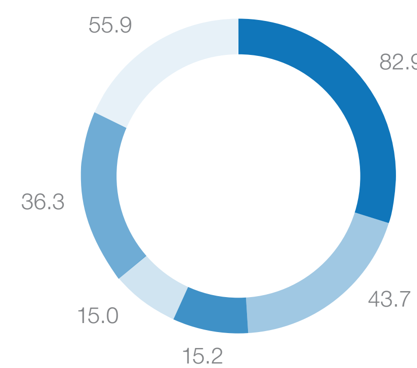
Employees



Total Employees
3,768

Corp
Fertilizer
EEAP
Polymer
EVTL
Powergen
SECMC
Foods

CSR (Rs. in million)



Total Social Spend
in 2016 (Rs. in million)
283.2

Livelihoods
Health
Others
Education
Infrastructure
Fixed Cost

together, we lead

Corporate Governance

chairman's message

Dear Shareholders,

It is my privilege to write to you once more. Looking back, after almost two decades since I started investing in Engro, it has been my constant endeavour to harmonise the institutionalised professional culture at Engro, with the entrepreneurial mindset of the Dawood Hercules Group. Our significant success can be attributed to our shared business vision to passionately resolve critical societal issues.

We must continue to build strategic business partnerships to address meaningful problems. I am sure you would agree that this is critical, if we are to sustainably contribute to national growth and value creation in the longer term. Allow me to share some enduring relationships towards this goal.

Our momentous partnership with Royal FrieslandCampina has enabled us to accelerate our work on improving the productivity of dairy farmers. This defining moment for Pakistan signifies our continued contribution to our nation's economic prosperity and Engro's commitment to eradicating malnutrition in our younger generation.

I am delighted to share our landmark progress towards affordably reducing Pakistan's energy deficit though development of indigenous coal sources. This is brought about by Engro's unique capabilities to bring together key partners including the Government of Sindh, Chinese investors and Pakistani business enterprises. Engro's passion to contribute to the socio economic development has been a fundamental consideration and has been built into this investment endeavour. The development of employment, livelihoods, health, education, technical training and water resources in Thari communities is progressing aggressively.

Today, the challenges and opportunities that we face are significantly diverse in an increasingly interconnected and flatter world, the pace of development and innovation has never been faster. I am extremely happy that the Board has taken the initiative to appoint a new Chief Executive Officer with an entrepreneurial background and an understanding of technology-enabled digital transformations.

We have formed a strategic alliance with GE, where Engro will introduce advanced customized digital solutions to a broad base of industrial partners in Pakistan which will help develop a more digitally competitive industry whilst simultaneously enhancing operational performance across the board. I have tremendous faith in this new environment of Engro to position us strongly to thrive and succeed in this new environment.

Insha'allah, we will continue to explore avenues that address problems worth solving, such as the rising food demand of our growing population. This can only be sustainably met with focus on efficient use of land and water resources towards improvements in agricultural productivity.

To achieve our vision to be globally competitive we have started by investing in our talent, through institutionalised leadership development, which will contribute to improving our decision making capabilities.

It is a distinct pleasure for me to express my gratitude to you for the enduring trust and confidence that you have reposed in us these many years.

Hussain Dawood
Chairman

To achieve our vision to be globally competitive we have started by investing in our talent, through institutionalised leadership development, which will contribute to improving our decision making capabilities.

president's message

Dear Shareholders,

This is the first Annual Report where I have the privilege of writing to you as President and CEO. I welcome this opportunity to share with you our 2016 performance and talk about how we are aligning internally and externally as a company to deliver a more valuable Engro to you.

The year 2016 saw us face unexpected regulatory and economic headwinds that brought topline metrics down. However our operational excellence, financial flexibility, market responsiveness and diversity of business assets resulted in resiliency that gives us momentum for 2017. We also made purposeful portfolio moves in 2016 to orient the company's direction as dictated by our strategic priorities.

Performance in 2016

Our net sales were 157.2 billion PKR down from 181.65 billion PKR in the previous year. A challenging competitive environment in the dairy sector for Engro Foods, and expectation of subsidy by market affecting first half of the year sales for Engro Fertilizers, were the primary reasons for this. Regulatory changes affecting cost of goods in Engro Foods also impacted profitability of the company as well as the group, dragging gross margin down to 22.8% from 25% the year before. Profit after tax was a record 73.598 billion PKR owing to the one-off gain from partial stake sale of Engro Foods.

We displayed operational excellence this year achieving an optimal level of utilization of assets. Engro Fertilizers continued to operate both its plants with full availability of gas. Engro Elengy Terminal delivered an incredibly strong year as it hit peak operational capability with an average utilization of 99.4%. This meant handling 44 cargoes during 2016 versus just 17 in 2015. The petrochemicals business also excelled operationally with its highest ever production and strong volumetric growth in sales. Cost efficiency measures instituted this year, coupled with channels optimizations, translated into profits of PKR 660 million for the year as opposed to a loss of PKR 644 million during 2015. This was achieved while maintaining focus on high HSE standards.

Within Engro's energy assets, the Qadirpur plant performed well as per guidance. We achieved financial close for the Thar Coal Project on April 4, 2016. Overall project progress is on course and we expect to have commercial production from September 2019. Similarly, SECMC achieved financial close on April 4, 2016 as a result of which notice to commence was issued to EPC contractors (China Machinery Engineering Corporation and China-East Resources Import & Export Company) who have now been mobilized on the site. Current progress is ahead of schedule, while major milestones have also been achieved on dewatering infrastructure projects related to the mine.

Considering the unexpected regulatory pressures that affected all players in the market we delivered a satisfactory year in 2016. Decisive moves guided by our strategic plan now give us financial flexibility that will allows us to add value to Engro shareholders for both the short and long term.

Positioning for a digital future

The biggest barrier to realizing tomorrow is misreading today. This is not simply another cycle of change businesses find themselves in. Rather the digital age means if we do not change how we compete, how we create value, and satisfy informed customers, our businesses will lose market leadership. Average tenure of market leaders is shorter than it has ever been. While there is widespread realization on the need to innovate almost no leader is satisfied with the innovation performance of his or her company. Innovation is genuinely hard but Engro with its history of firsts is well positioned culturally to respond to the challenge.

Engro Corporation is committed to increasing its profitability while growing its revenue sustainably and delivering superior returns to its shareholders. It is clear that to achieve that we need to reimagine how we work in the digital age. This is why we are already shifting internally around some key themes. We are striving to immerse, ideate and productize working backward from the journeys our customers are on. Already some of our biggest revenue generating businesses are sending listening teams to the field; the start of a process that will lead to differentiated product and services and in some cases uniquely positioned businesses. We are becoming even more responsive to markets. Some of our most remarkable success stories in 2016 have come from businesses that are now managed on a near real time basis as opposed to longer-term management against quarterly plans. We are investing in talent comfortable with being empowered, and working hard to build a culture and workplace that supports and retains such talent.

Engro is a group with demonstrated capabilities in conceptualization, engineering and execution of large complex technical businesses. We are working on increasing the penetration of technology for even greater efficiencies, and generation of useful data that will deliver tremendous value with fewer limits. Already as proof of concept plants in Engro are being digitized with great success that reflect in bottom line numbers.

These shifts have started to result in consistent efficient ways of running businesses and will allow us to create greater value for our customers and our shareholders. We foresee that this combination of talent, technologies and data will allow us to unmask quickly exploitable opportunities adjacent to our businesses in the value chain.

Empowering communities

Being purpose driven creates inspiring leadership and inspired teams. Every year we strive to do more and add to our social agenda. Here are some milestones that we are humbled to have been a part of. Our employees clocked in over 12,000 volunteer hours last year. While externally in 2016, almost 400 students from under privileged backgrounds enrolled at our Technical Training Centre (TTC) in Daharki in rural Sindh. We support over 4,500 children in 33 primary schools where we run reading programs and focus on skills based education for girls. We will be aggressively expanding this program in the current year with key implementing partners. Moreover, the Farmer Connect program led by Engro Fertilizers agri team has already trained 10,000 farmers in its five year program, demonstrating water conservation techniques and yield improvement in wheat and rice crops. In health our community funded initiatives treated over 35,000 patients last year.

Our Foundation continues to work with Government and international donors focusing primarily on skills development and livelihood enhancement. We recently finalized a partnership with the Punjab Skills Development to train 9,000 dairy farmers in Southern Punjab, showing our commitment to work with provincial governments for poverty alleviation and economic development.

Looking ahead

Our commitment to profitable growth remains paramount. We are today a more focused company with an obsession with operational excellence, and greater financial flexibility that will allow us to quickly pursue this goal regardless of market conditions. We find ourselves gatekeepers to a fast growing global economy with a rapidly burgeoning middle class. Engro will continue to work with international companies that share its values to create new market niches and businesses that make sense in the digital age and deliver superior long terms sustainable returns for our shareholders. We will also look outside our borders for businesses that will benefit from our existing momentum, portfolio and shared capabilities. Finally as we learn to define our businesses broadly as part of greater value chains, we hope to selectively expand them so our existing investments benefit from scale and synergies.

As we digitize our business models, foster an innovative and agile culture, ideate and launch new ventures, we will never forget that leaving behind a better Pakistan is at the heart of what it means to be Engro. We are a different company this year from last year. We have positioned ourselves to accelerate our pace of change and respond to market conditions with leverage, on our terms. We have leadership depth at every level. While the future is promised to no one we are optimistic the best days of Engro and our country lie ahead.

Ghias Khan
President & Chief Executive Officer

board of directors

Left to Right (standing)
Muhammad Abdul Aleem
Muneer Kamal
Inam-ur-Rahman
Imran Sayeed
Shahzada Dawood

Left to Right (sitting)
Waqar Malik
Hussain Dawood (Chairman)
Ghias Khan (President)
Abdul Samad Dawood

board of directors

Hussain Dawood
Chairman

Hussain Dawood is the Chairman of Dawood Hercules Corporation Ltd, Engro Corporation Ltd, The Hub Power Company Limited, Pakistan Poverty Alleviation Fund, Karachi Education Initiative, Karachi School for Business & Leadership and The Dawood Foundation.

The Dawood Foundation has contributed to the establishment of many institutions in Karachi and Lahore including the Karachi School for Business & Leadership; Dawood College of Engineering and Technology; the Dawood Public School for Girls; the Aga Khan University Hospital; the Lahore University of Management Sciences; the Beaconhouse National University; the Shaukat Khanum Cancer Hospital; the Al-Shifa Eye Hospital, Rawalpindi; Citizen Foundation Schools at Sheikhupura and Daharki; the GIK Institute of Engineering Sciences and Technology, Topi; the FG Dawood Public School, Muzaffarabad; the Cradle to Cradle Institute in San Francisco; and the Acumen Fund; New York.

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

Ghias Khan
President

Ghias Khan is the President and Chief Executive Officer of Engro Corporation Limited. Before being appointed President and CEO on December 1st 2016 he had held several executive and board roles across Dawood Hercules Group companies.

Joining Dawood group via acquisition in 2005, Ghias was the CEO of Inbox Business Technologies one of Pakistan's largest technology companies. During his 15 years at Inbox Ghias grew the employees to over 1900, and pivoted the company from a computer manufacturer to a systems integrator, and then again to a technology enabled digital services company.

Most recently Ghias was the Executive Director & Head of the Chairman's Corporate Office at Dawood Hercules. He was the principal aide of the Chairman of the Group on a range of matters of institutional importance including but not limited to board governance, communications, external relationships and special projects. Ghias also served as Chairman of Elixir Securities from 2011-2014.

Ghias is a strong believer in the social enterprise and the responsibility of businesses to environmental and human wellbeing.

Ghias holds an MBA from the Institute of Business Administration in Karachi.

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

Mr. Dawood 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, Dawood Industries Limited, Engro Corporation Limited, Engro Fertilizers Limited, Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon, The Hub Power Company Limited, Hub Power Holding Ltd and Patek Private limited.

Samad holds a degree in Economics from University College London (UCL) in the UK. Mr. Dawood is also a member of the Young Presidents' 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, Engro Foods Ltd, Engro Powergen Ltd, Engro Powergen Qadirpur Ltd, Engro Vopak Terminal Ltd, Pebbles (Pvt) Ltd, Patek (Pvt) Ltd, Engro Polymer & Chemicals Limited, Sirius (Pvt) Ltd and Tenaga Generasi Ltd. He also serves as a Director of Dawood Lawrencepur Ltd and Engro Fertilizers 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 serves as a Member of the Board of Governors of the National Management Foundation, the sponsoring body of Lahore University of Management Sciences (LUMS). 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 is Chairman of National Bank of Pakistan and Chairman of Karachi Stock Exchange. He has over 33 years of experience in financial services. His career started with Citibank where, between November 1979 and July 1994, he served locally and internationally on various senior positions including his term as Associate Director Singapore Training Centre. He then joined Faysal Bank Limited as President/CEO and expanded it from 3 branches to 11 while expanding the balance sheet from Rs. 3 billion to Rs. 30 billion.

Mr. Kamal also held position of President/CEO, and then as Vice Chairman of the Union Bank Limited, where he was instrumental in various acquisitions i.e. Bank of America, American Express Credit Cards, Emirates Bank international and Mashreq Bank, Sri Lanka. As a result, Union Bank emerged as a success story and was ably acquired by Standard Chartered Bank. Mr. Kamal was President/CEO of KASB Bank Limited from November 2005 to August 2010.

Mr. Muneer Kamal holds an MBA from University of Karachi. His other Directorships & Offices include Chairman Karachi Stock Exchange and Director, Government Holdings (Private) Limited. He joined the Engro Board in 2015.

Waqar Malik
Director

Waqar Malik's business experience spans over 30 years across three continents, mostly with Fortune 500 companies, during which he developed core competencies in strategy, mergers & acquisitions, leadership and board governance.

He was with ICI Plc group based in the UK and then Akzo Nobel in the Netherlands. In Pakistan, he was the Country Head of ICI Plc's operations. For over 10 years until 2012, he served as the CEO of ICI Pakistan Limited and the CEO and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited).

Currently he is also serving as Board Member, TPL Direct Insurance Limited; Advisory Board, IBA, and Board Member, British Business Centre. He is a certified director of Pakistan Institute of Corporate Governance and member of its visiting faculty. Previously Mr. Malik has held board positions in many prestigious private and public sector companies.

He is a Trustee of I-Care Pakistan and was awarded Prince of Wales medal as a Trustee of the Prince of Wales Pakistan Recovery Fund for flood victims in 2010.

Waqar Malik is a fellow of The Institute of Chartered Accountants in England and Wales and is also an alumnus of Harvard Business School and INSEAD. Mr. Malik joined the Board of Engro Corporation in 2015, and also serves as the Chairman of the Company's Board Compensation Committee.

Imran Sayeed
Director

Imran Sayeed is part of the Entrepreneurship and Innovation faculty at the MIT Sloan School of Management.

Previously Sayeed started and led the Digital practice for NTT Data, the $16 Billion sixth largest technology consulting company in the world. He was also CTO and Head of Innovation. Sayeed came to NTT through its acquisition of Keane, where he led the 7000 person international technology consulting organization. Prior to Keane, Sayeed was an entrepreneur for 13 years, having founded 2 successful software product and services companies one which he successfully led to an IPO and the other to acquisition.

He was also the founding global President of OPEN, the largest Pakistani entrepreneurship and leadership organization in the world. He also holds a patent on Internet security technology he jointly developed with Citibank. Sayeed was named by Computerworld as one of the Premier 100 IT Leaders for 2013 and has been featured in the Wall Street Journal, Harvard Business Review and many leading publications.

Sayeed is also co-founder of Teach The World Foundation, a literacy non-profit that is using technology to radically transform how children across the world learn to read, write and do math.

Sayeed attended Brown University where he majored in Engineering, and Harvard University, where he did post-graduate work in business, marketing and product development.

Inam-ur-Rahman
Director

Mr. Inam ur Rahman is currently the Chief Executive Officer at DH Corp. In the recent past, he has led the renewable businesses of the Dawood Group as CEO of Reon Energy Limited and Tenaga Generasi Limited. With more than 25 years of professional experience Mr Rahman showcases his diverse business expertise dominating a wide spectrum of industries which include renewable energy, food sciences & production, textiles, fashion & apparel, lifestyle, and business consultancy.

His portfolio of directorships include Sui Northern Gas Pipelines Limited, Dawood Hercules Chemicals Limited, Dawood Lawrencepur Limited, Sind Engro Coal Mining Company, Hub Power Company Limited, Laraib Energy Limited, SACH International Limited, and Pebbles Private Limited.

He holds a Bachelors of Electronic Engineering from University of Engineering & Technology from Lahore sealed with Masters of Business Administration from Lahore University of Management Sciences, He was also adjunct faculty at LUMS teaching Strategy, Management and Marketing. He is an environmentalist at heart and his passion is to make all energy renewable and free.

He joined the board in 2016.

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, 2016, the Board comprises of one executive director, two 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. Ghias Khan. 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 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, 2016 the Board included the following members:

Category	Name
Independent Directors	Waqar Malik
	Imran Sayeed
Executive Director	Ghias Khan
Non-Executive Directors	Hussain Dawood
	Abdul Samad Dawood
	Shahzada Dawood
	Muhammad Abdul Aleem
	Muneer Kamal
	Inam ur Rahman

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 February 10, 2016, October 04, 2016 and November 15, 2016 were filled up by the directors within the stipulated timelines.

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 a meeting held on short notice to discuss deffered items from previous meeting. The minutes of the meetings were appropriately recorded and circulated.

9. One of the directors attended the directors' training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year. Four other directors have already completed this course earlier. Three of the directors are exempted from taking the directors training course and the remaining one director will attend this course in the future.

10. The Board has approved the appointment of Company Secretary in the current year and also approved the remuneration and terms and conditions of employment of CFO and the Head of Internal Audit.

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, which upto November 30, 2016 comprised of 4 members, of whom one was an independent director, and three were non-executive directors and the Chairman of the Committee was a non-executive director. Upon the appointment of Mr. Ghias Khan as a CEO of the Company, he ceases to be a member on the Committee.

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 i.e. the Board Compensation Committee, which upto October 04, 2016 it comprised of 5 members, of whom four were non-executive directors and one was an independent director and the Chairman of the Committee was an independent director. Upon resignation of Mr. Shehzad Naqvi on October 04, 2016, a new member has to be nominated on the Committee.

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. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

Hussain Dawood
Chairman

Ghias Khan
President & CEO

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Corporation Limited (the Company) for the year ended December 31, 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of 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 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, 2016.

Chartered Accountants
Karachi
Date: March 15, 2017
Engagement Partner: Waqas A. Sheikh

statement of compliance with the issue of sukuk regulations, 2015

This statement is being presented to comply with the requirements under Issue of Sukuk Regulations 2015 issued by the Securities and Exchange Commission of Pakistan. This Statement of Compliance is for the year ended December 31, 2016.

Engro Corporation Limited (the Company) entered into an arrangement for issue of Sukuk-1 and Sukuk-2 amounting to Rs. 3,000 Million and Rs. 1,000 Million respectively, on July 10, 2014 for a period of 3 years and 5 years respectively. We state that the Company is in compliance with the Sukuk features and Shari'ah requirements in accordance with the Issue of Sukuk Regulations, 2015.

We specifically confirm that:

- The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk features and Shari'ah requirements
- The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk features and Shari'ah requirements, whether due to fraud or error;
- The Company has a process to ensure that the management and where appropriate those charged with governance, and personnel responsible to ensure the Company's compliance with the Sukuk related features and Shari'ah requirements are properly trained and systems are properly updated.

The Sukuk features and Shari'ah requirements in accordance with Issue of Sukuk Regulations, 2015 comprises of the following:

a) Requirements of Shariah Structure and Transaction Documents as stated in the Prospectus, with respect to issuance of Sukuk-1 & Sukuk-2:

   a. Declaration of Trust
   b. Musharka Agreements
   c. Master Murabaha Facility Agreements
   d. Payment Agreements
   e. Purchase Undertaking
   f. Asset Purchase Agreement
   g. Deed of Floating Charges
   h. Murabaha Agency Agreement
   i. Agency Agreement

b) Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions (AAOIFI), as notified by the Securities and Exchange Commission of Pakistan (the SECP);

c) Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and

d) Other compliances specified in the Issue of Sukuk Regulations 2015 issued by the Securities and Exchange Commission of Pakistan.

Hussain Dawood
Chairman

Ghias Khan
President & CEO

independent assurance report to the board of directors on the statement of compliance with issue of sukuk regulations, 2015

Scope of our work

We have performed an independent assurance engagement of Engro Corporation Limited (the Company) to express an opinion on the annexed Statement of Compliance (the Statement) with the requirements of Issue of Sukuk Regulations, 2015 as notified by the Securities and Exchange Commission of Pakistan as of December 31, 2016.

Applicable Criteria

The criteria for the assurance engagement against which the underlying subject matter (Statement of Compliance for the year ended December 31, 2016) is assessed comprises of compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015. Our engagement was carried out as required under Rule 13 of Chapter V of the Issue of Sukuk Regulations, 2015 as notified by the Securities and Exchange Commission of Pakistan.

Responsibility of Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility is to express our conclusion on the Statement for the year ended December 31, 2016 based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects the status of the Company's compliance with the features and Shariah requirements of Sukuk in accordance with the requirements of the Issue of Sukuk Regulations, 2015 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments; we have considered internal controls relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Company was not materially non-compliant with the Criteria. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Our procedures applied to the selected data primarily comprised of:

- Inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;

- Verification of Sukuk related transactions on sample basis to ensure the Company's compliance with the Criteria during the year;

- Review of Shariah structure and transaction documents, term sheet and Shariah approval letter issued by the Shariah Advisor of the Sukuk; and

- Review of the annexed Statement based on our procedures performed and conclusion reached.

We believe that the evidences we have obtained through performing our aforementioned procedures were sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our independent assurance engagement, in our opinion, the annexed Statement for the year ended December 31, 2016 has been prepared, in all material respects, in compliance with the features and Shariah requirements of Sukuk in accordance with the Issue of Sukuk Regulations, 2015.

Chartered Accountants
Karachi
Date: 15 March, 2016

Engagement Partner: Rashid A. Jafer

together, we prosper

Directors' Report

directors' report

The Directors of Engro Corporation Limited are pleased to submit the annual report and audited accounts for the year ended December 31, 2016.

Principal Activity

The principal activity of the Company is to manage its investments in subsidiaries, associates and joint ventures, engaged in fertilizer manufacturing and trading, PVC resin manufacturing and marketing, food, power generation, coal mining, LNG and bulk chemical handling terminal and storage businesses.

The global growth which fell from 2.6% in 2014 to 2.4% in 2015 have further tumbled to 2.3% in 2016 - the weakest performance since the global financial crisis in 2007-2008.

Economic Environment

Global Perspective

According to the World Bank, stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. The global growth which fell from 2.6% in 2014 to 2.4% in 2015 have further tumbled to 2.3% in 2016 - the weakest performance since the global financial crisis in 2007-2008. A moderate recovery to 2.7% is expected for 2017. Growth in emerging market and developing economies (EMDEs) is expected to pick up in 2017, reflecting receding obstacles to activity in commodity exporters and continued solid domestic demand in commodity importers. Weak investment and productivity growth are, however, weighing on medium-term prospects across many EMDEs. Downside risks to global growth include increasing policy uncertainty in major advanced economies and some EMDEs, financial market disruptions and weakening potential growth. However, fiscal stimulus and other growth enhancing policies in key major economies - in particular, the United States - could lead to stronger-than-expected activity and thus represent a substantial upside risk to the outlook. In view of limited room for macroeconomic policy to absorb further adverse shocks, as well as subdued growth prospects, structural reforms that boost potential growth remain a priority. In EMDEs, investment in human and physical capital would help narrow unmet needs in skills and infrastructure and support growth for the long term. Rebuilding policy space, addressing vulnerabilities, and enhancing international integration by promoting trade and foreign direct investment would also boost resilience and improve growth prospects.

The Brexit vote had limited short-term cross-border financial market spillovers, partly reflecting the commitment for further policy accommodation by major central banks. Despite the Brexit vote in June 2016, confidence in the Euro Area has continued to improve. The outcome of the U.S. elections has made macroeconomic projections more uncertain. Proposals for corporate and personal income tax cuts, infrastructure spending and shifts in trade, immigration and regulation policies are likely to have sizable effects on the U.S. outlook - as well as spillovers on the rest of the world.

Anemic growth in advanced economies was accompanied by a further weakening of global trade in 2016. Growth in the U.S. slowed markedly, from 2.6% in 2015 to an estimated 1.6% in 2016. The economic outlook is conditioned by further economic slowdown and rebalancing in China, further decline in average commodity prices, slowdown in investment expenditures, significant decline in the volume of import growth in the advanced economies and declining capital flows to EMDEs. Some of these economic shocks entail increased uncertainty, which contributes to lackluster growth performance. EMDEs grew at an estimated 3.4% in 2016, broadly in line with previous expectations.

Regional View

From a regional perspective, the economic activity in South Asia expanded by an estimated 6.8% in 2016, buoyed by robust domestic demand. South Asia is now the fastest-growing EMDE region. Since 2013, the region has consistently exceeded its long-term growth average of 6% during 2000-14, benefitting from mutually reinforcing tailwinds of sustained low commodity prices, infrastructure investment, and generally accommodative monetary and fiscal policies. Limited global integration has also shielded South Asia from negative external spillovers. India continued to post strong growth, reflecting ongoing tailwinds from low oil prices and support from structural reforms. Excluding India, regional growth is estimated at 5.3% in 2016, however, there were notable differences within the region depending on security issues, domestic policies, and reliance on remittance flows.

GDP growth continued its positive trajectory and posted growth of 4.7%, which is the highest in eight years.

Looking ahead, growth in the region is projected to edge up to an average of 7.3% in 2017-19, supported by dividends from ongoing policy reforms and strong domestic demand. Sluggish recovery in key export markets, weak private investment, and security challenges pose headwinds to the outlook. Risks are tilted to the downside, including reform setbacks, heightened domestic insecurity and political tensions, and unexpected tightening of financing conditions. Structural reforms, aided by supportive macroeconomic policies, could help mitigate some of the risks, and bolster the region's long-term growth prospects.

Pakistan

Against, this backdrop, the fiscal year 2016 proved to be a year of economic prosperity for Pakistan. GDP growth continued its positive trajectory and posted growth of 4.7%, which is the highest in eight years. FY 2017 is estimated to end at 5.2%. The economic indicators including the fiscal indicators are in the comfortable zone. The fiscal deficit has been contained at 3.4% of GDP during FY2016 against 3.8% of GDP in the same period of last year. The successful containment of deficit is attributed to 10.4% growth in total revenues, of which tax revenues increased by 20.2%. The foreign reserves at year-end stood to an all-time high of USD 18 billion. During 2016, discount rate was slashed further by 25bps bringing it down to 6.25%, in order to boost credit off-take in the economy. Additionally, foreign direct investment surged 38.8% with investments mainly coming from China and Netherlands.

Uplift in economic environment can be attributed to calibrated fiscal & monetary management, contained inflation, rise in foreign exchange reserves, containment of fiscal deficit and remarkable growth in industrial and services sector. The situation was further strengthened by teep decline in international oil prices and deceleration of policy rate to a record low since 44 years. However, set back in agriculture growth, energy shortages, political noise and low exports continued to challenge growth momentum and economic environment.

The year 2016 has witnessed a significant and an overall steady rise in the stock market indices where historic and unprecedented levels are being crossed. KSE 100 index reached 47,806 levels on 30 December 2016 - the highest level in Pakistan stock market history. With the inclusion of Pakistan in MSCI Index, many companies of the world are interested for investment in Pakistan, particularly in power, energy, oil and gas, automobiles and textile sector. It is expected that together with investments in the private sector, including China-Pakistan Economic Corridor (CPEC) and improved security situation across the country, Pakistan economy will step towards sustainable economic growth and prosperity.

In Pakistan, GDP growth is forecast to accelerate from 5.2% in FY2017 to 5.8% a year in FY2019-20, reflecting improvements in agriculture, infrastructure, energy, and external demand. Construction of the new Khanki barrage in the province of Punjab is set to be completed in 2017. This is expected to provide irrigation to one million hectares of fertile farmland, boosting agriculture. Ongoing progress on the gas pipeline and electricity imports from Iran will ease energy constraints. The CPEC project will increase investment in the medium-term, and alleviate transportation bottlenecks and electricity shortages.

Agricultural & Dairy Environment

As per United States Department of Agriculture (USDA), the 2016/17 global wheat production is expected to be 752.7 million metric tons (MT) – up from 735.4 million MT in 2015/16, while rice production forecast is 480.0 million MT, lowered by 1.5 million MT but still the highest on record. Further, the milk production during 2016 is expected to be 212.5 billion pounds, an increase of 2% from 2015 and is expected to continue at the same growth rate in 2017. The global dairy prices started recovering since mid-2016 from their historic lows.

As with most developing countries, Pakistan's agricultural share of GDP has been declining - from 26% in 2000 to 19.8% in 2016. The agriculture sector has been going through significant transformation. The livestock sector now accounts for 56% of agricultural GDP followed by major crops at 37%. The four major crops - wheat, cotton, rice and sugarcane - account for two-thirds of total cropped area. Growth in the non-crop subsectors of agriculture has been a bright spot of Pakistan agriculture in recent years. However, as a whole the performance of agriculture sector in Pakistan during FY 2016 remained dismal as it witnessed a negative growth of 0.19% against 2.53% growth during the same period last year. The growth of crops declined by 6.3% as cotton and rice production decreased by 27% and 3% respectively, while the other sub- components of agriculture sector like livestock, forestry and fishing posted positive growth of 3.6%, 8.8% and 3.3%, respectively.

> As per United States Department of Agriculture (USDA), the 2016/17 global wheat production is expected to be 752.7 million metric tons (MT) – up from 735.4 million MT in 2015/16

The significant decrease in cotton production can be attributed mainly to pest attacks. At the same time, low prices discouraged farmers from investing in fertilizer and pesticides. As a result, cotton yields suffered a decrease of nearly 27%. The significant decline in rice production can mainly be attributed to area decreases in response to continued fall in the rice world market. Yield growth of the four major crops has slowed down since the 1990s. The decline in productivity growth can be attributed to a decline in Total Factor Productivity (TFP). With TFP growth progressively slowing, output growth has been driven mainly by increases in input use (fertilizer, labor, chemicals, and mechanization) and irrigation, highlighting the importance of using these inputs efficiently and sustainably. The main potential for reducing the yield gap lies with improved varieties and quality seeds. However, insufficient investments in agriculture research and the current seed and intellectual property rights laws that discourages private sector involvement in ag-ricultural research remain major obstacles towards achieving increased yields.

The local dairy industry had a challenging year both in terms of intense competition and budgetary changes. Implementation of the Federal Budget for 2016-17 which included a change in the GST regime from 'Zero-Rating' to 'Exempt' and imposition of Regulatory Duty @ 25% on import of dairy powder has resulted in an increase in the cost of doing business which has temporarily affected industry growth.

Fertilizers Environment

During 2016, the continued slump in global commodity markets including oil, kept urea prices subdued, with prices down to as low as USD 193/ton (CFR Karachi) equivalent to PKR 1,300/bag at one point during Rabi season. Towards the yearend, however, prices have returned to around USD 240/ton (CFR Karachi) (equivalent to PKR 1,560/bag). The imported urea however does not have a PKR 156/bag subsidy which is only available on locally manufactured urea which near the yearend was available in the market in the range of PKR 1,200 – PKR 1,300 per bag excluding subsidy.

Local urea prices remained in the range of PKR 1,760/bag to PKR 1,850/bag during most of the 1H 2016. However, considering the weak farmer income and subsequent adverse impact on Pakistan's agrarian economy, the Government of Pakistan (GoP) announced a decrease in urea price to PKR 1,400/bag in the Federal Budget 2016. The reduction was carried out through price cut of PKR 50/bag by manufacturers and a combination of subsidy and reduction in GST by GoP. Pakistan's urea industry demand declined in 2016 by 2% to 5,485 KT versus 5,582 KT in 2015. The decline came on the back of lower urea off take in the first half of 2016 due to weak farmer economics amid falling commodity prices and expectation of price reduction through subsidy. However, demand for urea improved significantly in 2H due to significant reduction in urea prices, a direct result of subsidy announcement by the government which also led to better farmer economics on cotton and rice. Local industry production for 2016 stood at 5,998 KT vs. 5,290 KT in 2015, an increase of 13%. Higher urea production was a result of higher gas availability in the system including imported LNG. Although the overall industry declined slightly, share of locally produced branded urea increased to 100% vs. 91% in 2015. This was due to lower difference between prices of locally manufactured and imported urea as well as preference of farmer to use locally manufactured urea.

> Although the overall industry declined slightly, share of locally produced branded urea increased to 100% vs. 91% in 2015.

Energy Environment

Pakistan's energy sector performance has improved in recent years but energy shortages continue to undercut economic growth and exacerbate poverty. The policy, legislative and institutional reforms necessary to address these challenges are linked across the gas and power sectors, whereas administration is institutionally partitioned principally between the Ministry of Petroleum and Natural Resources and the Ministry of Water & Power. Although the government has embarked on a program of reform, key challenges remain including energy shortages, high energy costs and inefficiencies arising from losses, and theft and inability to collect bills that prevent the sector from financing all its costs. The sector relies heavily on government support through subsidies and public funding for most of its investment program.

There is a mismatch between electricity production and demand resulting in load shedding, which hurts industrial, commercial, and human needs and thus has a direct impact on economic growth. To overcome the current demand - supply deficit of around 5,000 - 6,000 MW at peak levels and cater for future demand growth, the government is actively working on Fast Track RLNG projects in North Punjab and indigenous as well as imported coal projects in Sindh. Most of these power projects are expected to come online in next 2-3 years which is in line with the government's claim of eliminating the demand-supply deficit by 2018-19.

Another crucial challenge is to upgrade the current transmission infrastructure to handle this additional power generation. To overcome this challenge, the National Transmission and Dispatch Company (NTDC) is working to improve the current transmission network by upgrading existing transmission infrastructure and introducing new circuits. In parallel, the government is also facilitating, both local and overseas private investors for developing transmission lines.

The GoP has made considerable efforts to alleviate the severe liquidity constraints of IPPs with a view to manage circular debt, which has been a persistent problem in the domestic energy sector and a cause of concern for the whole power sector. Also, the buildup of circular debt during the year was slowed down due to the unprecedented fall in global oil prices in the last couple of years, which gave much needed breathing space to oil based IPPs. While a number of steps have been taken to reduce the principal overdue amounts due to IPPs, there has been little to no improvement in the settlement of outstanding interest despite several commitments. It has been seen in the past that the underlying issues fueling circular debt had been expensive generation mix and high transmission & dispatch losses. With recent volatility in the global oil prices, circular debt is expected to remain a challenge for the government and the energy sector in the future unless concrete policy measures are taken to address the underlying causes.

> To overcome the current demand - supply deficit of around 5,000 - 6,000 MW at peak levels and cater for future demand growth, the government is actively working on Fast Track RLNG projects in North Punjab and indigenous as well as imported coal projects in Sindh.

Strong 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, positively contributing to PVC consumption.

Chlor-Vinyl Environment

PVC

Global PVC downstream demand stood close to 42 million MT in 2016. PVC market continued to be oversupplied in 2016 with cumulative overcapacity slightly declining to 14 million MT. Producers were challenged to achieve cost efficiencies in order to compete in this oversupplied market. Operating rates in 2016 witnessed an increase against last year to close at ~ 75% exhibiting a shift in lackluster industry operating rates. In terms of end uses, pipe and fittings was the bed rock of demand for PVC resin. Pipe & fittings segment accounted for approximately 44% of consumption, films & sheets was 18% and profiles & tubes was 17%.
In terms of consumption, Asian demand accounted for approximately 66% of the global demand with major contribution coming from Northeast Asia, which contributed around 47% of the total global demand. Northeast Asian demand is primarily led by China, where there has been a surge in domestic supply and demand. Stagnant Chinese domestic demand over the last two years, amid lower economic growth and supply in downstream sectors, has curtailed Northeast Asia total demand growth lower than expected. China, however will continue to account for the bulk of regional demand, at 85%, and will remain the engine of growth in the region.

In terms of PVC consumption, Pakistan is 6th largest population in the world and has one of the lowest PVC resin consumption per capita in the region i.e. 1.03 kg ahead of Bangladesh (at 0.85 kg), providing a great market potential. At present, the domestic sales mix is dominated by pipe and fittings segment, however, the industry remains committed to bring in innovation and technological advancement in the sector and aim to ensure that domestic market remains abreast with global advancements. Along with pipe and fittings, the industry is channelizing its efforts towards development of new PVC applications for Pakistan. In this regard, we have a deployed a dedicated team working on technical and market feasibilities for new PVC products in Pakistan. Strong 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, positively contributing to PVC consumption.

In 2016, international PVC prices ranged between USD 720/MT to USD 970/MT. Outside China, most developing markets witnessed stronger growth rates than expected.

PVC prices maintained a positive trajectory due to supply concerns from acetylene route to produce PVC. PVC demand briefly softened during demonetization of Indian currency however supply constraints within the region maintained price support.

Ethylene prices remained stable to moderately soft through the year 2016, thereby providing a relief to downstream consumers. Low crude oil prices, influx of ethylene from outside Asia, return of major crackers online maintained prices stable throughout the year. Ethylene prices hovered between USD 868/MT – USD 1,160/MT for the year 2016.

Caustic & Allied Products

In 2016, global Caustic Soda demand reached ~ 73 MT growing at a CAGR of 3%. Global Chlor Alkali demand is a function of economic growth. Developing economies were the main drivers of demand growth. Region wise, Asia retained its position as global leader accounting for approximately 62% of consumption. Supply overhang remained a key phenomenon during the year.

Pakistan's Caustic Soda market size in 2016 remained at 265 KT. Main demand drivers for Caustic remained the textile & soap industry. Textile demand remained consistent, while denim segment posted some growth which was offset by lower consumption from woven sector. Soap & detergent segment posted a 3% growth. Opportunity exists in some of the segments to grow as downstream consumption in the coming years may improve on the back of more focus on health, sanitation and hygiene. Focus on energy efficiencies and sustainable plant operations steered the industry theme for the year. With consistent gas supply to industries in Punjab, and improvement in energy situation for key producers led to an inevitable overhang of supply. This led to a general competitive market situation during the year.

business overview

Engro Corporation had consolidated revenue of PKR 157,208 million vs. PKR 181,652 million in 2015 representing a decline of 13% from last year. The decline in sales is mainly on account of intense competition in the dairy sector coupled with lower urea off-take at subsidized prices due to poor agronomics.

As part of its strategic portfolio management strategy aimed at creating long-term sustainable shareholder value, the Company took the following actions during the year:

- In May 2016, Engro Corporation's holding of Elengy Terminal Pakistan has been reduced from 100% to 80% as International Finance Corporation (IFC) disbursed its equity portion;
- In June 2016, the Company successfully sold 297 million shares of Engro Fertilizers to local and foreign institutional investors and High Net Worth Individuals by way of a private placement at a price of PKR 65.47 per share discovered through a private book building mechanism. Current shareholding of the Company in Engro Fertilizers stands at 56.5%;
- During the first half of 2016, GE and Engro Corp signed a digital industrial alliance to accelerate the transformation of industries. The initial focus of the alliance will be on providing GE's digital power plant solutions to electricity generation companies in Pakistan. Engro in collaboration with GE will acquire the latest cloud technologies that will help enable Pakistan's power generation sector to leapfrog towards more mature technologies;
- During 2015, an interest from a potential acquirer was received to acquire Engro Corp's entire shareholding in EPolymer. However, on August 19, 2016, the acquirer withdrawn its intention to acquire the shares, as the time period to make the offer was lapsed;
- In December 2016, the Company sold 361 million shares of Engro Foods to FrieslandCampina Pakistan Holding B.V. (FCP), a wholly owned subsidiary of Royal FrieslandCampina N.V. (RFC), at a selling price of PKR 120.15/share. Resultantly, Engro Corporation is now the second largest shareholder of Engro Foods with significant ownership of 40%, while 51% rests with RFC.

The Company posted consolidated profit-after-tax (attributable to owners) of PKR 69,107 million as opposed to PKR 13,784 million during 2015. The increase in profit is attributable to one-off gain amounting to PKR 58,680 million on account of partial disposal of equity stake in Engro Foods as well as on remeasurement of remaining equity stake at the fair value in line with International Financial Reporting Standards.

Engro Fertilizers' profitability suffered primarily due to lower urea off take in the first half of 2016 on account of weak farmer economics amid falling commodity prices and expectation of price reduction through subsidy. Urea demand improved significantly in second half due to significant reduction in urea prices - a direct result of subsidy announcement by the government - which also led to better farmer economics on cotton and rice. Engro Fertilizers continued to operate both of its plants due to continued gas availability.

Engro Foods' profitability also witnessed a decline owing to the changes in regulatory structure resulting in the increase in cost of doing business and aggressive competition.

Conversely, the Engro Elengy Terminal delivered sustainable operations handling 44 cargoes during the year under review versus 17 cargoes during the last year at average utilization of 99.4%. Also, the Petrochemicals business was marked by highest ever production, strong volumetric growth in sales, and cost efficiency measures, while maintaining focus on HSE measures. This translated into profits of PKR 660 million for the year as compared to loss of PKR 644 million during 2015.

Within our power sector assets, the Qadirpur plant performed in line with the expectations. Further, the Powergen business was able to satisfy all the conditions precedent under the financing agreements and achieve financial close for Thar Coal project on April 4, 2016. The project has made substantial progress on all EPC fronts with progress ahead of plan on various fronts. The project expects commercial production from September 2019.

Consolidated Revenue
(Rs. in million)

157,208

2016

Consolidated Profit After Tax*
(Rs. in million)

69,107

2016

*attributable to the owners of the holding company

engro fertilizers

During 1Q 2016, the Economic Coordination Committee (ECC) permanently re-allocated 60 MMSCFD gas back to the fertilizer companies to whom it was originally allocated, out of which EFert's share was 12.5 MMSCFD.

During 1Q 2016, the Economic Coordination Committee (ECC) permanently re-allocated 60 MMSCFD gas back to the fertilizer companies to whom it was originally allocated, out of which EFert's share was 12.5 MMSCFD. Throughout the year, EFert remained in discussions with the relevant parties for allocation of surplus gas to ensure continued two-plant operation. Recently, ECC approved the allocation of 26 MMSCFD to EFert. This allocation along with other available gas streams is now sufficient for two plant operations.

During the year, GIDC was struck down by the Sindh High Court being ultra vires, against which the Ministry obtained a suspension order. However, some clarifications are being taken from legal advisors and EFert is actively reviewing the position. Apart from this litigation, EFert also has a separate case for its concessionary gas allocated to it under the Fertilizer Policy. No payment of GIDC is made on concessionary gas on the basis that it would be in direct contravention of the Fertilizer Policy and its gas supply contracts on the basis of which EFert invested USD 1.1 billion for expanding its fertilizer manufacturing capacity.

Revenue

(Rs. in million)

69,537

2016

Urea

EFert produced 1,881 KT of urea, compared to 1,968 KT produced in 2015 i.e. 4% decrease in production mainly due to planned turnarounds in 2016. However, considering the oversupply situation, the sales volume remained 12% lower vs. 2015 i.e. 1,652 KT vs. 1,879 KT in 2015, leading to Engro's urea market share declining to 30% from 34% last year. This was mainly due to reduction in production share from 37% last year to 31% in 2016 on account of higher production by other fertilizer manufacturers, due to LNG and increased gas availability.

Phosphates

Sales were recorded at 534 KT in 2016 - up 41% YoY compared to 391 KT in 2015, which also led to an increase in EFert's market share to 24% vs. 22% last year. The increase in sales was a direct result of higher domestic off takes of DAP and sales push by EFert in 2016. The domestic industry increased from 1,814 KT in 2015 to 2,225 KT in 2016, on the back of subsidy on phosphates and lower international DAP prices. The international DAP prices which started from USD 400/Ton at the start of the year, averaged around USD 345/Ton during the year to close at USD 330/Ton at the end of the year.

Zarkhez

Sales of blended & potash based fertilizers (Zarkhez, Engro NP, MOP/SOP) declined by 16% YoY during the year to 114 KT compared to 135 KT during 2015. Despite no subsidy on potash, overall domestic potash industry increased to 27 KT vs. 25 KT in 2016, due to lower international prices of SOP & MOP. Moreover, due to lower SOP & MOP prices, farmers switched from Zarkhez to straight potash fertilizers. Resultantly, market share of Zarkhez declined to 38% in 2016 (47% in 2015). However, overall potash market share of EFert closed at 48% (49% in 2015).

For the Fertilizers business, the consolidated sales revenue for 2016 was PKR 69,537 million which was lower by 19% as compared to the PKR 85,421 million last year. The consolidated profit-after-tax for the year was PKR 9,283 million versus PKR 14,819 million in 2015. The lower profitability was primarily due to lower urea off take and multiple price cuts amid the industry oversupply situation. EFert continued to negotiate with its lenders and was able to bring down mark-up rates on its long and short term loans which helped reduce financial charges and augment profitability.

engro foods

Olper's continued its trend of impressive growth over the past year despite a resurgent competitor with an aggressive strategy. Engro Foods continued to invest behind Olper's positioning of being the drinking milk of choice for children to tap into the drinking opportunity.

2016 was a challenging year for the dairy industry both in terms of intense competition and taxation changes. Implementation of the Federal Budget for 2016-17 which included a change in the GST regime from Zero Rating to Exempt and imposition of Regulatory Duty @ 25% on import of dairy powder has resulted in an increase in the cost of doing business which has temporarily affected industry growth. Also competition in the category remained aggressive with multiple new entrants spending heavily on all fronts.

Dairy and Beverages

The Specialized Tea Creamer category saw the rise of multiple mushroom players jockeying for market share and investing heavily on all fronts. The category growth in the second half of 2016 remained under pressure due to changes in tax regime followed by price increases which adversely affected growth of Tarang in 2016. Despite these challenges, Tarang continues to be the market leader and remains the most widely distributed UHT brand.

Olper's continued its trend of impressive growth over the past year despite a resurgent competitor with an aggressive strategy. EFoods continued to invest behind Olper's positioning of being the drinking milk of choice for children to tap into the drinking opportunity. 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.

The Dairy and Beverages segment reported a topline of PKR 40.7 billion registering a decline of 13% over last year. Segment contributed PKR 2,474 million to EFoods' profitability as compared to PKR 3,227 million during 2015.

Ice Cream and Frozen Desserts

During 2016, EFoods' ice-cream and frozen desserts segment further built on its success in 2015 and maintained growth momentum. 2016 saw promotion of mother-brand "Omore", to re-vitalize the identity of the brand among the masses, along with innovation specific campaigns. Innovations continued to play a major role in achieving successes throughout the year, with a number of products making their mark across formats. The segment reported revenue of PKR 3.7 billion, recording a growth of 5% over last year. With reduced input costs and better controls, the segment recorded a profit of PKR 43 million in 2016 compared to a loss of PKR 75 million in 2015.

Dairy Farm

Nara Dairy Farm continued to remain a rich and nutritious source of quality milk for the dairy segment. The farm currently produces 44,608 (2015: 35,095) liters per day with a total herd size of 5,626 animals of which 2,895 mature assets able to produce milk. On account of valuation losses due to falling international market prices of animals, the segment reported a loss of PKR 130 million in 2016 versus a profit of PKR 12.5 million in 2015.

EFoods reported consolidated revenue of PKR 44.3 billion in 2016 as compared to revenue of PKR 49.8 billion last year. Gross margin in 2016 declined to 20.7% from 21.5% in 2015 due to increase in cost of doing business owing to imposition of GST and regulatory duty. On an overall basis, EFoods reported a net profit of PKR 2,387 million in 2016 as compared to net profit of PKR 3,162 million in 2015.

Revenue
(Rs. in million)

44,346

2016

engro eximp agri products

EEAP achieved a total husking of 7,253 tons of paddy and processed 13,860 tons of rice. It also exported 8,970 tons of rice during 2016 and made branded sales of 3,577 tons.

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EEAP posted a loss-after-tax of PKR 478 million for 2016 against a loss of PKR 4,517 million during 2015. The previous year's loss was mainly on account of an impairment charge of PKR 3,384 million against its rice processing plant and spares. Current year's loss was significantly lower because of the business restructuring decisions taken during 2015, which helped in decreasing fixed costs, improving operational efficiencies and margins as well as reducing commodity price risk exposure.

During the year, an external quality audit by Bureau Veritas for quality re-certification was successfully completed and improved EEAP's rating from 'B' to 'A'. EEAP has the highest number of quality certifications amongst rice players in Pakistan.

Revenue
(Rs. in million)

918

2016

engro powergen

During the year, SECMC and EPTL completed all conditions precedent under the financing agreements and achieved financial close on April 4, 2016.

Engro Powergen is a wholly owned subsidiary of Engro Corporation and has been established with the primary objective to analyze potential opportunities in the Energy & Power sector and undertake new projects across the value chain. 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). Further, 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 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, EPQL 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, EPQL 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 GoP is obligated to reimburse EPQL for fuel conversion costs and subsequent operations on alternate fuel as a gas depletion mitigation option. EPQL has commenced work on finding a long-term alternate fuel option.

During 2016, EPQL demonstrated a billable availability factor of 100.3% compared to 99.7% last year. It dispatched a total net electrical output of 1,265 GWh to the national grid demonstrating a load factor of 67.2% compared to 76.7% last year. The decline in load factor this year was primarily on account of power purchaser's auto transformer issue which caught fire and went out of operation on January 21, 2016. As reported earlier, this incident impacted power evacuation in the region in which the Plant operates. Following the incident, the Plant remained on standby mode until the completion of transformer repair and resumed its normal operations from April 29, 2016 onwards. However, the Plant was entitled to full Capacity Purchase Payments (CPP) throughout the period as demonstrated by the billable availability factor mentioned above.

For 2016, EPQL's revenue was PKR 11,452 million compared to PKR 13,354 million last year. The decrease in sales revenue is mainly attributable to a decline in load factor with a corresponding decline in the cost of generation. EPQL earned a net profit of PKR 1,788 million for 2016 as compared to PKR 1,797 million last year.

Overdue receivables from NTDC stood at PKR 2,353 million as on December 31, 2016 vs. PKR 1,691 million as on December 31, 2015. Similarly, overdue amount payable to SNGPL on December 31, 2016 was PKR 597 million vs. PKR 583 million in 2015.

Tenaga Generasi Wind Power

The Wind Power plant has been commissioned during the year ahead of plan. Engro Powergen is the Project Manager and Owner's Representative for Tenaga and has now been awarded the Asset Management contract for a period of two-year post which it will assume the position of O&M contractors. Engro Powergen, capitalizing on its successful delivery on Tenaga signed another Project Management contract and is in negotiation to sign an Owner's Engineer contract in Wind Power space.

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 2016, the O&M team deployed at GEL plant successfully completed two year of operations. The plant achieved an annual availability of 99.9%.

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, SECMC completed all conditions precedent under the financing agreements and achieved financial close on April 4, 2016. Consequently, notice to commence was issued to EPC contractors (China Machinery Engineering Corporation and China-East Resources Import & Export Company) who have been mobilized on the site.

Round the clock overburden removal began in May and current progress is ahead of schedule with ~15 M BCM of overburden removed as of Dec 31, 2016. This is in addition to the 4 M BCM that was removed prior to financial close. Major milestones have been achieved on the mine dewatering infrastructure projects. Drilling of all 27 wells has been completed which has enabled SECMC to start dewatering of 3 aquifers by first quarter of 2017. SECMC also took up the construction of the Effluent Disposal Reservoir at Gorano. Gorano reservoir is 80% completed and is ready to receive water.

Efforts for land acquisition continued for approximately 6,000 acres of Phase-I, approximately 5,400 acres of Phase-II and 530 acres for Gorano Reservoir. SECMC has deposited PKR 1,045 million with Revenue Department and ~2,574 acres privately owned land has been mutated in its favor. Remaining mutations are expected to be completed by the end of 2017.

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. One new equity partner - Huolinhe Open Pit Coal (HK) Investment Company Limited (HOCIC) - was inducted during the year and preference shares worth USD 3 million has been issued in favor of HOCIC, resulting in total equity of USD 74 million being raised to date. On the financing side, four drawdowns under the USD facility amounting to USD 9.6 million were made during the year. The drawdowns were made to make payments for milestones achieved under the EPC contract. Further, three drawdowns under the PKR facility amounting to PKR 11.4 billion were also made during the year. First payment of interest and commitment fee against both USD and PKR facilities were also made during the year.

Engro Powergen Thar (Private) Limited (EPTL)

During the year, EPTL achieved Financial Close on April 4th, 2016. Subsequently, notices to proceed were issued to EPC contractors (China Machinery Engineering Corporation and China-East Resources Import & Export Co.) and Supply and Services contractor (Engro Powergen), thus enabling their mobilization on site.

Since the notices to proceed, EPTL has made substantial progress on all EPC fronts. Basic Engineering of the project has been completed while Detail Engineering is currently under progress. Target completion for Detail Engineering is Mid 2017.

On the procurement side, progress is ahead of plan as most purchase orders have been placed ahead of schedule to expedite the project. EPTL has received its first major partial shipment of Boiler steel structure in December 2016.

Construction activities are also ahead of schedule. EPTL's project cost is expected to be ~ USD 1,108 million of which ~USD 831 million is to be arranged through debt while ~ USD 277 million in the form of equity based on a debt to equity ratio of 75:25. Engro Powergen 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).

During the year, equity contributions by sponsors were made on pro rata basis. Total equity amounts to USD 156.2 million at the end of 2016. In the same period, EPTL made drawdowns of USD 114.5 million under the USD facility, and a total drawdown of USD 38.8 million under the Rupee Facility Agreement, National Bank of Pakistan (NBP) Bilateral Facility Agreement and Islamic Facilities Agreements, bringing the total of debt drawdowns to USD 153.3 million

Revenue
(Rs. in million)

11,484

2016

engro polymer & chemicals

EPolymer captured substantial volumetric growth in sales (~80% market share), which was primarily driven by increased penetration in the domestic market and import substitution.

In 2016, domestic PVC market posted a healthy growth of ~ 17%. Pipes and fittings continued to dominate the PVC market. PVC pipes and fittings are gaining rapid acceptance in residential and commercial construction projects. Strong demand from the 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 167.8 KT in 2016 vs. 151.6 KT last year. Domestic PVC is manufactured solely by EPolymer which sells under the brand name of "SABZ". EPolymer captured substantial volumetric growth in sales (~80% market share), which was primarily driven by increased penetration in the domestic market and import substitution. PVC scrap imports were estimated to be approximately 4.8 KT in 2016, which is an estimated decline of 20% from 2015. Low differential between resin and scrap price encouraged scrap manufacturers to consume resin, which supported EPolymer sales in the domestic market.

Manufacturing demonstrated improved productivity in 2016. PVC production stood at 172 KT, VCM at 174 KT, while Caustic soda at 103 KT. PVC and VCM production were the highest ever, however Caustic Soda production was lower due to a major repair at the power plant, which has now been concluded.

In the Caustic Soda segment, EPolymer sold 83 KT in domestic Caustic Soda market during the year, which is consistent with last year, with a market share of 32% in 2016. Despite competitive market dynamics, EPolymer maintained its position as the leader in the South Caustic Soda market.

EPolymer posted a profit-after-tax of PKR 660 million in 2016 as compared to a loss after tax of PKR 644 million in 2015. Improved PVC sale volume, better business efficiencies, strict cost controlling measures, coupled with healthier core margins on vinyl chain translated into positive earnings despite compressed margins at Caustic Soda due to competitive market dynamics.

Revenue
(Rs. in million)

22,854

2016

engro elengy terminal

The terminal handled 44 cargoes and 2,713,303 MT of LNG. It delivered 131 bcf re-gasified LNG into the SSGC network adding approximately 138 billion BTUs of energy. The terminal continued to maintain 100% of RLNG regasification nomination given by SSGCL. Average utilization during the year was 99.4%.

During the year, the terminal handled 44 cargoes and 2,713,303 MT of LNG. It delivered 131 bcf re-gasified LNG into the SSGC network adding approximately 138 billion BTUs of energy. The terminal continued to maintain 100% of RLNG regasification nomination given by SSGCL. Average utilization during the year was 99.4%.

Engro Elengy has also successfully entered into an arrangement with SSGCL which will enable it to utilize its spare capacity of 200 mmscfd. The paperwork is currently underway. In this connection, the antity was also able to negotiate an additional Performance Bond facility with NBP of USD 5 million. Furthermore, it has also completed physical completion exercise of its LNG Terminal project which is a significant milestone under the financing agreements with Project financers. The financial completion of the aforementioned project is yet to be achieved.

The company reported revenues of PKR 9,196 million vs. PKR 7,768 million in 2015, posting profit after tax of PKR 1,450 million vs. PKR 1,800 million in 2015.

Revenue
(Rs. in million)

9,196

2016

engro vopak

During the year, Engro Vopak completed 19 years of safe operations without any lost work injury. The terminal achieved 2nd position in the EMEA division in Vopak's Annual Customer Survey for Net Promoter Score and 1st position for VSQI. EVTL also received service excellence award in EMEA division of Vopak. EVTL secured 98% score in THA audit which is currently highest score globally in the VOPAK World.

On the operational front, 227 KT of LPG and 682 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 1,411 KT vs. 1,286 KT last year. EVTL continued its stable financial operations with revenues of PKR 3,155 million vs. PKR 2,599 million in 2015, posting profit-after-tax of PKR 2,005 million vs. PKR 1,574 million in 2015.

Revenue
(Rs. in million)

3,155

2016

Social Investments

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 2016, the employees volunteered in excess of 14,000+ hours.

Volunteerism Hours

14,000+

2016

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 2016 remained diversity & inclusion; talent development and automation of our HR processes.

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 prime emphasis was on training and development of our employees 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.

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.

Engro Islamic Rupiya

During 2014, the Company issued Islamic Sukuks to target institutional and individual investors. These 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 maintained the rating of the instrument as AA+.

Capital Investment, Capital Structure and Finance

Consolidated shareholders' equity at the end of the year increased by PKR 83,418 million to stand at PKR 169,091 million. Owners' portion accumulates to PKR 133,837 million. This increase is mainly due to gain on partial disposal of Engro Foods and profits for the year.

Consolidated long-term borrowings at year end increased to PKR 73,118 million from PKR 59,583 million at 2015 yearend, primarily due to drawdowns for Thar Coal Project.

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 2016 is 30:70 vs. 41:59 as at 2015 year end.

Credit Rating

Pakistan Credit Rating Agency in its annual review of the Company's credit worthiness has maintained Engro Corp's long-term rating as AA and 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, Capital Gain Tax, Tax on Inter-Corporate Dividends, GIDC, Sales tax, WWF, Alternate Corporate Tax, Minimum Tax on Turnover and apportionment of expenses etc. 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 2016, Engro Corp's consolidated borrowings were PKR 73,118 million. Some 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. The Board of Engro Corporation has approved a framework for the group wide implementation of financial risk management. The intent is to manage and 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 out some of its total foreign currency borrowings. 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 continued it focus on the 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, 2016 and the financial statements of these have been audited up to December 31, 2015.

The latest audited accounts for the provident fund cover year ended June 30, 2016 and for the DC gratuity and DC pension funds cover year ended December 31, 2015. 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, 2016), gratuity funds (as at December 31, 2015) and pension funds (as at December 31, 2015) based on their respective audited accounts are:

Provident Fund: PKR 3,206 million
DC Pension Fund: PKR 685 million
DB Pension Fund: PKR 36 million
DC Gratuity Fund: PKR 1,032 million
DB Non-MPT Gratuity Fund: PKR 118 million
DB MPT Gratuity Fund: PKR 249 million

Company's stock is amongst the actively trades shares on Pakistan Stock Exchange. During the year 417 million shares of the company were traded on the Pakistan 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, 2017 and the Board have endorsed the communication.

Shares Traded and Average Prices

The Company's stock is amongst the actively trades shares on Pakistan Stock Exchange. During the year 417 million shares of the company were traded on the Pakistan Stock Exchange. The average price of the company's share based on daily closing rates was PKR 307.13, while the 52 week low-high during 2016 was PKR 255.60 – 349.86 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 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, Company Executives and their spouses including minor children during 2016 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.

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 2016, the Board of Directors held 10 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Directors Name	Attendance
Mr. Hussain Dawood	9/10
Mr. Khalid Siraj Subhani *	7/7
Mr. Ghias Khan **	10/10
Mr. Mansur Khan ***	-
Mr. Muneer Kamal	10/10
Mr. Waqar Malik	10/10
Mr. Abdul Samad Dawood	9/10
Mr. Shahzada Dawood	9/10
Mr. Muhammad Abdul Aleem	8/10
Mr. Shehzad Naqvi †	5/5
Mr. Imran Sayeed ††	3/3
Mr. Isfandiyar Shaheen †††	6/7
Mr. Inam ur Rahman ††††	3/3

* Retired on completion of term on 30 Nov 2016
** Appointed as Director on 18 Feb 2016 in place of Mr. Mansur Khan; appointed CEO on 01 Dec 2016
*** Resigned before term completion on 10 Feb 2016
† Resigned before term completion on 04 Oct 2016
†† Appointed as Director on 02 Nov 2016
††† Resigned before term completion on 15 Nov 2016
†††† Appointed as Director on 17 Nov 2016

The Board Audit Committee held 5 meetings during 2016. 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. Ghias Khan *	4/4

* Appointed as Director on 18 Feb 2016 in place of Mr. Mansur Khan who resigned on 10 Feb 2016

The Board Investment Committee met 7 times during 2016. The attendance record of the Committee is as follows:

Directors Name	Attendance
Mr. Abdul Samad Dawood	7/7
Mr. Muneer Kamal	6/7
Mr. Shehzad Naqvi *	6/6
Mr. Isfandiyar Shaheen **	6/7
Mr. Imran Sayeed †	-
Mr. Inam ur Rehman ††	-

* Resigned before term completion on 04 Oct 2016
** Resigned before term completion on 15 Nov 2016
† Appointed as Director on 02 Nov 2016
†† Appointed as Director on 17 Nov 2016

The Board Compensation Committee met 11 times during 2016. The attendance record of the Committee is as follows:

Directors Name	Attendance
Mr. Waqar Malik	11/11
Mr. M. Abdul Aleem	11/11
Mr. Abdul Samad Dawood	9/11
Mr. Shehzad Naqvi *	5/8
Mr. Shahzada Dawood	4/6

* Resigned before term completion on 04 Oct 2016

Dividend

The Board is pleased to propose a final cash dividend of PKR 4 per share for the year ended December 31, 2016. The total dividend attributable to the year is PKR 24 per share including the total interim cash dividends of PKR 20 per share during the year.

future outlook

The onset of FY2017 saw government conclude 12th and final review of a three-year Extended Fund Facility program with International Monetary Fund. During these three years, Pakistan's economy has achieved macroeconomic stability primarily on the back of fiscal discipline and reduction in the external current account deficit due to falling global commodity prices and buoyant remittances. This stability has set a platform for the government to further implement the structural reforms which will help country's growth. Pakistan's economic growth is expected to increase gradually, and the economy is projected to grow by 5.2% in FY2017 and 5.8 percent by FY2020. The gradual growth trend is underpinned by investment flows of CPEC and increase in public investment expenditure. However, a delay in the completion of CPEC projects and inability of government to mobilize revenues and rationalize expenditures will affect investment and hurt economic growth during projection period. Pakistan's external and fiscal accounts along with inflation continue to benefit from low global oil prices, however a sudden upward shock to these prices can disrupt this stability.

Going forward, infrastructure development projects under CPEC are expected to yield benefits for the country in multiple dimensions. Energy deficit remains a key risk to growth in 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 2017 is capitalizing on all possible avenues for developing its growth pillars and incorporate new avenues of growth to create long-term shareholder value. 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 2017 is expected to grow marginally, while supply is expected to trend moderately higher, with new capacities coming on line. Although international urea prices have lately rebound and trading around USD 240/ton (CFR Karachi), translating to a landed equivalent of PKR 1,560. However, weak crop and stable input prices coupled with capacity increase in certain markets (Former Soviet Union states and Africa) are likely to keep the global markets under pressure and urea prices are expected to remain soft in 2017.

Local urea demand for 2017 is expected to remain stable, courtesy the anticipated improvement in farmer income led by an increase in crop prices and subsidy continuation in 2017 providing relief to local urea demand. Local fertilizer industry dynamics have undergone a major shift as 2016 witnessed a urea supply glut, in contrast to the urea shortfall prevalent in previous years. High inventory levels due to better gas supply on the Mari & Sui networks and availability of LNG put significant financial burden on manufacturers in 2016. Keeping this view in mind, ECC has recently approved export of 300 KT of urea till April 28, 2017 after which the situation will be reassessed.

International DAP prices are also expected to remain stable. Major factors that will continue to drive the market are commodity prices, supply fundamentals of China & Middle East and import demand from major demand centers. Due to continuation of subsidy and upbeat farmer economics due to increase in crop prices, local DAP demand for 2017 is expected to remain stable.

Engro Foods

Engro Foods intends to continue its journey of investing behind its brands to drive conversion from loose milk to hygienic processed milk. Focus will remain on accelerated growth and maintain market leadership on the back of increased penetration by optimizing the distribution base.

Post-acquisition by RFC, Engro Foods is expected to benefit from their Research & Development capabilities, innovation and farmer strength, while keeping its promise to deliver high quality dairy products.

Imposition of GST and Regulatory Duty has increased the cost of doing business which has been partly passed on to the end consumer hence, affecting industry growth momentum. The industry needs support from regulatory bodies to align differences between federal and provincial food laws & regulations inconsistencies within which, pose challenges for the packaged industry.

Minimum pasteurization law which is in place worldwide should be considered for implementation in Pakistan to address quality issues of loose milk.

Engro, the theme for 2017 is capitalizing on all possible avenues for developing its growth pillars and incorporate new avenues of growth to create long-term shareholder value.

Engro Eximp Agriproducts

Going forward, the business focus is on continuing to improve its operational efficiencies, enhance export sales and create shareholders' value.

Engro Powergen

The Power business 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 the government, the Thar mining and power projects are expected to remain on track for completion in next 3 years to help resolve the energy crisis in the country.

The Qadirpur plant is expected to continue to receive uninterrupted supply of permeate gas in 2017. Recently the GoP has decided to reduce the gas price for IPPs by approx. 35%; this coupled with some recent surge in global oil prices will help gas based power plants to rise in the merit order on account of their relatively lower input costs, higher efficiencies and better environmental parameters. Furthermore, with upgradation of grid, EPQL expect to receive higher dispatch from the power purchaser in the future.

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

Engro Polymer

EPolymer is confident about displaying continued strong operational performance in 2017. PVC market is likely to exhibit strong growth, on account of favorable outlook for construction and an overall positive economic sentiment. EPolymer continues to channelize efforts to further enhance PVC pipe demand in the country and has also began focusing on opportunities that are yet to enter the domestic market.

EPolymer is pursuing an aggressive marketing strategy and is working extensively with its customers, government agencies, architects and construction consultants for PVC market development and to increase domestic sales. It is confident that these efforts will continue to bear fruit for the stakeholders in times to come.

Engro Elengy

The LNG project is positively playing its role in alleviating some of the energy shortage faced by the country. Under the LSA with SSGC, capacity fee for up to 95% is guaranteed. As mentioned above, EETPL will be able to utilize its spare capacity of 200 mmscfd. Accordingly, the management expects a stable outlook for the ensuing year.

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

Ghias Khan
President and Chief Executive

horizontal analysis – balance sheet

(Rs. in million)	2016 Rs.	16 Vs. 15 %	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 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	5,238	-	5,238	-	5,238	2	5,113	-	5,113	30	3,933	20
Share Premium	13,068	-	13,068	-	13,068	24	10,550	-	10,550	-	10,550	-
Unappropriated Profits	111,008	142	45,891	35	33,997	27	26,833	47	18,268	(4)	18,986	49
Reserves	4,523	(10)	5,044	3	4,874	(1)	4,913	11	4,420	3	4,312	8
Non-Controlling Interest	35,253	115	16,431	51	10,847	31	8,274	76	4,714	16	4,080	16
	169,091	97	85,673	26	68,025	22	55,683	29	43,065	3	41,861	23
NON-CURRENT LIABILITIES												
Borrowings	60,610	64	36,993	(33)	55,380	(29)	78,321	7	73,257	(11)	82,560	(7)
Derivative Financial Instruments	2	(88)	17	(66)	51	(97)	1,611	152	640	(9)	702	(13)
Deferred Taxation	8,983	3	8,690	32	6,558	4	6,301	21	5,191	3	5,046	104
Others	197	22	161	(18)	198	(11)	222	1	220	10	201	(58)
	69,791	52	45,862	(26)	62,187	(28)	86,455	9	79,309	(10)	88,510	(5)
CURRENT LIABILITIES												
Current portion of												
Borrowings	12,509	(45)	22,589	26	17,945	22	14,755	(46)	27,437	27	21,566	39
Others	102	4	98	126	43	(6)	46	9	42	13	37	2
Trade and Other Payables	31,625	(7)	34,051	(36)	53,498	33	40,113	32	30,499	30	23,420	86
Accrued Interest / Mark up	1,138	(14)	1,328	(36)	2,068	(8)	2,252	(14)	2,614	(16)	3,114	19
Short-term Borrowings	5,536	(10)	6,177	(47)	11,765	84	6,380	9	5,828	36	4,284	(25)
Others	542	5	514	(67)	1,556	5	1,479	62	914	(29)	1,284	5
	51,451	(21)	64,757	(25)	86,875	34	65,025	(3)	67,334	25	53,706	42
TOTAL EQUITY AND LIABILITIES	290,333	48	196,292	(10)	217,087	5	207,163	9	189,708	3	184,077	12
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	131,408	2	128,404	(5)	134,507	2	131,969	(0)	132,553	(2)	135,092	5
Long-term Investments	34,701	1,012	3,120	14	2,735	46	1,874	48	1,268	(26)	1,717	234
Biological Assets	-	(100)	1,024	19	859	20	716	7	668	35	497	16
Intangible Assets	222	(20)	277	(7)	296	(63)	808	3	783	6	738	(16)
Others	10,405	113	4,888	104	2,399	21	1,979	5	1,883	54	1,224	533
	176,736	28	137,713	(2)	140,796	3	137,347	0	137,156	(2)	139,267	6
CURRENT ASSETS												
Store, Spares and Loose Tools	7,148	(7)	7,679	2	7,547	7	7,039	8	6,508	5	6,195	26
Stock-in-Trade	10,704	(24)	14,089	22	11,567	(44)	20,700	25	16,591	43	11,604	31
Trade Debts	13,733	104	6,734	46	4,615	52	3,033	(71)	10,638	71	6,215	21
Advances, Deposits and Prepayments	1,390	(8)	1,508	(12)	1,708	18	1,451	35	1,073	(47)	2,017	(18)
Other Receivables	9,995	26	7,935	49	5,317	6	4,996	62	3,088	36	2,265	76
Taxes Recoverable	-	(100)	2,350	(28)	3,253	5	3,086	(22)	3,966	30	3,056	23
Cash and Bank Balances	5,900	43	4,112	(66)	12,245	77	6,899	48	4,663	6	4,418	7
Short-term Investments	64,726	361	14,050	(52)	28,987	36	21,366	256	5,998	(28)	8,332	88
Others	-	(100)	122	(88)	1,052	(16)	1,246	4,633	26	(96)	708	8,779
	113,597	94	58,579	(23)	76,291	9	69,816	33	52,552	17	44,810	33
TOTAL ASSETS	290,333	48	196,292	(10)	217,087	5	207,163	9	189,708	3	184,077	12

vertical analysis – balance sheet

(Rs. in million)	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Rs.	2012 %	2011 Rs.	2011 %
EQUITY AND LIABILITIES												
EQUITY												
Share Capital	5,238	2	5,238	3	5,238	2	5,113	2	5,113	3	3,933	2
Share Premium	13,068	5	13,068	7	13,068	6	10,550	5	10,550	6	10,550	6
Unappropriated Profits	111,008	38	45,891	23	33,997	16	26,833	13	18,268	10	18,986	10
Reserves	4,523	2	5,044	3	4,874	2	4,913	2	4,420	2	4,312	2
Non-Controlling Interest	35,253	12	16,431	8	10,847	5	8,274	4	4,714	2	4,080	2
	169,091	58	85,673	44	68,025	31	55,683	27	43,065	23	41,861	23
NON-CURRENT LIABILITIES												
Borrowings	60,610	21	36,993	19	55,380	26	78,321	38	73,257	39	82,560	45
Derivative Financial Instruments	2	0	17	0	51	0	1,611	1	640	0	702	0
Deferred Taxation	8,983	3	8,690	4	6,558	3	6,301	3	5,191	3	5,046	3
Others	197	0	161	0	198	0	222	0	220	0	201	0
	69,791	24	45,862	23	62,187	29	86,455	42	79,309	42	88,510	48
CURRENT LIABILITIES												
Current portion of												
Borrowings	12,509	4	22,589	12	17,945	8	14,755	7	27,437	14	21,566	12
Others	102	0	98	0	43	0	46	0	42	0	37	0
Trade and Other Payables	31,625	11	34,051	17	53,498	25	40,113	19	30,499	16	23,420	13
Accrued Interest / Mark up	1,138	0	1,328	1	2,068	1	2,252	1	2,614	1	3,114	2
Short-term Borrowings	5,536	2	6,177	3	11,765	5	6,380	3	5,828	3	4,284	2
Others	542	0	514	0	1,556	1	1,479	1	914	0	1,284	1
	51,451	18	64,757	33	86,875	40	65,025	31	67,334	35	53,706	29
TOTAL EQUITY AND LIABILITIES	290,333	100	196,292	100	217,087	100	207,163	100	189,708	100	184,077	100
ASSETS												
NON-CURRENT ASSETS												
Property, Plant and Equipment	131,408	45	128,404	65	134,507	62	131,969	64	132,553	70	135,092	73
Long-term Investments	34,701	12	3,120	2	2,735	1	1,874	1	1,268	1	1,717	1
Biological Assets	-	-	1,024	1	859	0	716	0	668	0	497	0
Intangible Assets	222	0	277	0	296	0	808	0	783	0	738	0
Others	10,405	4	4,888	2	2,399	1	1,979	1	1,883	1	1,224	1
	176,736	61	137,713	70	140,796	65	137,347	66	137,156	72	139,267	76
CURRENT ASSETS												
Store, Spares and Loose Tools	7,148	2	7,679	4	7,547	3	7,039	3	6,508	3	6,195	3
Stock-in-Trade	10,704	4	14,089	7	11,567	5	20,700	10	16,591	9	11,604	6
Trade Debts	13,733	5	6,734	3	4,615	2	3,033	1	10,638	6	6,215	3
Advances, Deposits and Prepayments	1,390	0	1,508	1	1,708	1	1,451	1	1,073	1	2,017	1
Other Receivables	9,995	3	7,935	4	5,317	2	4,996	2	3,088	2	2,265	1
Taxes Recoverable	-	-	2,350	1	3,253	1	3,086	1	3,966	2	3,056	2
Cash and Bank Balances	5,900	2	4,112	2	12,245	6	6,899	3	4,663	2	4,418	2
Short-term Investments	64,726	22	14,050	7	28,987	13	21,366	10	5,998	3	8,332	5
Others	-	-	122	0	1,052	0	1,246	1	26	0	708	0
	113,597	39	58,579	30	76,291	35	69,816	34	52,552	28	44,810	24
TOTAL ASSETS	290,333	100	196,292	100	217,087	100	207,163	100	189,708	100	184,077	100

horizontal and vertical analyses profit and loss account

Horizontal Analysis (Rs. in million)

	2016 Rs.	16 Vs. 15 %	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 %
Sales	157,208	(13)	181,652	3	175,958	13	155,360	24	125,151	9	114,612	43
Cost of Sales	(121,365)	(11)	(136,224)	(3)	(139,742)	22	(114,763)	19	(96,631)	17	(82,531)	38
Gross Profit	35,843	(21)	45,429	25	36,217	(11)	40,597	42	28,520	(11)	32,081	58
Admin, Distribution and Marketing Expenses	(15,659)	7	(14,603)	(1)	(14,789)	7	(13,784)	18	(11,636)	14	(10,177)	23
	20,184	(35)	30,826	44	21,428	(20)	26,812	59	16,884	(23)	21,905	83
Other Expenses	(2,349)	(27)	(3,227)	27	(2,543)	42	(1,794)	(7)	(1,935)	0	(1,930)	131
Other Income	68,838	1,131	5,592	50	3,719	36	2,732	20	2,280	11	2,057	129
Operating Profit	86,674	161	33,191	47	22,604	(19)	27,750	61	17,229	(22)	22,032	83
Finance Cost	(6,038)	(28)	(8,425)	(32)	(12,344)	(21)	(15,634)	1	(15,516)	26	(12,315)	185
Share of Income from Joint Venture & associates	1,273	25	1,019	41	723	19	610	(18)	744	(57)	1,742	214
Net Profit Before Taxation	81,909	218	25,785	135	10,983	(14)	12,726	418	2,457	(79)	11,459	38
Provision for Taxation	(8,311)	(2)	(8,516)	168	(3,182)	(28)	(4,401)	567	(660)	(82)	(3,648)	99
Net Profit After Taxation	73,598	326	17,268	121	7,801	(6)	8,325	363	1,797	(77)	7,811	21
Non-Controlling Interest	4,491	29	3,484	339	794	57	507	9	464	(287)	(249)	(29)
Profit attributable to Owners of the Holding Company	69,107	401	13,784	97	7,007	(10)	7,818	487	1,333	(83)	8,060	19

Vertical Analysis (Rs. in million)

	2016		2015		2014		2013		2012		2011	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Sales	157,208	100	181,652	100	175,958	100	155,360	100	125,151	100	114,612	100
Cost of Sales	(121,365)	(77)	(136,224)	(75)	(139,742)	(79)	(114,763)	(74)	(96,631)	(77)	(82,531)	(72)
Gross Profit	35,843	22	45,429	25	36,217	21	40,597	26	28,520	23	32,081	28
Admin, Distribution and Marketing Expenses	(15,659)	(9)	(14,603)	(8)	(14,789)	(8)	(13,784)	(9)	(11,636)	(9)	(10,177)	(9)
	20,184	12	30,826	17	21,428	12	26,812	17	16,884	13	21,905	19
Other Expenses	(2,349)	(1)	(3,227)	(2)	(2,543)	(1)	(1,794)	(1)	(1,935)	(2)	(1,930)	(2)
Other Income	68,838	43	5,592	3	3,719	2	2,732	2	2,280	2	2,057	2
Operating Profit	86,674	55	33,191	18	22,604	13	27,750	18	17,229	14	22,032	19
Finance Cost	(6,038)	(3)	(8,425)	(5)	(12,344)	(7)	(15,634)	(10)	(15,516)	(12)	(12,315)	(11)
Share of Income from Joint Venture & associates	1,273	0	1,019	1	723	0	610	0	744	1	1,742	2
Net Profit Before Taxation	81,909	52	25,785	14	10,983	6	12,726	8	2,457	2	11,459	10
Provision for Taxation	(8,311)	(5)	(8,516)	(5)	(3,182)	(2)	(4,401)	(3)	(660)	(1)	(3,648)	(3)
Net Profit After Taxation	73,598	46	17,268	10	7,801	4	8,325	5	1,797	1	7,811	7
Non-Controlling Interest	4,491	2	3,484	2	794	0	507	0	464	0	(249)	0
Profit attributable to Owners of the Holding Company	69,107	43	13,784	8	7,007	4	7,818	5	1,333	1	8,060	7

six years summary

		2016	2015	2014	2013	2012	2011
		(Rupees in million)					
Summary of Balance Sheet							
Share Capital		5,238	5,238	5,238	5,113	5,113	3,933
Reserves		4,523	5,044	4,874	4,913	4,420	4,312
Shareholders' Funds / Equity		169,091	85,673	68,025	55,683	43,065	41,861
Long-term Borrowings		60,610	36,993	55,380	78,321	73,257	82,560
Capital Employed		242,209	145,255	141,350	148,758	143,759	145,987
Deferred Liabilities		298	259	241	268	260	214
Property, Plant & Equipment		131,408	128,404	134,507	131,969	132,553	135,092
Long-term Assets		176,736	137,713	140,796	137,347	137,156	139,267
Net Current Assets / Working Capital		74,654	16,411	7,362	19,546	12,655	12,670
Summary of Profit and Loss							
Sales		157,208	181,652	175,958	155,360	125,151	114,612
Gross Profit		35,843	45,429	36,217	40,597	28,520	32,081
Operating Profit		86,674	33,191	22,604	27,750	17,229	22,032
Profit Before Tax		81,909	25,785	10,983	12,726	2,457	11,459
Profit After Tax		73,598	17,268	7,801	8,325	1,797	7,811
EBITDA		97,350	43,750	32,306	37,030	26,330	29,813
Summary of Cash Flows							
Net Cash Flow from Operating Activities		4,070	5,966	29,160	31,506	7,799	16,492
Net Cash Flow from Investing Activities		(17,019)	25,102	(29,317)	(7,367)	(4,213)	(10,222)
Net Cash Flow from Financing Activities		30,192	(28,300)	(13,269)	(7,557)	(6,855)	(498)
Changes in Cash & Cash Equivalents		17,243	2,768	(13,426)	16,581	(3,269)	5,772
Cash & Cash Equivalents – Year-end		28,480	11,256	8,489	21,914	5,333	8,603
Others							
Market Capitalization		165,563	146,340	116,024	80,975	47,057	36,457
Number of Shares Issued (in million)		523.785	523.785	523.785	511.269	511.269	393.284
Summary of Actual Production							
Urea	Metric Tons	1,881,016	1,964,034	1,818,937	1,561,575	974,425	1,279,378
NPK	Metric Tons	94,610	126,074	117,193	92,839	67,755	113,172
PVC Resin	Metric Tons	172,000	162,000	153,000	146,000	146,000	122,000
EDC	Metric Tons	106,000	100,000	118,000	117,000	110,000	104,000
Caustic Soda	Metric Tons	103,000	98,000	114,000	115,000	107,000	100,000
VCM	Metric Tons	174,000	162,000	168,000	170,000	146,000	98,000
Power	Megawatt hour	1,264,667	1,424,015	1,721,959	1,333,664	1,767,038	1,665,400
Dairy and Juices	Thousand Liters	482,958	552,532	472,735	422,818	476,788	388,236
Drying Unit of Rice Processing Plant	Metric Tons	28,474	45,982	166,801	196,478	139,575	55,192
Ice Cream	Thousand Liters	19,518	19,364	16,726	14,500	16,550	17,763

financial ratios

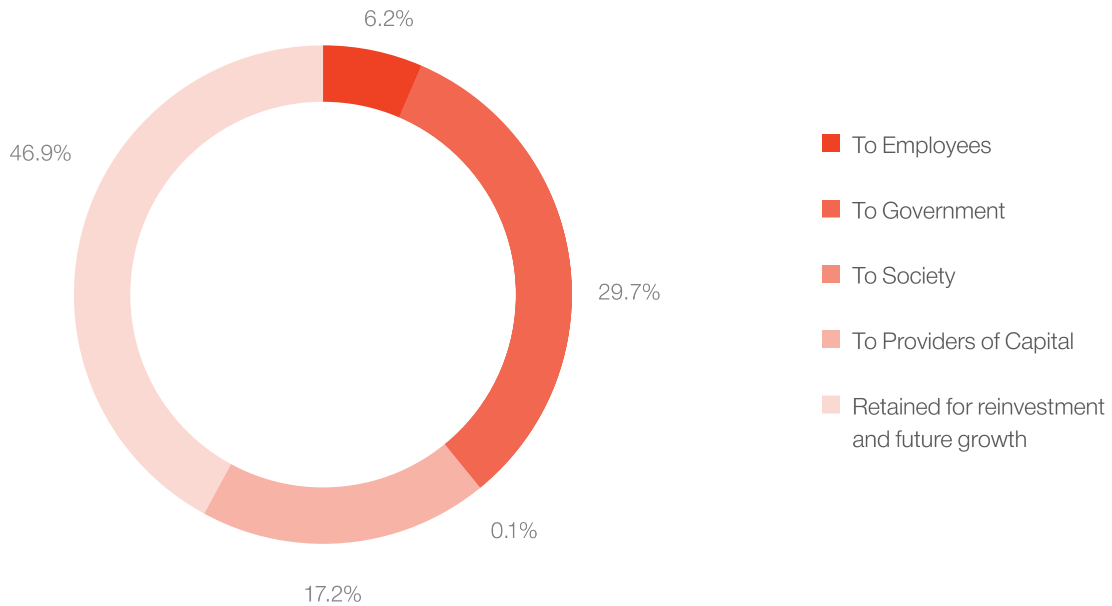
Ratios	2016	2015	2014	2013	2012	2011
Profitability Ratios						
Gross Profit Ratio	23%	25%	21%	26%	23%	28%
Net Profit to Sales	47%	10%	4%	5%	1%	7%
EBITDA Margin to Sales	62%	24%	18%	24%	21%	26%
Operating Leverage Ratio	-11.67	14.42	-1.34	2.39	-2.65	2.05
Return on Equity	68%	22%	13%	18%	4%	24%
Return on Capital Employed	40%	17%	13%	16%	12%	14%
Return on Capital Employed (ICAP Definition)	42%	12%	5%	6%	1%	5%
Liquidity Ratios:						
Current Ratio	2.92	1.39	1.11	1.39	1.32	1.39
Quick / Acid Test Ratio	2.64	1.06	0.94	0.98	0.90	1.03
Cash to Current Liabilities	1.81	0.43	0.60	0.56	0.27	0.40
Cash Flow from Operations to Sales	0.03	0.03	0.17	0.20	0.06	0.14
Activity / Turnover Ratios:						
No. of Days Inventory	37.3	34.4	42.1	59.3	53.4	45.2
Inventory Turnover	9.8	10.6	8.7	6.2	6.9	8.1
Total Assets Turnover Ratio	0.54	0.93	0.81	0.75	0.66	0.62
Investment /Market Ratios:						
Earnings per Share (Restated)	131.94	26.32	13.59	15.29	2.61	15.77
Earnings per Share (Historical)	131.94	26.32	13.59	16.01	2.61	20.50
Price Earnings Ratio	2.40	10.62	16.30	10.36	35.26	4.57
Dividend Yield Ratio	9%	8%	4%	6% *	-	3%
Dividend Payout Ratio	18%	68%	44%	56% *	-	30%
Dividend Cover Ratio	5.50	1.46	2.27	1.79 *	-	3.38
Market Value per Share at the end of the year; and	316.09	279.39	221.51	158.38	92.04	92.70
- High during the year	349.86	344.70	232.00	185.98	150.26	237.19
- Low during the year	255.60	222.10	154.99	81.05	88.71	91.97
Breakup value per share without Surplus on Revaluation of Fixed Assets	322.82	163.57	129.87	108.91	84.23	106.44
Breakup value per share including the effect of Surplus on Revaluation of Fixed Assets	322.82	163.57	129.87	108.91	84.23	106.44
Cash Dividend (Rs in 000)	12,570,834	9,428,126	3,129,079	-	-	2,359,707
Stock Dividend (Rs in 000)	-	-	-	-	-	1,179,853
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	0.47	0.77	1.25	1.79	2.47	2.59
Weighted Average Cost of Debt	8%	11%	13%	15%	14%	11%
Debt to Equity Ratio	0.43	0.70	1.08	1.67	2.34	2.49
Interest Cover Ratio	14.57	4.06	1.89	1.81	1.16	1.93

statement of value addition and distribution

(Rs. in million)

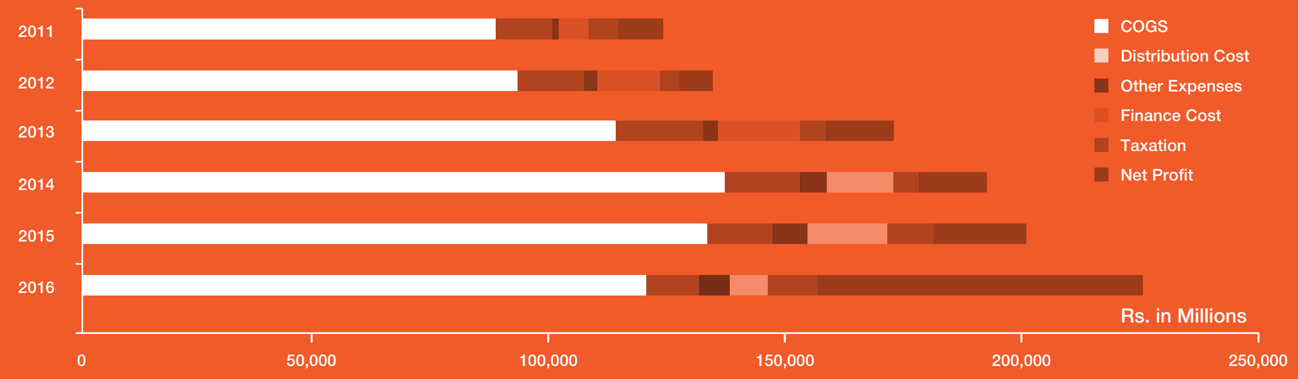
	2016 Rs.	2016 %	2015 Rs.	2015 %
Wealth Generated				
Total revenue inclusive of sales tax and other income	244,220		208,643	
Bought-in-material and services	(105,260)		(119,253)	
	138,960		89,390	
Wealth Distributed				
To Employees				
Salaries, benefits and other costs	8,602	6.2%	8,768	9.8%
To Government				
Taxes, duties and development surcharge	41,228	29.7%	41,130	46.0%
To Society				
Donation towards education, health, environment and natural disaster	125	0.1%	149	0.2%
To Providers of Capital				
Dividend to shareholders	17,850	12.8%	9,484	10.6%
Mark-up/interest expense on borrowed money	6,038	4.3%	8,425	9.4%
Retained for reinvestment and future growth				
Depreciation, amortization and retained profit	65,117	46.9%	21,434	24.0%
	138,960		89,390	

Wealth Generated

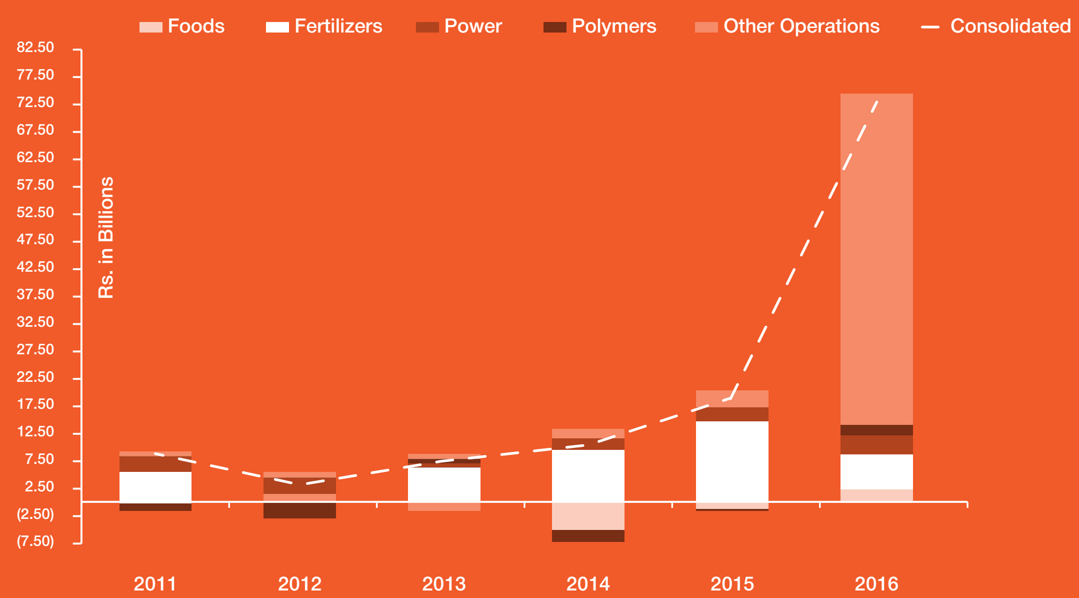


financial ratios

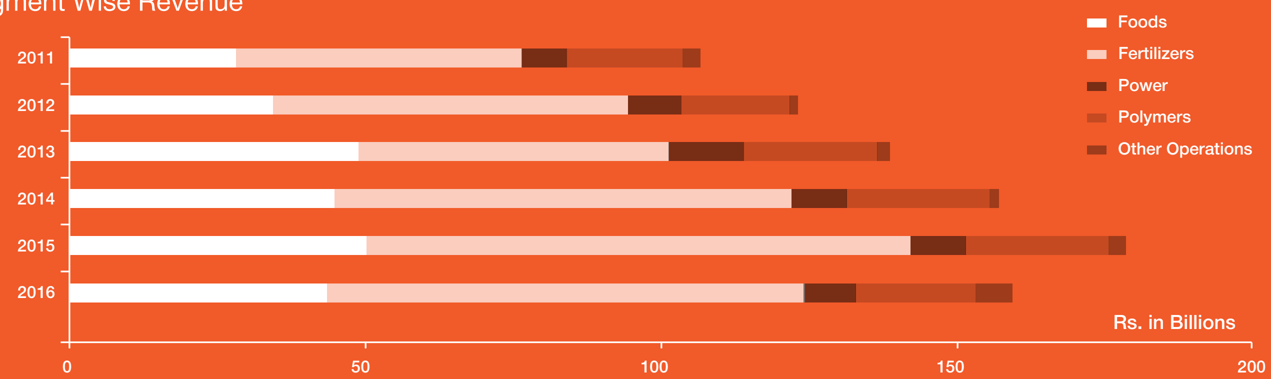
Profit and Loss Analysis



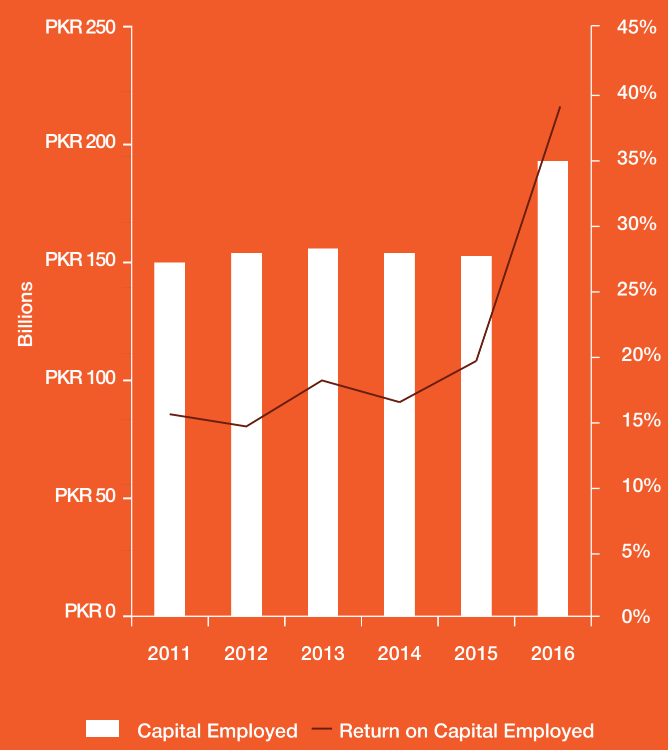
Segment Wise Profit After Tax



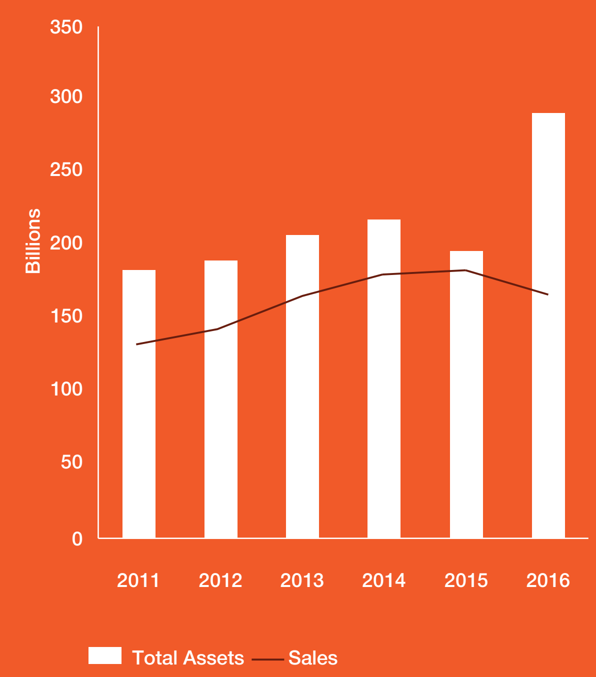
Segment Wise Revenue



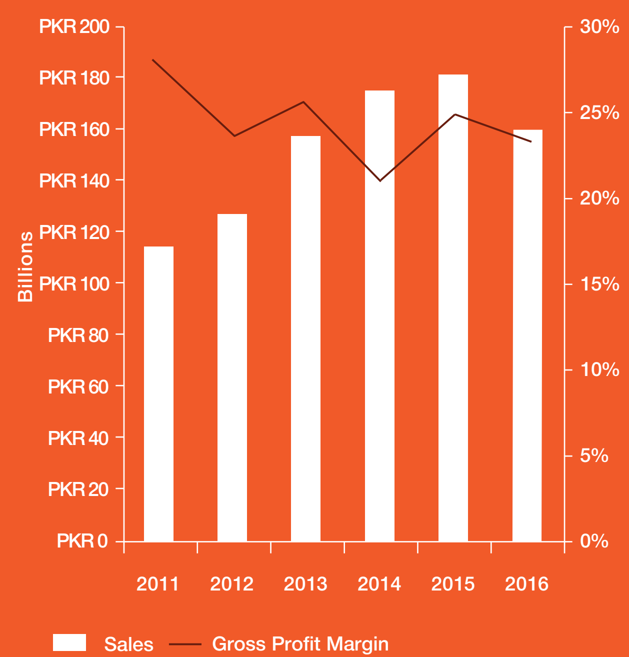
Return on Capital and Capital Employed



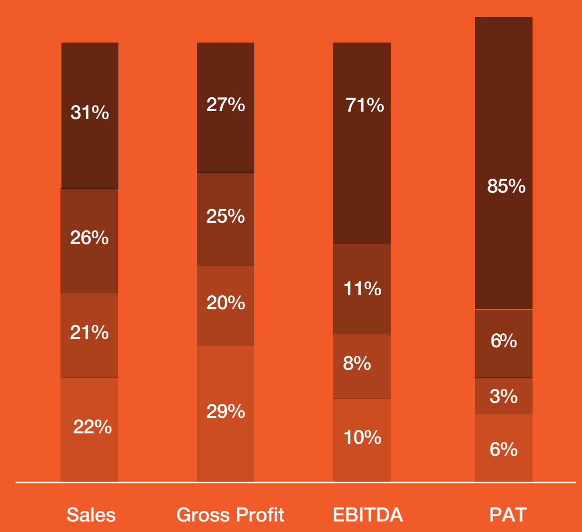
Total Assets to Sales



Gross Profit Margin to Sales



Quarterly Analysis for 2016



Summary of financial performance

Six Years' Analysis of Profit & Loss

Revenues and Cost of Sales

The consolidated revenues grew from Rs.115 billion in 2011 to Rs.157 billion in 2016, registering a Compounded Annual Growth Rate (CAGR) of 5% over the six years' period with record revenue of Rs.182 billion in 2015. Venturing into new businesses such as LNG, Power Generation, Dairy and Foods over the years as well as higher volumes in the Fertilizers and PVC sectors are the major contributories to this growth. Revenues' CAGR was 10% for FY 2011-2015, however, revenues witnessed a slump in 2016, decreasing by 13%, owing to lower Urea off-take at subsidized prices due to poor agronomics as well as intense competition in the dairy sector.

In line with growth in revenues, the Cost of Sales grew from Rs.83 billion to Rs.121 billion over the six-year period, which connotes that the company has expanded and diversified without any major impacts on its cost structure.

Administrative, Distribution & Marketing Expenses

The Administrative, Distribution & Marketing expenses grew from Rs.10 billion to Rs.16 billion over the six-year period, remaining at around 9% of the revenues. Substantial investment in marketing has been done as part of brand building in the formative as well as in the current year to capture and retain market share in competitive business sectors.

Finance Costs

Finance costs decreased from Rs.12 billion in 2011 to Rs.6 billion in 2016, while a high of Rs.16 billion was touched in 2012 and 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 the continuation of accommodative monetary policy in 2016 resulted in a decrease of 28% in finance costs compared to prior year.

Taxation

With the higher profitability, the provision for taxation has also increased over the years. The effective tax rate remained in line with the applicable corporate tax rate. For the current year, the one-off gain on partial divestiture of EFoods is tax-free, which resulted in lowering the effective tax rate, while 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 profit attributable to owners of the holding company grew from Rs.8 billion in 2011 to Rs.69 billion in 2016. The increase has been achieved through a mix of diversification into new businesses and expansion in the core businesses. The exceptional profitability for the current year is mainly due to a one-off gain of Rs.59 billion on account of partial divestment of EFoods during the year.

Six Years' Analysis of Financial Position

Equity

Equity grew from Rs.42 billion in 2011 to Rs.169 billion in 2016 mainly on account of profits retained in businesses for future growth and expansion and one-off gain on partial divestment of EFoods during the year.

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.104 billion during 2011. Positive cash flows generated from timely and successful completion of these projects were used for timely debt servicing, early repayments and cash sweeps. After touching a low of Rs. 60 billion in 2015, the debt levels are now rising mainly due to financing for the LNG and Thar coal power generation projects.

Deferred Taxation Liability

Owing to the taxable losses mainly incurred on account of initial /accelerated tax depreciation allowance in the fertilizers, 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.

Accrued Interest / Markup on Finances

With significant deleveraging, refinancing / re-profiling of loans and accommodative monetary policy as mentioned above, the accrued interest and markup on finances are now showing a downward movement.

Short-term Borrowings

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

After a slowdown in 2012 and 2013 (i.e. post ENVEN completion), property, plant and equipment (PPE) witnessed a surge in 2014 due to diversification to set up the LNG Terminal. LNG terminal completed and became operational in 2015, however, the increase was partly offset by an impairment loss taken against rice processing plant. The year 2016 again witnessed an increase due to on-going heavy construction activities on account of Thar coal power generation project, partly offset by de-recognition of PPE pertaining to EFoods due to its partial divestiture.

Current Assets

Continuous growth in business volumes over the years have also resulted in an increase in current assets from Rs.45 billion in 2011 to Rs.59 billion in 2015. Increase during the current year is mainly on account of cash generated on partial divestitures of investment in Fertilizers and Foods businesses.

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 till 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 which became positive from 2011. 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. 2016 was an exceptional year which witnessed partial divestures in EFertilizers and EFoods resulting in surplus inflow, which have been invested in treasury bills and short-term investments.

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 and 2016, profitability ratios improved mainly on account of implementation of concessionary gas for the new Urea plant, and one-off gain on partial disposal of Foods business.

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 increased almost 4 times from Rs.36 billion in 2011 to Rs.166 billion in 2016. The 2016 year-end market price of Engro Corp share was Rs.316.09 as compared to Rs.279.39 for 2015, translating into a 13% capital gain return for the year. For 2016, the company declared total dividend of Rs.24 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 0.47 compared to a high of 2.59 in 2011. Interest coverage ratio has also improved from a low of 1.16 times in 2012 to 14.57 in 2016.

together, we excel

Shareholder Information

notice of meeting

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of Engro Corporation Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Thursday, April 06, 2017 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, 2016 and the Directors' and Auditors' Reports thereon.

(2) To declare a final dividend at the rate of PKR 4.00 (40%) for the year ended December 31, 2016

(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 Approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for the Company to provide sponsor support to Engro Elengy Terminal (Private) Limited (EETPL) a subsidiary company, by way of guarantees to the financial institutions issuing a performance bond on behalf of EETPL in favor of Sui Southern Gas Company Limited (SSGC) for an additional amount of up to the rupee equivalent of US$ 5 million, (total aggregating to rupee equivalent of US$ 15 million). The guarantee to be provided for upto the remaining term of the agreement with SSGC, i.e. fourteen years.

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

"RESOLVED that the Company may circulate the annual balance sheet and profit and loss account, auditor's report, directors report etc. to its members through CD/DVD/USB instead of in hardcopy at their registered addresses".

N.B.

(1) The Share Transfer Books of the Company will be closed from Thursday, March 30, 2017 to Thursday, April 06, 2017 (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 Wednesday, March 29, 2017 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 shareholders 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 20% 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 Fifty-First Annual General Meeting of Engro Corporation Limited (Engro Corp / the Company) to be held on Thursday, April 06, 2017, 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 information required under S.R.O. 27 (1) / 2012 for loans and advances (which applies to guarantees) is provided below:

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

Engro Elengy Terminal (Private) Limited (EETPL) is a fully owned subsidiary of Elengy Terminal (Private) Limited (ETPL), a subsidiary company with 80% shareholding being held by Engro Corporation Limited.

(ii) Amount of loans and advances;
Sponsor support to EETPL, by way of guarantees to the financial institutions issuing a performance bond on behalf of EETPL in favor of Sui Southern Gas Company Limited (SSGC) for an amount of up to the rupee equivalent of US$ 5 million.

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

SSGC has floated a Request For Proposal (RFP) under negotiated tendering for procurement of additional regasification capacity of 200 MMCFD from existing LNG terminal of EETPL. The Performance Bond is required by SSGC under the terms of RFP.

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

- Corporate Guarantee amounting to US$ 20.7 million to a bank against Standby Letter of Credit facility granted to EETPL;

- Sponsor support through pledging of the Company's shares in Engro Fertilizers Ltd and Engro Foods Ltd against the Letter of Guarantee provided by EETPL amounting to US$ 10 million in favour of SSGC to guarantee the performance of the obligations under the LNG Operations and Services Agreement (LSA).

(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;

Information as per the audited accounts of EETPL for the year ended December 31, 2016, is presented below:

Balance Sheet

Assets	Amounts in thousand
Property, plant and equipment	9,258,072
Intangible assets	6,135
Stores and spares	199,850
Trade debts	1,787,844
Other assets	4,742,475
Total Assets	15,994,376
Liabilities	
Borrowings	7,573,292
Trade and other payables	1,139,249
Other liabilities	751,473
Total Liabilities	9,464,014
Total Equity	6,530,362
Income Statement	
Revenue	9,195,787
Profit before tax	2,051,680
Profit after tax	1,547,479

(vi) Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;

Engro Corporation does not have any short-term borrowings as at December 31, 2016. The 3 month KIBOR as at December 31, 2016 was 6.12. However, this keeps on changing,

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

The Company shall recover all costs charged to it on this account from EETPL.

(viii) Sources of funds from where loans or advances are being granted using borrowed funds,-

Not applicable.

(ix) Where loans and advances are being granted using borrowed funds,-

Not applicable.

(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 Corporation is the largest shareholder in the associated company.

(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 the conversion may be exercisable;

None.

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

None.

(xiii) Salient feature of all agreements entered or to be entered with its associate company or associated undertaking with regards to the 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 Company's directors, sponsors, majority shareholders and their relatives have no personal interest in the matter.

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

None.

ITEM (5) OF THE AGENDA.

To give effect to the notification S.R.O 470(I)2016 of the Securities and Exchange Commission of Pakistan ("SECP"), shareholder's approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hardcopy of the Annual Report instead of through CD/DVD/USB, to intimate the Company of their requirement.

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

Note relating to Engro Polymer & Chemicals Limited:

In 2015, the shareholders of the Company approved a long-term loan to EPolymer for upto PKR 4 billion. To date, an amount of PKR 3 billion has been utilized.

Note relating to Group Liquidity:

In 2015, the shareholders of the Company approved to lend/provide short-term loans/financing facilities to the following associated companies for an initial period of one year, as well as renewal of the same for four further periods of one year each:

(i) Engro Fertilizers Ltd – PKR 6 billion
(ii) Engro Foods Ltd – PKR 2 billion
(iii) Engro Polymer & Chemicals Ltd – PKR 3.75 billion
(iv) Engro Vopak Terminal Ltd – PKR 0.30 billion
(v) Elengy Terminal Pakistan Ltd – PKR 1 billion

During the year, Engro Fertilizers Ltd, Engro Polymer & Chemicals Ltd and Elengy Terminal Pakistan Ltd utilized these short-term facilities. As the year-end, PKR 296.5 million was outstanding from Elengy Terminal Pakistan Limited, while others were repaid / reclassified in to long-term loan. All the above financing facilities are being renewed as earlier approved by the shareholders.

By Order of the Board

Karachi,
Dated: February 17, 2017

FAIZ CHAPRA
Company Secretary

key shareholding and shares traded

Information of shareholding required under reporting framework is as follows:

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

CDC - TRUSTEE PAKISTAN INCOME FUND	113,000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	156,100
CDC - TRUSTEE PICIC INVESTMENT FUND	535,100
CDC - TRUSTEE JS LARGE CAP. FUND	50,000
CDC - TRUSTEE PICIC GROWTH FUND	1,077,600
CDC - TRUSTEE ATLAS STOCK MARKET FUND	800,000
CDC - TRUSTEE MEEZAN BALANCED FUND	985,500
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	5,000
CDC - TRUSTEE JS ISLAMIC FUND	50,000
CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	22,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	42,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	55,974
CDC - TRUSTEE AKD OPPORTUNITY FUND	392,900
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND	22,500
TRI. STAR MUTUAL FUND LTD.	913
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,687,900
CDC - TRUSTEE MEEZAN ISLAMIC FUND	8,520,500
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	628,400
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	510,000
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,081,835
CDC - TRUSTEE NAFA STOCK FUND	2,454,884
CDC - TRUSTEE NAFA MULTI ASSET FUND	155,717
CDC - TRUSTEE MCB DCF INCOME FUND	317,000
CDC - TRUSTEE FIRST HABIB INCOME FUND	15,500
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	25,500
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1,079,200
CDC - TRUSTEE DAWOOD ISLAMIC FUND	5,000
CDC - TRUSTEE APF-EQUITY SUB FUND	63,500
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	30,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	626,900
CDC - TRUSTEE HBL - STOCK FUND	946,200
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1,344,700
CDC - TRUSTEE APIF - EQUITY SUB FUND	70,000
MC FSL - TRUSTEE JS GROWTH FUND	378,000
CDC - TRUSTEE HBL MULTI - ASSET FUND	85,300
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	7,500
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	27,000
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	37,500
CDC - TRUSTEE ABL INCOME FUND	263,000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,037,742
CDC - TRUSTEE ABL STOCK FUND	1,100,000
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	19,500
CDC - TRUSTEE FIRST HABIB STOCK FUND	7,500
CDC - TRUSTEE LAKSON EQUITY FUND	451,580
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	191,500
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	26,200
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	8,501
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	220,500
CDC - TRUSTEE PICIC STOCK FUND	49,500
AGP (PVT) LTD STAFF PROVIDENT FUND	10,000
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	47,700
CDC - TRUSTEE HBL PF EQUITY SUB FUND	26,700
CDC - TRUSTEE ASKARI EQUITY FUND	21,000
CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	13,200
CDC - TRUSTEE KSE MEEZAN INDEX FUND	292,900
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	62,500
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	94,500
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	10,000
CDC - TRUSTEE ATLAS INCOME FUND - MT	461,999
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	750,000
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	106,600
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	65,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	27,600
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	225,500
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	37,000
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	44,500
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	400
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	169,500
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	118,500
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	421,978
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	122,800
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	136,900
CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	4,200
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	20,400
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	12,000
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1,182,200
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	326,800
CDC - TRUSTEE PIML VALUE EQUITY FUND	43,500
CDC - TRUSTEE HBL MUSTAHEKUM SARMAYA FUND 1	37,000
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	494,600

key shareholding and shares traded

CDC-TRUSTEE NITIPF EQUITY SUB-FUND	18,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,000
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	123,200
CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT	6,100
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1,190,465
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	65,000
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	639,900
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	99,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	58,800
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	149,000
CDC - TRUSTEE LAKSON TACTICAL FUND	65,820
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	4,857
CDC - TRUSTEE ALFALAH GHP SOVEREIGN FUND - MT	10,100
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	127,000
TOTAL	36,740,865

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

Hussain Dawood	2,505,247
Ghias Khan	2,500
Muhammad Abdul Aleem	63,646
Abdul Samad Dawood	66,310
Shahzada Dawood	1,183,910
Muneer Kamal	100
Waqar Ahmed Malik	35,000
Inam-ur- Rahman	250
Imran Sayeed	100
Mrs. Kulsum Dawood (W/o. Mr. Hussain Dawood)	2,050,638
Mrs. Ayesha Dawood (W/o. Mr. Abdul Samad Dawood)	40
Total :	5,907,741

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

PATEK (PVT) LIMITED	32,102,886
DAWOOD HERCULES CORPORATION LIMITED	194,972,555

viii. Details of purchase/sale of shares by Directors, Executives* and their spouses/minor children during 2016

Name	Date of Purchase/Sale	Shares Purchased	Shares Sold	Rate
Samira Kamil	13/01/2016	-	5000	279.25
Anthony Santamaria (h/o Claudette Santamaria)	05/05/2016	-	3000	330.00
Hussain Dawood	30/09/2016	71000	-	291.44
Kulsum Dawood W/O Hussain Dawood	30/09/2016	75700	-	291.05
Shahzada Dawood	30/09/2016	67000	-	291.13
Waqar Ahmed Malik	03/10/2016	15000	-	296.99
Hussain Dawood	03/10/2016	14500	-	296.77
Kulsum Dawood W/O Hussain Dawood	03/10/2016	22000	-	296.60
Shahzada Dawood	03/10/2016	26200	-	296.53
Hussain Dawood	04/10/2016	165,500	-	296.53
Kulsum Dawood W/O Hussain Dawood	04/10/2016	208,000	-	296.53
Shahzada Dawood	04/10/2016	146,300	-	296.54
Waqar Ahmed Malik	05/10/2016	5,000	-	300.31
Samira Kamil	14/11/2016	147	-	293,00

*For the purpose of declaration of share trades all employees of the company are considered as "Executives"

pattern of shareholding

As At December 31, 2016

Number of Shareholders	Shareholding		Total Shares Held	Number of Shareholders	Shareholding		Total Shares Held
	From	To			From	To	
2,554	1	100	114,758	9	135,001	140,000	1,241,511
2,799	101	500	826,480	5	140,001	145,000	718,272
1,553	501	1,000	1,264,844	7	145,001	150,000	1,045,761
3,191	1,001	5,000	8,072,165	4	150,001	155,000	602,672
1,031	5,001	10,000	7,582,262	8	155,001	160,000	1,253,288
396	10,001	15,000	4,892,973	6	160,001	165,000	983,950
273	15,001	20,000	4,837,889	6	165,001	170,000	1,011,425
181	20,001	25,000	4,085,448	6	170,001	175,000	1,027,986
120	25,001	30,000	3,318,334	7	175,001	180,000	1,241,123
70	30,001	35,000	2,281,323	2	180,001	185,000	364,400
87	35,001	40,000	3,297,873	2	185,001	190,000	373,165
49	40,001	45,000	2,095,492	3	190,001	195,000	581,000
70	45,001	50,000	3,408,143	4	195,001	200,000	797,674
38	50,001	55,000	1,994,771	5	200,001	205,000	1,008,743
24	55,001	60,000	1,375,713	2	205,001	210,000	419,704
35	60,001	65,000	2,193,117	3	215,001	220,000	650,606
18	65,001	70,000	1,218,672	1	220,001	225,000	220,500
23	70,001	75,000	1,684,176	3	225,001	230,000	678,530
15	75,001	80,000	1,161,928	2	230,001	235,000	466,712
12	80,001	85,000	989,693	1	235,001	240,000	239,044
13	85,001	90,000	1,134,048	3	240,001	245,000	729,719
16	90,001	95,000	1,484,104	6	250,000	255,000	1,504,255
22	95,001	100,000	2,179,658	1	255,001	260,000	257,200
9	100,001	105,000	920,659	1	260,001	265,000	263,000
9	105,001	110,000	968,230	3	265,001	270,000	802,614
8	110,001	115,000	901,338	2	270,001	275,000	543,936
8	115,001	120,000	947,182	2	275,001	280,000	555,949
9	120,001	125,000	1,105,917	1	280,001	285,000	281,200
9	125,001	130,000	1,159,812	3	290,001	295,000	879,844
5	130,001	135,000	661,483	4	300,000	305,000	1,205,000

Number of Shareholders	Shareholding		Total Shares Held	Number of Shareholders	Shareholding		Total Shares Held
	From	To			From	To	
1	305,001	310,000	305,472	1	565,001	570,000	569,934
2	315,001	320,000	637,000	2	585,001	590,000	1,171,676
1	320,001	325,000	322,588	1	600,000	605,000	600,000
2	325,001	330,000	656,001	5	625,000	630,000	3,136,266
3	335,000	340,000	1,011,383	1	635,001	640,000	639,900
2	340,001	345,000	689,008	1	640,001	645,000	641,200
2	345,001	350,000	696,400	1	650,000	655,000	650,000
4	375,001	380,000	1,513,677	2	660,000	665,000	1,324,008
1	385,001	390,000	387,397	1	670,001	675,000	673,000
1	390,001	395,000	392,900	1	695,001	700,000	695,640
2	400,001	405,000	805,983	1	705,001	710,000	709,714
1	405,001	410,000	407,679	1	720,001	725,000	723,500
2	415,001	420,000	831,712	1	750,000	755,000	750,000
2	420,001	425,000	842,188	1	755,001	760,000	756,923
1	430,001	435,000	430,700	1	765,001	770,000	768,000
1	435,001	440,000	437,300	1	775,001	780,000	776,900
1	445,001	450,000	446,682	3	780,001	785,000	2,346,116
2	450,001	455,000	903,780	1	785,001	790,000	788,792
1	455,001	460,000	457,500	1	800,000	805,000	800,000
2	460,001	465,000	926,332	1	805,001	810,000	806,890
3	470,001	475,000	1,417,655	1	820,001	825,000	820,820
2	480,001	485,000	967,964	1	830,001	835,000	831,900
1	485,001	490,000	487,387	1	840,001	845,000	843,000
1	490,001	495,000	494,600	3	850,000	855,000	2,554,793
2	500,000	505,000	1,000,000	2	880,001	885,000	1,768,118
1	510,000	515,000	510,000	1	940,001	945,000	943,400
2	515,001	520,000	1,035,132	3	945,001	950,000	2,845,244
1	520,001	525,000	520,077	1	985,001	990,000	985,500
2	525,001	530,000	1,055,200	1	1,025,001	1,030,000	1,026,405
4	535,001	540,000	2,147,939	1	1,055,001	1,060,000	1,059,200
1	550,001	555,000	554,524	2	1,075,001	1,080,000	2,156,800

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	1,080,001	1,085,000	1,081,835	1	2,050,001	2,055,000	2,050,638
2	1,100,000	1,105,000	2,201,204	1	2,070,001	2,075,000	2,071,632
2	1,180,001	1,185,000	2,366,110	1	2,080,001	2,085,000	2,083,899
1	1,190,001	1,195,000	1,190,465	1	2,225,001	2,230,000	2,229,100
1	1,220,001	1,225,000	1,224,800	1	2,395,001	2,400,000	2,396,600
1	1,315,001	1,320,000	1,317,300	1	2,410,001	2,415,000	2,410,834
1	1,340,001	1,345,000	1,344,700	1	2,450,001	2,455,000	2,454,884
1	1,400,000	1,405,000	1,400,000	1	2,500,001	2,505,000	2,502,600
1	1,425,001	1,430,000	1,427,320	1	2,505,001	2,510,000	2,505,247
1	1,470,001	1,475,000	1,472,442	1	2,710,001	2,715,000	2,714,465
1	1,490,001	1,495,000	1,493,500	1	2,720,001	2,725,000	2,721,655
1	1,500,000	1,505,000	1,500,000	1	2,810,001	2,815,000	2,813,800
1	1,545,001	1,550,000	1,548,661	1	2,835,000	2,840,000	2,835,000
1	1,615,001	1,620,000	1,616,286	1	2,860,001	2,865,000	2,862,800
1	1,620,001	1,625,000	1,624,600	1	3,035,001	3,040,000	3,035,823
1	1,650,001	1,655,000	1,652,792	1	3,090,001	3,095,000	3,091,138
3	1,685,001	1,690,000	5,061,926	1	3,330,001	3,335,000	3,334,337
1	1,690,001	1,695,000	1,690,200	1	4,570,001	4,575,000	4,571,600
1	1,710,001	1,715,000	1,711,800	1	8,520,001	8,525,000	8,520,500
1	1,725,001	1,730,000	1,728,844	1	11,445,001	11,450,000	11,446,659
1	1,770,001	1,775,000	1,773,800	1	14,505,001	14,510,000	14,509,820
1	1,935,001	1,940,000	1,936,693	1	22,625,001	22,630,000	22,628,018
1	1,950,001	1,955,000	1,952,178	1	32,100,001	32,105,000	32,102,886
1	2,035,001	2,040,000	2,037,742	1	194,970,001	194,975,000	194,972,555
				12,910	TOTAL:		523,784,755

categories of shareholding

As at December 31, 2016

	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children.	11	5,907,741	1.13
2	Associated Companies, undertakings and related parties.	4	228,797,841	43.68
3	NIT and ICP	1	96	0.00
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	38	17,197,376	3.28
5	Insurance Companies	22	19,872,295	3.79
6	Modarabas and Mutual Funds	99	36,779,440	7.02
7	Share holders holding 10%	1	194,972,555	37.22
8	General Public : Individuals			
9	a. Local	12,324	103,946,135	19.85
10	b. Foreign			
11	Others	411	111,283,831	21.25

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on April 06, 2017 at Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 30, 2017 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, 2016 there were 12,910 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 March 30, 2017. 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 2017 are:

- 1st quarter : April 26, 2017
- 2nd quarter: August 18, 2017
- 3rd quarter: October 26, 2017

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. Shahrah-e-Faisal
Karachi-74000

together, we perform

Financial Statements

standalone accounts

- Auditors' Report to the Members
- Standalone Financials

auditors' report to the members

(Amounts in thousand)

We have audited the annexed balance sheet of Engro Corporation Limited as at December 31, 2016 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, 2016 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, 2017

Engagement Partner: Waqas A. Sheikh

balance sheet
as at december 31, 2016

(Amounts in thousand)	Note	2016	2015
		----------------(Rupees)----------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	154,340	103,962
Intangible assets	5	12,629	-
Long term investments	6	21,171,987	27,432,294
Long term loans and advances	7	3,020,625	2,168,202
Deferred taxation	8	2,227	1,124
		24,361,808	29,705,582
Current assets			
Loans, advances and prepayments	9	3,880,760	9,952,254
Other receivables	10	460,646	116,445
Accrued interest / mark-up		404,664	36,596
Taxes recoverable		-	213,760
Short term investments	11	60,871,369	793,380
Cash and bank balances	12	1,052,608	399,510
		66,670,047	11,511,945
TOTAL ASSETS		91,031,855	41,217,527

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

(Amounts in thousand)	Note	2016	2015
		----------------(Rupees)----------------	
EQUITY & LIABILITIES			
Equity			
Share capital	13	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		(2,262)	(5,203)
Unappropriated profit		61,307,059	13,585,382
Total equity		84,040,117	36,315,499
Liabilities			
Non-current liabilities			
Retirement and other service benefit obligations		24,466	19,786
Current liabilities			
Trade and other payables	14	2,248,235	549,271
Taxes payable		268,794	-
Borrowings	15	3,983,839	3,966,617
Accrued interest / mark-up		250,279	250,274
Unclaimed dividends		216,125	116,080
		6,967,272	4,882,242
Total liabilities		6,991,738	4,902,028
Contingencies and Commitments	16		
TOTAL EQUITY & LIABILITIES		91,031,855	41,217,527

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

statement of comprehensive income for the year ended december 31, 2016

(Amounts in thousand except for earnings per share)	Note	2016	2015
		---(Rupees)---	
Dividend income	17	7,561,428	7,358,043
Royalty income	18	745,010	929,158
		8,306,438	8,287,201
Administrative expenses	19	(1,122,907)	(944,749)
		7,183,531	7,342,452
Other income	20	56,412,666	8,388,933
Other operating expenses	21	(4,617)	(3,276,258)
Operating profit		63,591,580	12,455,127
Finance cost	22	(559,471)	(596,688)
Profit before taxation		63,032,109	11,858,439
Taxation	23	(1,168,241)	(489,055)
Profit for the year		61,863,868	11,369,384
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurement of retirement benefit obligation - Actuarial gain / (loss) - net of tax	26	2,941	(10,665)
Total comprehensive income for the year		61,866,809	11,358,719
Earnings per share - basic and diluted	24	118.11	21.71

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

statement of changes in equity for the year ended december 31, 2016

(Amounts in thousand)	Share capital	Reserves: Capital — Share premium	Reserves: Revenue — General reserve	Reserves: Revenue — Remeasurement of post employment benefits - Actuarial gain / (loss)	Reserves: Revenue — Unappropriated profit	Total
	---(Rupees)---					
Balance as at January 1, 2015	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 loss	-	-	-	(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
Profit for the year	-	-	-	-	61,863,868	61,863,868
Other comprehensive income	-	-	-	2,941	-	2,941
	-	-	-	2,941	61,863,868	61,866,809
Transactions with owners						
Final cash dividend for the year ended December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	(3,666,494)	(3,666,494)
Interim cash dividends for the year ended December 31, 2016:						
- 1st interim @ Rs.5.00 per share	-	-	-	-	(2,618,924)	(2,618,924)
- 2nd interim @ Rs.7.00 per share	-	-	-	-	(3,666,495)	(3,666,495)
- 3rd interim @ Rs.8.00 per share	-	-	-	-	(4,190,278)	(4,190,278)
	-	-	-	-	(14,142,191)	(14,142,191)
Balance as at December 31, 2016	5,237,848	13,068,232	4,429,240	(2,262)	61,307,059	84,040,117

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

statement of cash flows for the year ended december 31, 2016

(Amounts in thousand)

	Note	2016	2015
		---------------(Rupees)---------------	
Cash Flows From Operating Activities			
Cash utilized in operations	27	(1,170,302)	(745,293)
Royalty received		733,761	981,430
Taxes paid		(686,789)	(400,170)
Retirement and other service benefits paid		(7,827)	(27,322)
Long term loans and advances - net		(2,423)	(2,603)
Net cash utilized in operating activities		(1,133,580)	(193,958)
Cash Flows From Investing Activities			
Dividends received		7,561,428	7,358,043
Income on deposits / other financial assets including income earned on subordinated loans to subsidiaries		1,303,528	1,040,097
Proceeds from disposal of investments in subsidiary companies		62,862,956	12,255,317
Long term investments		(377,000)	(6,800,000)
Loans granted to subsidiaries		(9,092,294)	(10,355,100)
Repayment of loans by subsidiaries		14,282,376	5,094,600
Purchase of Treasury bills and Fixed income placements		(48,762,742)	(23,580,410)
Proceeds from sale of Treasury bills and maturity of Fixed income placements		11,845,344	22,787,032
Purchases of property, plant and equipment		(93,515)	(58,120)
Sale proceeds on disposal of property, plant and equipment		1,577	10,081
Net cash generated from investing activities		39,531,658	7,751,540
Cash Flows From Financing Activities			
Payment of financial charges		(542,244)	(580,122)
Dividends paid		(14,042,146)	(7,831,184)
Net cash utilized in financing activities		(14,584,390)	(8,411,306)
Net increase / (decrease) in cash and cash equivalents		23,813,688	(853,724)
Cash and cash equivalents at beginning of the year		399,510	1,253,234
Cash and cash equivalents at end of the year	28	24,213,198	399,510

The annexed notes from 1 to 38 form an integral part of these financial statements.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

notes to the financial statements for the year ended december 31, 2016

(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. The Company is a subsidiary of Dawood Hercules Corporation Limited (the Parent Company). The principal activity of the Company, is to manage investments in subsidiary companies, associated companies and joint 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.

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 2016

The following amendments to published standards are mandatory for the financial year beginning on January 1, 2016 and are relevant to the Company:

- IFRS 5 ‘Non-current assets held for sale and discontinued operations’.The amendment clarifies that, when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as ‘held for sale’ or ‘held for distribution’ simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as ‘held for sale’. This amendment will not have any significant impact on the Company's financial statements.

- IAS 1 'Presentation of financial statements'. These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosures of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The Company's accounting treatment is already in line with this amendment.

(Amounts in thousand)

- IAS 19 (Amendment), 'Employee benefits'. 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. The Company's accounting treatment is already in line with this amendment.

- IAS 34 'Interim financial reporting'. 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 not have any significant impact on the Company's financial statements.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 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 standards and amendments to published standards are not effective for the financial year beginning on January 1, 2016 and have not been early adopted by the Company:

- IFRS 9 'Financial instruments' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. It is unlikely that the standard will have any significant impact on the Company's financial statements.

- IAS 7 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that this amendment will have any significant impact on the Company's financial statements.

- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses (effective for periods beginning on or after January 1, 2017). These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is unlikely that this amendment 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.

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.

(Amounts in thousand)

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 Intangible assets - Computer software

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

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

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

2.4 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.

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

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction 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.

2.6 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)

2.7 Financial assets

2.7.1 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.

2.7.2 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.

(Amounts in thousand)

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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

(Amounts in thousand)

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 26 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.

(Amounts in thousand)

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 and associated companies is recognized on an accrual basis in accordance with the agreements 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.

(Amounts in thousand)

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.

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

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

3.3 Provision for retirement and other service benefits obligations
The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Further, contributions determination requires assumptions to be made for future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Any changes in these assumptions will impact the carrying amount of these obligations. The underlying assumptions are disclosed in note 26.

4 PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	(Rupees)	
Operating assets (note 4.1)	94,597	47,711
Capital work-in-progress (note 4.3)	59,743	56,251
	154,340	103,962

(Amounts in thousand)

4.1 Operating assets

	Furniture, fixture and equipment	Vehicles	Total
	(Rupees)		
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 19)	(15,297)	(10,875)	(26,172)
Net book value	19,591	28,120	47,711
As at January 1, 2016			
Cost	124,654	47,330	171,984
Accumulated depreciation	(105,063)	(19,210)	(124,273)
Net book value	19,591	28,120	47,711
Year ended December 31, 2016			
Opening net book value	19,591	28,120	47,711
Transferred from capital work-in-progress (note 4.3)	58,502	15,061	73,563
Disposals / Write-offs (note 4.2)			
Cost	(851)	(5,530)	(6,381)
Accumulated depreciation	329	4,147	4,476
	(522)	(1,383)	(1,905)
Depreciation charge (note 19)	(11,921)	(12,851)	(24,772)
Net book value	65,650	28,947	94,597
As at December 31, 2016			
Cost	182,305	56,861	239,166
Accumulated depreciation	(116,655)	(27,914)	(144,569)
Net book value	65,650	28,947	94,597
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 executives	Mirza Arsalan Baig	1,560	1,170	390	390
	Sadia Malik	1,638	1,228	410	410
	Faiz Chapra	2,332	1,749	583	583
		5,530	4,147	1,383	1,383
Furniture, fixture and equipment					
By Company policy to resigned / retired executives	Khalid Siraj Subhani	420	90	330	-
	Naz Khan	175	106	69	-
Insurance claims	EFU General Insurance Limited	256	133	123	194
		851	329	522	194
		6,381	4,476	1,905	1,577
Year ended December 31, 2015		25,715	21,610	4,105	10,081

4.3 Capital work-in-progress

	Furniture, fixture and equipment	Advance to suppliers	Total
	---(Rupees)---		
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
Year ended December 31, 2016			
Balance as at January 1, 2016	12,393	43,858	56,251
Additions during the year	44,887	48,628	93,515
Transferred to:			
- operating assets (note 4.1)	(56,121)	(17,442)	(73,563)
- intangible assets (note 5)	-	(16,460)	(16,460)
Balance as at December 31, 2016	1,159	58,584	59,743

(Amounts in thousand)

5 INTANGIBLE ASSETS

Year ended December 31, 2016	
Balance as at January 1, 2016	-
Transferred from capital work-in-progress (note 4.3)	16,460
Amortization charge (note 19)	(3,831)
Net book value	12,629
As at December 31, 2016	
Cost	16,460
Accumulated amortization	(3,831)
Net book value	12,629

6 LONG TERM INVESTMENTS

	2016	2015
	---(Rupees)---	
Subsidiary companies - at cost (note 6.1)	20,926,320	30,247,386
Less: Provision for impairment	(3,270,092)	(3,270,092)
	17,656,228	26,977,294
Joint venture company - at cost		
Engro Vopak Terminal Limited		
45,000,000 Ordinary shares of Rs. 10 each,		
equity held 50% (2015: 50%)	450,000	450,000
Associated company - at cost		
Engro Foods Limited (note 6.2)		
306,075,948 (2015: 667,375,000)		
Ordinary shares of Rs. 10 each,		
equity held 39.9%	3,060,759	-
Others - at cost		
Arabian Sea Country Club Limited		
500,000 Ordinary shares of Rs. 10 each,		
equity held 6% (2015: 6%)	5,000	5,000
	21,171,987	27,432,294

(Amounts in thousand)

6.1 Subsidiary companies

	2016		2015	
	Equity % held	Investment at cost (Rupees)	Equity % held	Investment at cost (Rupees)
Quoted				
Engro Foods Limited (note 6.2)				
Nil (2015: 667,375,000)				
Ordinary shares of Rs. 10 each	-	-	87.07	6,673,750
Engro Fertilizers Limited				
751,312,057 (2015: 1,048,508,057)				
Ordinary shares of Rs. 10 each (note 6.3)	56.45	7,519,968	78.78	10,494,636
Engro Polymer & Chemicals Limited				
372,810,000 (2015: 372,810,000)				
Ordinary shares of Rs. 10 each (note 6.4)	56.19	3,651,300	56.19	3,651,300
Unquoted				
Engro Powergen Limited				
36,476,000 (2015: 36,476,000)				
Ordinary shares of Rs. 10 each	100	3,106,700	100	3,106,700
Engro Eximp Agriproducts (Private) Limited				
190,860,900 (2015: 190,798,200)				
Ordinary shares of Rs. 10 each	100	4,927,000	100	4,300,000
10,000,000 (2015: 10,000,000) Redeemable				
Preference shares of Rs.10 each	100	100,000	100	100,000
- Advance against issue of shares		-		250,000
		5,027,000		4,650,000
Elengy Terminal Pakistan Limited				
- 162,135,215 (2015: 12,100,000)				
Ordinary shares of Rs. 10 each	80	1,621,352	100	121,000
- Advance against issue of shares		-		1,550,000
		1,621,352		1,671,000
		20,926,320		30,247,386

(Amounts in thousand)

6.2 Engro Foods Limited (Efoods)

During the year, on March 3, 2016, the Company notified the Pakistan Stock Exchange (PSX) that it has received a public announcement of intention by a potential acquirer to acquire up to 51% of the total issued ordinary shares of Engro Foods Limited (EFoods) under a Share Purchase Agreement (SPA) and through a Mandatory Tender Offer (MTO) to the remaining shareholders of EFoods. The Company, on July 4, 2016, informed the PSX that the SPA has been entered into between FrieslandCampina Pakistan Holding B.V. (FCP), a wholly owned subsidiary of Royal FrieslandCampina N.V. (RFC) and the Company with respect to the sale of up to 51% of the total issued shares of EFoods. In respect thereof the shareholders of the Company in its Extra Ordinary General Meeting, held on August 5, 2016, unanimously approved the disposal of up to 51% of the Company's shareholding in EFoods.

FCP as required under the takeover laws, launched MTO on October 5, 2016, to acquire upto 49.8 million ordinary shares of EFoods, representing 6.5% of the total issued ordinary shares of EFoods at an offer price of Rs. 151.85 per share. Consequent to the MTO, the Company divested 361,299,052 ordinary shares of Rs. 10 each held in EFoods representing 54.1% of it's investment at a price of Rs. 120.15 per share, determined in accordance with the terms of the SPA. The terms of the SPA also entitiles the Company to receive additional consideration of Rs. 0.40 per share consequent to recovery of sales tax refundable balances of EFoods for the periods 2006 - 2011, upon certain conditions. The gain on such disposal amounting to Rs. 38,739,087 has been recorded as other income, net of transaction cost (note 20). As a result of the above, the Company, as at the balance sheet date, holds 39.9% of the issued share capital of EFoods.

As at December 31, 2016, the Company has received an amount of Rs. 43,355,886 from FCP out of the total consideration of Rs. 43,553,428. Accordingly, the balance amount has been recorded as receivable from FCP (note 10).

The Company has also granted EFoods, the right to use its know-how in connection with the manufacturing, packaging, marketing, sale, use and distribution of dairy products under the Know-How License agreement effective December 20, 2016. In consideration of the right granted, the Company is entitled to a royalty fee of 0.5% of the net sales of EFoods derived from the sales of all products in the territory, when EFoods meets certain agreed sales targets.

6.3 Engro Fertilizers Limited (EFert)

During the year, the Company sold 297,196,000 ordinary shares of Rs. 10 each held in EFert, representing 28.34% of its investment through private placements, at a price of Rs. 65.47 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 amounts to Rs.16,001,980 which has been recorded as other income, net of transaction cost (note 20). As a result of the above, the Company, as at balance sheet date, holds 56.45% of the issued share capital of EFert.

6.4 Engro Polymer & Chemicals Limited (EPolymer)

During the year, the Company, in its Annual General Meeting held on April 15, 2016, had obtained shareholders approval for disposal of Company's entire 56.19% shareholding in EPolymer i.e. 372,810,000 ordinary shares of Rs. 10 each. Pursuant to the public announcement of intention to the stock exchange by the potential acquirer, to acquire the entire shareholding of the Company in EPolymer and commencement of due diligence, the potential acquirer was granted an extension in time for making the public announcement of offer by the SECP to complete the due diligence and finalize certain outstanding commercial matters. The potential acquirer on August 20, 2016, informed the SECP and the PSX that it was not in a position to make the offer in the time period allocated by the SECP, as the negotiations had not reached completion and as the time period to make the offer has lapsed, it is withdrawing its intention to acquire the aforesaid shares of EPolymer, whilst reserving its right to make a further announcement of intention should this be deemed viable.

(Amounts in thousand)

7 LONG TERM LOANS AND ADVANCES

	2016	2015
	----------------(Rupees)----------------	
- Considered good		
Long term loans and advances to Executives (note 7.1)	34,572	33,977
Less: Current portion shown under current assets (note 9)	13,947	15,775
	20,625	18,202
Subordinated loan to Engro Polymer & Chemicals Limited - unsecured (note 7.3)	3,000,000	2,150,000
	3,020,625	2,168,202

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

	2016	2015
Balance as at January 1	33,977	29,484
Add: Disbursements	27,688	27,633
Less: Repayments / amortization	(27,093)	(23,140)
Balance as at December 31	34,572	33,977

7.2 The maximum amount outstanding at the end of any month during the year ended December 31, 2016 from executives aggregated to Rs. 57,990 (2015: Rs. 41,445).

7.3 Last year, the Company extended a long-term loan of Rs. 2,150,000 to Engro Polymer & Chemicals Limited (EPolymer), 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 five years. Further, during the year, short term loan to EPolymer amounting to Rs. 850,000 (note 9.2) has been reclassified as long term loan based on agreement.

7.4 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.

8 DEFERRED TAXATION

	2016	2015
	----------------(Rupees)----------------	
Debit / (Credit) balances arising on account of:		
- accelerated depreciation allowance	7,367	10,616
- provision for retirement benefits	(130)	1,191
- amortization of transaction costs incurred on borrowings	(5,010)	(10,683)
	2,227	1,124

(Amounts in thousand)

9 LOANS, ADVANCES AND PREPAYMENTS

	2016	2015
	----------------(Rupees)----------------	
Loans and advances,		
considered good		
Current portion of long term loans and advances to executives and other employees (note 7)	13,947	15,775
Loan to:		
- Elengy Terminal Pakistan Limited (note 9.1)	296,542	9,296,624
- Engro Polymer & Chemicals Limited (note 9.2)	-	600,000
- Engro Powergen Limited (note 9.3)	3,560,000	-
Prepayments		
Engro Corporation Limited Gratuity Fund	-	188
Engro Corporation Limited Provident Fund	-	415
Others	10,271	39,252
	3,880,760	9,952,254

9.1 During the year, the Company extended additional loan of Rs. 1,532,294 to Elengy Terminal Pakistan Limited (ETPL), subsidiary company, to meet its working capital requirements. The loan carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis. Out of the total loan Rs. 10,532,376 has been repaid by ETPL during the year.

9.2 During the year, the Company extended further subordinated short-term loan of Rs. 1,000,000 to EPolymer, a subsidiary company, for it to meet its working capital requirements, The loan is subordinated to the finances provided to EPolymer 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. Out of the total loan Rs. 750,000 has been repaid by EPolymer during the year and the remaining loan of Rs. 850,000 has been reclassified to long term loan (note 7.3).

9.3 During the year, the Company extended a subordinated short-term loan of Rs. 3,560,000 to Engro Powergen Limited, a wholly owned subsidiary company. The loan carries mark-up at the rate of 3 months KIBOR plus 1.5% per annum, payable on a quarterly basis, and is repayable through one lump sum installment falling due on March 16, 2017.

9.4 During the year, the Company extended a subordinated short-term loan of Rs. 3,000,000 to Engro Fertilizers Limited (EFert) for it to meet its working capital requirements. The loan was fully repaid by EFert during the year. The loan carried mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable on a quarterly basis.

9.5 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)

10 OTHER RECEIVABLES

	2016	2015
	----------------(Rupees)----------------	
- Considered good		
Due from:		
- Subsidiary companies		
- Elengy Terminal Pakistan Limited	-	11,063
- Engro Elengy Terminal (Private) Limited	97	5,761
- Engro Eximp (Private) Limited	-	743
- Engro Eximp FZE	36,610	36,610
- Engro Fertilizers Limited (note 10.1)	60,462	44,274
- Engro Foods Limited	-	9,946
- Engro Polymer & Chemicals Limited	-	1,036
- Engro Powergen Limited	-	638
- Engro Powergen Qadirpur Limited	173	109
- Engro Powergen Thar (Private) Limited	59	649
- Joint Venture		
- Engro Vopak Terminal Limited	-	2,843
- Associated companies		
- Engro Foods Limited	7,084	-
- Sindh Engro Coal Mining Company Limited	440	-
- Thar Power Company Limited	-	627
	104,925	114,299
- Engro Foundation	87	-
- FrieslandCampina Pakistan Holdings B.V. (FCP) (note 6.2)	197,542	-
- Financial advisors	155,124	-
- Retirement funds	1,722	-
- Others	1,246	2,146
	460,646	116,445

10.1 Includes royalty fee aggregating to Rs. 48,369 (2015: Rs. 37,120) under a licensing agreement (note 18).

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

(Amounts in thousand)

	2016	2015
	----------------(Rupees)----------------	
Subsidiary companies		
- Elengy Terminal Pakistan Limited	22,501	546,085
- Engro Elengy Terminal (Private) Limited	6,974	49,769
- Engro Eximp Agriproducts (Private) Limited	17,638	8,488
- Engro Eximp (Private) Limited	-	11,350
- Engro Eximp FZE	36,678	36,610
- Engro Fertilizers Limited	369,289	341,642
- Engro Foods Limited	-	44,223
- Engro Polymer & Chemicals Limited	51,246	32,243
- Engro Powergen Limited	15,006	6,316
- Engro Powergen Qadirpur Limited	16,804	11,622
- Engro Powergen Thar (Private) Limited	7,445	7,644
Joint venture		
- Engro Vopak Terminal Limited	8,757	3,067
Associated Companies		
- Engro Foods Limited	51,962	-
- Sindh Engro Coal Mining Company Limited	24,905	21,143
- Thar Power Company Limited	-	627

10.3 As at December 31, 2016, receivables from related parties aggregating to Rs. 60,747 (2015: Rs. 56,470) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2016	2015
	----------------(Rupees)----------------	
Upto 3 months	5,082	6,799
3 to 6 months	8,594	171
More than 6 months	47,071	49,500
	60,747	56,470

(Amounts in thousand)

11 SHORT TERM INVESTMENTS

	2016	2015
	(Rupees)	
Fair value through profit or loss:		
- Treasury bills (note 11.1)	60,864,369	791,380
Held to maturity		
- Fixed income placement	7,000	2,000
	60,871,369	793,380

11.1 These have maturity dates of upto one year from balance sheet date and are discounted using the effective rates upto 5.95% (2015: 6.93%) per annum.

12. CASH AND BANK BALANCES

	2016	2015
Cash at banks under:		
- deposit accounts (note 12.1)	1,047,664	232,301
- current accounts	4,554	166,959
	1,052,218	399,260
Cash in hand	390	250
	1,052,608	399,510

12.1 These carry return ranging from 4.0% to 5.5% (2015: 4.5% to 6.4%) per annum.

13 SHARE CAPITAL

13.1 Authorised Capital

2016	2015		2016	2015
(No. of Shares)			(Rupees)	
550,000,000	550,000,000	Ordinary shares of Rs. 10 each	5,500,000	5,500,000

13.2 Issued, subscribed and paid-up capital

2016	2015		2016	2015
(No. of Shares)			(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

13.3 As at December 31, 2016, Dawood Hercules Corporation Limited and associated companies held 194,972,555 and 33,825,286 (2015: 194,972,555 and 33,825,286) ordinary shares in the Company, respectively.

(Amounts in thousand)

14 TRADE AND OTHER PAYABLES

	2016	2015
	(Rupees)	
Creditors	56,288	52,675
Accrued liabilities (note 14.1)	1,490,520	174,109
Contractors' deposits and retentions	862	333
Workers' welfare fund (note 14.2)	204,229	204,229
Withholding tax payable	457,684	-
Zakat payable	-	111
Payable to :		
- Engro Eximp Agriproducts (Private) Limited	2,542	78,029
- Elengy Terminal Pakistan Limited	572	-
- Engro Polymer & Chemicals Limited	12,801	-
- Engro Powergen Limited	13,300	-
- Engro Vopak Terminal Limited	241	-
Current portion of retirement and other service benefit obligations	7,540	7,011
Others (note 14.3)	1,656	32,774
	2,248,235	549,271

14.1 Includes professional fee of Rs.1,193,122 (2015: Nil) payable to the financial advisors.

14.2 During the year, the Supreme Court of Pakistan issued a judgement dated November 11, 2016, as a result of which changes made through the Finance Acts of 2006 and 2008 in the Workers' Welfare Ordinance, 1971 have been held to be ultra-vires to the Constitution. Subsequently, a civil review petition against the aforementioned judgement has been filed by the taxation authorities during the year. In this respect, the Company had been accruing for WWF charge based on the amendments brought through Finance Act 2008, however, no payments were being made theragainst. The Company based on the advice of the legal advisor has not reversed such liability amounting to Rs.204,229, in view of the fact that the tax authorities have filed a review petition against the aforementioned judgement and as such the matter has not yet attained finality.

During 2015, 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 and for the year 2015, under the Act, has been recognized in the financial statements.

14.3 Includes excess shared services charges recovered from subsidiaries and associated undertakings amounting to Nil (2015: 13,700) and liability towards gratuity fund amounting to Rs. 331 [2015: (Rs. 16,971)].

15 BORROWINGS

	2016	2015
	(Rupees)	
Engro Islamic Rupiya Certificates I and II (note 15.1)	3,983,839	3,966,617

(Amounts in thousand)

15.1 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 EIR-I Certificates are maturing on July 10, 2017, while EIR-II Certificates are maturing on July 10, 2019. The certificate holders, 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.

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.

15.2 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. 2,000,000 (2015: Rs. 2,500,000). During the year, the Company utilized its short term finance facilities up to Rs. 559,052 (December 31, 2015: 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 ranging from 5.99% to 6.52% (2015: 7.9% to 11.35%) per annum. The corresponding purchase prices are payable on various dates by November 15, 2017.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

	2016	2015
	----------------(Rupees)----------------	
Corporate Guarantees issued in favour of subsidiary companies:		
- Engro Fertilizers Limited (note 16.1.1)	1,257,600	30,905,573
- Engro Powergen Qadirpur Limited (note 16.1.2)	1,048,000	1,047,500
- Engro Powergen Limited (note 16.1.3)	9,544,136	228,000
- Engro Elengy Terminal (Private) Limited (note 16.1.4)	3,217,360	3,320,575
	15,067,096	35,501,648
Bank guarantees (note 16.1.5)	1,535,000	610,000
	16,602,096	36,111,648

16.1.1 During the year, corporate guarantees extended on behalf of Engro Fertilizers Limited, a subsidiary company, other than those extended to International Finance Corporation (IFC) under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement amounting to USD 12,000 have been released.

16.1.2 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.

(Amounts in thousand)

16.1.3 The Company has provided following corporate guarantees in favour of Engro Powergen Limited:

- During 2015, 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 was valid upto March 30, 2016 and was further extended upto September 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 which was released during the year.

- During the year, the Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against the Standby Letters of Credit (Equity SBLCs) provided by Engro Powergen Limited, a subsidiary company, through National Bank of Pakistan amounting to USD 18,900 and USD 51,100 (in PKR equivalent) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Pvt.) Limited (EPTL), its subsidiary company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (i.e. SECMC and EPTL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020; and (ii) fulfillment of sponsor obligations under Sponsor Support Agreements.

- During the year, the Company has pledged shares of Engro Fertilizers Limited and Engro Foods Limited against a Standby Letter of Credit (Put Option SBLC) provided by Engro Powergen Limited, the subsidiary company through Allied Bank of Pakistan amounting to USD 21,070 in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) June 30, 2017; and (ii) fulfillment of sponsor obligations pursuant to Put Option SSA.

16.1.4 The Company has provided following corporate guarantees in favour of Engro Elengy Terminal (Private) Limited, a wholly owned subsidiary company of Elengy Terminal Pakistan Limited, a subsidairy company:

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

16.1.5 During 2015, 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.

(Amounts in thousand)

During the year, as stated in note 6.3, the Company has divested further 28.34% of its shareholding in EFert. The Company held such shareholding in EFert since 2010 i.e. more than six years. Under the income tax laws, capital gain on sale of securities held for more than 48 months do not attract any income tax. 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. 925,000 in this respect in favor of Nazir of High Court of Sindh.

16.1.6 Subsequent to the balance sheet date, Engro Foods Limited (EFoods) received an order from Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of EFoods' marketing activities relating to one of its products. Presently, EFoods is in the process of filing an appeal against the aforementioned order. Further, as per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to reimburse 51% of the amount together will all reasonable cost and expenses to FCP in case any such penalty materializes. The Company, based on the opinion of the legal advisor, is confident of a favorable outcome of the appeal, and accordingly no provision has been recognized in these financial statements in this respect.

16.1.7 In accordance with the terms of the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), the Company is required to compensate FCP for the negative consequences of the 25% regulatory duty payable on the import of powdered milk and whey powder into Pakistan. The Company will reimburse the amount to the extent that the sum of the regulatory duty and the custom duties incurred by EFoods occuring within 18 months from the date of disposal of EFoods exceeds Euro 10,000. Provided that in no case the amount of such reimbursement will exceed Euro 4,000.

16.1.8 In accordance with the terms of Share Purchase Agreement (SPA), the Company is required to pay to FrieslandCampina Pakistan Holding B.V. (FCP), an amount equal to 47.1% of any tax liability (as defined in the SPA) together will all reasonable costs and expenses incurred, in case any tax contingency materializes. The Company, based on the opinion of EFoods' tax advisors, is confident of favorable outcomes, and accordingly no provision has been recognized in these financial statements in this respect.

16.2 Commitments

16.2.1 Till 2015, 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. 6,407,804 representing business losses of Rs. 1,765,178 for financial year ended December 31, 2012, Rs. 1,743,263 for financial year ended December 31, 2013 and Rs 2,899,363 for the financial year ended Decemeber 31, 2014. The Company has provided an indemnity to EFert, in case of any losses incurred by EFert due to any adverse order on account of the aforementioned Group Relief transaction.

	2016	2015
	----------------(Rupees)----------------	
16.2.2 Commitments in respect of capital expenditure	152,962	-

17. DIVIDEND INCOME

	2016	2015
Subsidiary company:		
- Engro Fertilizers Limited	6,526,428	6,570,543
Joint venture:		
- Engro Vopak Terminal Limited	1,035,000	787,500
	7,561,428	7,358,043

(Amounts in thousand)

18 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.

19. ADMINISTRATIVE EXPENSES

	2016	2015
	----------------(Rupees)----------------	
Salaries, wages and staff welfare (notes 19.1 and 19.2)	314,387	261,588
Staff recruitment, training and safety	32,959	11,951
Repairs and maintenance	179	311
Advertising, promotion and corporate branding	18,592	112,646
Rent, rates and taxes	84,282	78,535
Communication, stationery and other office expenses	27,298	24,659
Travel	13,660	25,258
Depreciation (note 4.1)	24,772	26,172
Amortization (note 5)	3,831	-
Legal and professional charges	163,387	15,712
Donations (note 34)	31,850	21,500
Research and development	331,196	305,956
Directors' fee, remuneration and travelling	46,235	44,166
Other expenses	30,279	16,295
	1,122,907	944,749

19.1 Salaries, wages and other staff welfare is net-off the amount recovered from subsidiaries amounting to Rs. 351,399 (2015: Rs. 252,613) in accordance with the shared service agreements.

19.2 Includes Rs.41,359 (2015: Rs. 36,623) in respect of staff retirement benefits.

20 OTHER INCOME

	2016	2015
	----------------(Rupees)----------------	
Financial assets:		
Income on deposits / other financial assets (note 20.1)	1,659,631	1,094,939
Non financial assets:		
Service charges (note 20.2)	10,470	10,300
Capital gain on disposal of investment in subsidiary companies - net (notes 6.2, 6.3 and 20.3)	54,741,067	7,277,718
Gain on disposal of property, plant and equipment	-	5,976
Others	1,498	-
	56,412,666	8,388,933

(Amounts in thousand)

20.1 Includes Rs. 764,038 (2015: Rs. 871,856) in respect of profit earned on subordinated loans to subsidiary companies.

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

20.3 This is net of tranaction costs of Rs. 1,683,446 (2015: Rs. 46,708).

21. OTHER OPERATING EXPENSES

	2016	2015
	----------------(Rupees)----------------	
Auditors' remuneration (note 21.1)	4,189	6,066
Loss on disposal of property, plant and equipment	328	-
Professional tax	100	100
Impairment against long term investment	-	3,270,092
	4,617	3,276,258

21.1 Auditors' remuneration

	2016	2015
Fee for:		
- audit of annual financial statements	475	265
- review of half yearly financial statements	200	150
- review of statement of compliance with Code of Corporate Governance	40	40
Certifications, audit of retirement funds and other advisory / assurance services	3,131	5,375
Reimbursement of expenses	343	236
	4,189	6,066

22. FINANCE COST

	2016	2015
Interest / mark-up on borrowings	525,728	525,017
Amortization of transaction costs	17,222	15,096
Others	16,521	56,575
	559,471	596,688

23. TAXATION

	2016	2015
Current		
- for the year	1,100,535	484,581
- for prior years (note 23.1)	70,130	8,002
	1,170,665	492,583
Deferred	(2,424)	(3,528)
	1,168,241	489,055

(Amounts in thousand)

23.1 Includes Rs. 63,495 on account of 'Super Tax for rehabilitation of temporarily displaced persons' calculated at the rate of 3% on specified income for the tax year 2016 (i.e for the year ended December 31, 2015) levied through Finance Act, 2016.

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

23.2.1 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 dismissed during the year.

23.2.2 In 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs. 250,773 on similar grounds as above. The Company filed an appeal against the said order with CIR - Appeals, who based on ATIR's order for tax year 2011, has remanded back the order to assessing officers for denovo proceedings.

23.2.3 During 2015, 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. During the year, in respect of tax year 2011 and tax year 2012, the CIR - Appeals accepted the Company's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR - Appeals for both tax years, which are pending for hearing.

23.2.4 During the year, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via the Finance Act 2016 which imposed tax on inter-corporate dividends, previously exempt to companies designated as a Group under section 59B of the Ordinance.

The Company has challenged the application of the aforementioned amendment in the Sindh High Court and has been granted a stay in this respect.

23.3 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:

	2016	2015
	----------------(Rupees)----------------	
Profit before tax	63,032,109	11,858,439
Tax calculated at the rate of 31% (2015: 32%)	19,539,954	3,794,700
Effect of provision for impairment against long term investment	-	1,046,429
Effect of exempt income	(975,112)	(2,102,573)
Effect of applicability of lower tax rate and other tax credits / debits	(17,396,601)	(2,249,501)
Tax charge for the year	1,168,241	489,055

(Amounts in thousand)

24. 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 :

	2016	2015
	----------------(Rupees)----------------	
Profit for the year	61,863,868	11,369,384
	(Number of shares)	
Weighted average number of ordinary shares (in thousand)	523,785	523,785

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2016			2015		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	---(Rupees)---					
Managerial remuneration	144,058	30,000	361,544	93,512	3,330	292,449
Retirement benefits funds	-	-	32,198	840	-	27,549
Other benefits	357	10,146	6,330	19	677	4,664
Fees		40,672	-	-	29,523	-
Total	144,415	80,818	400,072	94,371	33,530	324,662
Number of persons including those who worked part of the year	2	12	71	2	17	68

25.1 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.

25.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Company, amounts to Rs.1,582 (2015: Rs. 1,254).

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

(Amounts in thousand)

26. RETIREMENT BENEFITS

26.1 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.

26.2 Valuation results

The latest actuarial valuation of the defined benefit gratuity plan was carried out as at December 31, 2016, using the Projected Unit Credit Method. Details of the defined benefit plan are as follows:

26.2.1 Balance Sheet Reconciliation

	Defined Benefit Gratuity Plan	
	2016	2015
	----------------(Rupees)----------------	
Present value of defined benefit obligation	72,738	71,486
Fair value of plan assets	(72,781)	(54,889)
(Surplus) / Deficit	(43)	16,597
Payable to defined contribution	374	374
Net liability recognized in the balance sheet	331	16,971

26.2.2 Movement in net (asset) / liability recognized

	2016	2015
Net (asset) / liability at beginning of the year	16,971	(3,611)
Expense for the year	4,593	4,898
Net contribution by the Company	(16,971)	-
Remeasurement loss / (gain) recognized in Other comprehensive income	(4,262)	15,684
Net liability at end of the year	331	16,971

(Amounts in thousand)

26.2.3 Movement in present value of defined

	Defined Benefit Gratuity Plan 2016	2015
	----------------(Rupees)----------------	
As at beginning of the year	71,486	110,086
Current service cost	3,195	5,333
Interest cost	5,862	11,558
Remeasurement loss recognized in Other comprehensive income	4,049	16,881
Benefits paid during the year	(11,854)	(29,574)
Liability transferred to Defined contribution gratuity fund	-	(13)
Liability in respect of transfers - inter fund	-	(42,785)
As at end of the year	72,738	71,486

26.2.4 Movement in fair value of plan assets

	2016	2015
As at beginning of the year	54,889	114,071
Expected return on plan assets	4,464	11,993
Contribution by the Company	16,971	-
Benefits paid during the year	(11,854)	(29,574)
Remeasurement gain recognized in Other comprehensive income	8,311	1,197
Assets transferred to Defined contribution gratuity fund	-	(13)
Assets transferred in respect of transfers - inter fund	-	(42,785)
As at end of the year	72,781	54,889

26.2.5 Charge for the year

	2016	2015
Current service cost	3,195	5,333
Net interest cost	1,398	(435)
	4,593	4,898

26.2.6 Principal actuarial assumptions used in the actuarial valuation

	Defined Benefit Gratuity Plan	
	--------------------%----------------------	
Discount rate	8.00	9.00
Expected per annum rate of return on plan assets	8.00	9.00
Expected per annum rate of increase in future salaries	8.00	9.00

(Amounts in thousand)

26.2.7 Actual return on plan assets

2016	2015
----------------(Rupees)----------------	
11,727	6,875

26.2.8 Plan assets comprise of the following

	2016		2015	
	Rupees	(%)	Rupees	(%)
Fixed income instruments	52,258	72	41,126	75
Equity instruments	18,964	26	11,701	21
Others (including cash)	1,559	2	2,062	4
	72,781	100	54,889	100

26.2.9 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.

26.2.10 Historical information

	2016	2015	2014	2013	2012
	---------------------------------------(Rupees)---------------------------------------				
Present value of defined benefit obligation	(72,738)	(71,486)	(110,086)	(81,502)	(132,150)
Fair value of plan assets	72,781	54,889	114,071	94,353	170,004
Payable to Defined contribution gratuity fund	(374)	(374)	(374)	(374)	(664)
(Deficit) / Surplus	(331)	(16,971)	3,611	12,477	37,190

(Amounts in thousand)

26.2.11 Expected future cost for the year ending December 31, 2017 is Rs. 3,166.

26.2.12 Remeasurement recognized in Other Comprehensive Income

	Defined Benefit Gratuity Plan 2016	Defined Benefit Gratuity Plan 2015
	----------------(Rupees)----------------	
Loss from change in experience adjustments	(3,714)	(15,579)
Loss from change in financial assumptions	(335)	(1,302)
Remeasurement of obligation	(4,049)	(16,881)
Actual return on plan assets	11,727	6,875
Expected return on plan assets	(4,464)	(11,993)
Difference in opening fair value of plan assets	1,048	6,315
Remeasurement of plan assets	8,311	1,197
	4,262	(15,684)
Tax impact at 31% (2015: 32%)	(1,321)	5,019
Remeasurement of retirement benefit obligation - net of tax	2,941	(10,665)

26.2.13 Demographic assumptions

	2016	2015
Mortality rate	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Heavy	Heavy

26.2.14 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	69,867	75,809
Long term salary increases	75,432	70,166

(Amounts in thousand)

26.2.15 Maturity profile

Time in years	Defined Benefit Gratuity Plan (Rupees)
1	6,624
2	13,923
3	12,813
4	2,280
5-10	75,766
11-15	16,334
16-20	4,580
Weighted average duration (years)	3.95

26.3 Defined contribution plans

An amount of Rs. 16,785 (2015: Rs. 14,904) has been charged during the year in respect of defined contribution plans maintained by the Company.

27. CASH UTILIZED IN OPERATIONS

	2016	2015
	----------------(Rupees)----------------	
Profit before taxation	63,032,109	11,858,439
Adjustment for non-cash charges and other items:		
Depreciation (note 19)	24,772	26,172
Amortization (note 19)	3,831	-
Loss / (Gain) on disposal of property, plant and equipment	328	(5,976)
Provision for retirement and other service benefits	17,298	16,527
Provision for impairment of long-term investments	-	3,270,092
Income on deposits / other financial assets	(1,671,598)	(1,076,548)
Gain on disposal of long term investment to a subsidiary company	-	(337,900)
Capital gain on partial disposal of long term investments	(56,424,513)	(6,939,818)
Dividend income	(7,561,428)	(7,358,043)
Royalty income	(745,010)	(929,158)
Financial charges	559,385	598,158
Exchange loss / (gain)	86	(1,470)
Working capital changes (note 27.1)	1,594,438	134,232
	(1,170,302)	(745,293)

(Amounts in thousand)

27.1 Working capital changes

	2016	2015
	----------------(Rupees)----------------	
(Increase) / decrease in current assets		
- Loans, advances, deposits and prepayments	31,412	33,700
- Other receivables (net)	(135,409)	14,468
	(103,997)	48,168
Increase in current liabilities		
- Trade and other payables including other service benefits (net)	1,698,435	86,064
	1,594,438	134,232

28 CASH AND CASH EQUIVALENTS

	2016	2015
Short term investments (note 11)	23,160,590	-
Cash and bank balances (note 12)	1,052,608	399,510
	24,213,198	399,510

29 FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
Financial assets		
- Loans and receivables		
Long term loans	3,000,000	2,150,000
Loans and advances	3,866,813	9,935,876
Other receivables	460,646	116,445
Accrued interest / mark-up	404,664	36,596
Cash and bank balances	1,052,608	399,510
	8,784,731	12,638,427
- Fair value through profit and loss		
Short term investments	60,871,369	793,380
Financial liabilities		
- Financial liabilities measured at amortized cost		
Trade and other payables	2,036,466	337,920
Accrued interest / mark-up	250,279	250,274
Borrowings	4,000,000	4,000,000
	6,286,745	4,588,194

(Amounts in thousand)

30 FINANCIAL RISK MANAGEMENT

30.1 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 133,542 (2015: USD 130,947). 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, 2016, 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. 54,531.

As at December 31, 2016, 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. 66,114.

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:

(Amounts in thousand)

	2016	2015
	----------------(Rupees)----------------	
Long term loans	3,000,000	2,150,000
Loans and advances	3,866,813	9,935,876
Other receivables	399,899	59,975
Accrued interest / mark-up	404,664	36,596
Short term investments	60,871,369	793,380
Cash and bank balances	1,052,608	399,510
	69,595,353	13,375,337

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

Bank	Rating agency	Rating	
		Long term	Short term
Allied Bank Limited	PACRA	AA	A1+
Askari Bank Limited	JCR-VIS	AA-	A-1+
Bank Al-Falah Limited	PACRA	AA	A1+
Bank Al-Habib Limited	PACRA	AA+	A1+
Bank Islami Pakistan Limited	PACRA	A+	A1
Burj Bank Limited	JCR-VIS	A-	A-2
Faysal Bank Limited	JCR-VIS	AA	A-1+
Habib Bank Limited	JCR-VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
JS Bank Limited	PACRA	A+	A1+
MCB Bank Limited	PACRA	AAA	A1+
Meezan Bank Limited	JCR-VIS	AA	A-1+
National Bank of Pakistan Limited	JCR-VIS	AAA	A-1+
NIB Bank Limited	PACRA	AA-	A1+
Samba Bank Limited	JCR-VIS	AA	A-1
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank Limited	PACRA	AAA	A1+
Summit Bank Limited	JCR-VIS	A	A-1
United Bank Limited	JCR-VIS	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.

(Amounts in thousand)

	2016			2015		
	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	2,036,466	-	2,036,466	337,920	-	337,920
Accrued interest / mark-up	250,279	-	250,279	250,274	-	250,274
Borrowings	4,000,000	-	4,000,000	4,000,000	-	4,000,000
	6,286,745	-	6,286,745	4,588,194	-	4,588,194

30.2 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.

	2016	2015
	---------------(Rupees)----------------	
The proportion of borrowings to equity at the year end was:		
Total Borrowings	3,983,839	3,966,617
Total Equity	84,040,117	36,315,499
	88,023,956	40,282,116
Gearing ratio	4.53%	9.85%

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.

30.3 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 is determined using rates prevailing in the market at the end of each year for identical assets i.e. level 1, which is Rs. 60,864,369 as at December 31, 2016 (2015: Rs. 793,380).

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);

(Amounts in thousand)

- 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 or loss				
- Short term investments	-	60,871,369	-	60,871,369

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.

31. 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, 2016 and audited financial statements as at June 30 2015.

	2016	2015
	----(Rupees)----	
Size of the fund	3,205,658	3,063,502
Cost of the investments made	2,800,793	2,333,996
Percentage of investments made	94%	89%
Fair value of investments	3,015,866	2,736,879

The break-up of investments is as follows:

	2016		2015	
	Rupees	%	Rupees	%
National Savings Schemes	790,504	26	223,037	8
Government securities	702,336	23	1,045,090	38
Listed securities and unit trust	927,211	31	1,164,311	43
Balances with banks in savings account	595,815	20	304,441	11
	3,015,866	100	2,736,879	100

31.1 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.

(Amounts in thousand)

32. NUMBER OF EMPOLYEES.

	Number of employees as at		Average number of employees	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Management employees	77	74	73	74
Non-management employees	1	1	1	1
	78	75	74	75

(Amounts in thousand)

33 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:

	2016	2015
	------------------(Rupees)------------------	
Parent company		
Dividend paid	4,606,227	2,480,477
Reimbursements to Parent company	103,989	-
Subsidiary companies		
Purchases and services	2,349	25,400
Services rendered	590,918	573,875
Mark-up from subsidiaries	764,038	871,856
Disbursement of loan to subsidiaries	9,092,294	10,355,100
Repayment of loan by subsidiaries	14,332,024	5,094,600
Dividend received	6,526,563	6,570,543
Royalty income, net of sales tax	745,010	929,158
Reimbursements to subsidiaries	402,083	389,694
Expenses paid on behalf of subsidiaries	251,359	321,696
Investments made	377,000	6,800,000
Proceeds from disposal of long term investment	-	4,383,000
Service fees against corporate guarantees	10,470	10,300
Remittance to subsidiaries	-	5,405
Associated companies		
Purchases and services	731	2,559
Services rendered	109,176	65,633
Retirement benefits	34,920	31,163
Donations	30,500	21,500
Investment in Treasury bills	-	608,070
Redemption of investment in Treasury bills	-	719,701
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	467,112
Mark-up on utilization of overdraft facility	157	2,172
Commitment fee	2,712	5,492
Interest on deposit	60	1,504
Reimbursement to associates	9,358	5,637
Expenses paid on behalf of associates	27,809	8,187
Bank charges	1	4
Dividend paid	808,837	557,855
Profit on Term Finance Certificates	23,961	26,610
Joint venture		
Services rendered	2,471	1,266
Dividend received	1,035,000	787,500
Expenses paid on behalf of Joint venture company	12,322	2,521
Reimbursements to Joint venture company	-	915
Others		
Directors' fees	40,672	29,523
Sale of operating assets to employees	-	2,731
Remuneration of key management personnel	177,170	125,626
Reimbursements to key management personnel	10,146	11,786
Dividend paid	131,195	63,749

(Amounts in thousand)

34 DONATIONS

Donations include the following in which directors are interested:

Name of Director	Interest in Donee	Name of Donee	2016	2015
			------------------(Rupees)------------------	
Ghias Khan	Chairman Board of Trustees	Engro Foundation	30,500	21,500

35. 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.

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.

36. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

36.1 The Board of Directors of Engro Foods Limited (EFoods), an associated company, in its meeting held on Feburary 02, 2017 has proposed a final cash dividend of Rs. 10 per share for the year ended December 31, 2016, amounting to Rs. 7,665,961, of which the proportionate share of the Company amounts to Rs. 3,060,759.

The Board of Directors of Engro Vopak Terminal Limited (EVTL), a joint venture company, in its meeting held on Feburary 03, 2017 has proposed a final cash dividend of Rs. 7 per share for the year ended December 31, 2016, amounting to Rs. 630,000, of which the proportionate share of the Company amounts to Rs. 315,000.

The Board of Directors of Engro Fertilizers Limited (EFert), a Subsidiary Company, in its meeting held on February 8, 2017 has proposed a final cash dividend of Rs. 2.50 per share for the year ended December 31, 2016, amounting to Rs. 3,327,331 of which the proportionate share of the Company amounts to Rs. 1,878,280.

These financial statements for the year ended December 31, 2016 do not include the effects of the aforementioned dividend income, which will be accounted for in the financial statements for the year ending December 31, 2017 once the proposed dividends are approved in the Annual General Meetings of respective companies.

36.2 The Board of Directors of the Company in its meeting held on February 17, 2017 has proposed a final cash dividend of Rs. 4.00 per share for the year ended December 31, 2016, amounting to Rs. 2,095,140 for approval of the members at the Annual General Meeting to be held on April 6, 2017.

The financial statements for the year ended December 31, 2016 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, 2017.

(Amounts in thousand)

37. 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.

38. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 17, 2017 by the Board of Directors of the Company.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated accounts

- Auditors' Report to the Members
- Consolidated Financials

auditors' report to the members

(Amounts in thousand)

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, 2016 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 PricewaterhouseCoopers – Nigeria 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, 2016 and the results of their operations for the year then ended.

Chartered Accountants
Karachi
Date: March 15, 2017

Engagement Partner: Waqas A. Sheikh

consolidated balance sheet as at december 31, 2016

(Amounts in thousand)	Note	2016	2015
		(Rupees)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	131,408,494	128,403,791
Biological assets	5	-	1,024,251
Intangible assets	6	222,434	276,846
Long term investments	7	34,700,708	3,120,174
Deferred taxation	8	554,187	982,699
Long term loans, advances and other receivables	9	9,850,501	3,758,094
Deferred employee compensation expense		-	147,456
		176,736,324	137,713,311
Current Assets			
Stores, spares and loose tools	10	7,148,040	7,679,172
Stock-in-trade	11	10,704,311	14,088,701
Trade debts	12	13,733,482	6,733,613
Deferred employee compensation expense		-	92,986
Derivative financial instruments	13	-	29,207
Loans, advances, deposits and prepayments	14	1,390,497	1,507,999
Other receivables	15	9,568,479	7,889,569
Accrued income		426,268	45,101
Taxes recoverable		-	2,349,782
Short term investments	16	64,725,527	14,050,112
Cash and bank balances	17	5,900,379	4,112,298
		113,596,983	58,578,540
TOTAL ASSETS		290,333,307	196,291,851

(Amounts in thousand)	Note	2016	2015
		(Rupees)	
Equity & Liabilities			
Equity			
Share capital	18	5,237,848	5,237,848
Share premium		13,068,232	13,068,232
Employee share option compensation reserve		-	595,143
Revaluation reserve on business combination		43,486	53,688
Maintenance reserve	19	156,301	156,301
Exchange revaluation reserve		15,767	29,793
Hedging reserve	20	(83,397)	(88,042)
General reserves		4,429,240	4,429,240
Unappropriated profit		111,008,100	45,891,164
Remeasurement of post-employment benefits		(38,154)	(131,931)
		128,599,575	64,003,588
		133,837,423	69,241,436
Non-Controlling Interest		35,253,333	16,431,445
Total Equity		169,090,756	85,672,881
Liabilities			
Non-Current Liabilities			
Borrowings	21	60,609,743	36,993,136
Derivative financial instruments	13	2,107	17,382
Deferred taxation	8	8,982,706	8,689,814
Deferred liabilities	22	196,671	161,242
		69,791,227	45,861,574
Current Liabilities			
Trade and other payables	23	31,625,402	34,050,586
Accrued interest / mark-up	24	1,138,421	1,328,147
Current portion of			
- borrowings	21	12,508,579	22,589,460
- deferred liabilities	22	101,790	98,083
Taxes payable		56,223	-
Short term borrowings	25	5,535,587	6,176,645
Derivative financial instruments	13	249,653	393,070
Unclaimed dividends		235,669	121,405
		51,451,324	64,757,396
Total Liabilities		121,242,551	110,618,970
Contingencies and Commitments	26		
TOTAL EQUITY & LIABILITIES		290,333,307	196,291,851

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated profit and loss account for the year ended december 31, 2016

(Amounts in thousand except for earnings per share)	Note	2016	2015
		----------------(Rupees)----------------	
Revenue	27	157,207,668	181,652,380
Cost of revenue	28	(121,364,855)	(136,223,655)
Gross profit		35,842,813	45,428,725
Selling and distribution expenses	29	(12,052,758)	(10,756,984)
Administrative expenses	30	(3,605,812)	(3,845,774)
		20,184,243	30,825,967
Other income	31	68,838,182	5,592,098
Other operating expenses	32	(2,348,563)	(3,226,928)
Operating profit		86,673,862	33,191,137
Finance cost	33	(6,037,911)	(8,425,237)
Share of income from joint venture and associates	34	1,273,497	1,018,945
Profit before taxation		81,909,448	25,784,845
Taxation	35	(8,311,319)	(8,516,449)
Profit for the year		73,598,129	17,268,396
Profit / (Loss) attributable to:			
- Discontinued operations	36	60,686,313	3,162,455
- Continuing operations		12,911,816	14,105,941
		73,598,129	17,268,396
Profit attributable to:			
- Owners of the Holding Company		69,107,240	13,784,418
- Non Controlling Interest		4,490,889	3,483,978
		73,598,129	17,268,396
		------------------Rupees------------------	
Basic earnings per share from:	37		
- Discontinued operations		115.25	5.26
- Continuing operations		16.69	21.06
		131.94	26.32
Diluted earnings per share from:	37		
- Discontinued operations		115.25	5.26
- Continuing operations		16.61	21.06
		131.86	26.32

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated statement of comprehensive income for the year ended december 31, 2016

(Amounts in thousand)	Note	2016	2015
		----------------(Rupees)----------------	
Profit for the year		73,598,129	17,268,396
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Hedging reserve - cash flow hedges			
Loss arising during the year		(234,618)	(136,023)
Less:			
- Reclassification adjustments for loss included in profit and loss account		246,772	207,729
- Adjustments for amounts transferred to initial carrying amount of hedged items (capital work in progress / stock in trade)		2,604	37,383
		14,758	109,089
Revaluation reserve on business combination		(21,004)	(21,318)
Exchange differences on translation of foreign operations		(15,042)	30,564
		(21,288)	118,335
Income tax relating to:			
Hedging reserve - cash flow hedges		(8,600)	(38,705)
Revaluation reserve on business combination		6,721	7,035
		(1,879)	(31,670)
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation - Actuarial (loss) / gain		36,960	(125,426)
Income tax relating to remeasurement of post employment benefits obligation		(11,157)	40,647
		25,803	(84,779)
Deferred tax charge relating to revaluation of equity related items		-	(4,946)
Other comprehensive income for the year, net of tax		2,636	(3,060)
Total comprehensive income for the year		73,600,765	17,265,336
Total comprehensive income attributable to equity shareholders from:			
- Discontinued operations	36	60,698,481	3,139,780
- Continuing operations		12,902,284	14,125,556
		73,600,765	17,265,336
Total comprehensive income attributable to:			
- Owners of the Holding Company		69,106,452	13,781,444
- Non Controlling Interest		4,494,313	3,483,892
		73,600,765	17,265,336

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated statement of changes in equity for the year ended december 31, 2016

(Amounts in thousand)

	Share capital	Share premium	Employee share option compensation reserve	Revaluation reserve on business combination	Maintenance reserve (note 19)	Exchange revaluation reserve	Hedging reserve	General reserve	Unappropriated 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, 2015	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
Total comprehensive income for the year ended December 31, 2016													
Profit for the year	-	-	-	-	-	-	-	-	69,107,240	-	69,107,240	4,490,889	73,598,129
Other comprehensive income	-	-	-	(10,202)	-	(14,026)	3,103	-	-	20,337	(788)	3,424	2,636
	-	-	-	(10,202)	-	(14,026)	3,103	-	69,107,240	20,337	69,106,452	4,494,313	73,600,765
Transactions with owners													
Disposal of Subsidiary Company	-	-	(595,143)	-	-	-	1,542	-	-	73,440	(520,161)	(1,997,457)	(2,517,618)
Share issued to IFC by subsidiary company	-	-	-	-	-	-	-	-	-	-	-	1,468,678	1,468,678
Dividend by subsidiary allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	-	-	(3,707,442)	(3,707,442)
Effect of partial disposal of shares held in subsidiary company by Holding Company	-	-	-	-	-	-	-	-	9,750,120	-	9,750,120	9,226,529	18,976,649
Shares issued during the year and share issuance cost accounted for as deduction from equity													
- ordinary shares issued during the period	-	-	-	-	-	-	-	-	(40,125)	-	(40,125)	4,766,953	4,726,828
- preference shares issued during the period	-	-	-	-	-	-	-	-	-	-	-	5,012,206	5,012,206
Decrease in NCI due to disposal of shareholding	-	-	-	-	-	-	-	-	441,892	-	441,892	(441,892)	-
Final cash dividend for the year ended December 31, 2015 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(3,666,494)	-	(3,666,494)	-	(3,666,494)
1st interim cash dividends for the year ended December 31, 2016 @ Rs. 5.00 per share	-	-	-	-	-	-	-	-	(2,618,924)	-	(2,618,924)	-	(2,618,924)
Second interim cash dividend for the year ending December 31, 2016 @ Rs. 7.00 per share	-	-	-	-	-	-	-	-	(3,666,495)	-	(3,666,495)	-	(3,666,495)
Third interim cash dividend for the year ending December 31, 2016 @ Rs. 8.00 per share	-	-	-	-	-	-	-	-	(4,190,278)	-	(4,190,278)	-	(4,190,278)
	-	-	(595,143)	-	-	-	1,542	-	(3,990,304)	73,440	(4,510,465)	14,327,575	9,817,110
Balance as at December 31, 2016	5,237,848	13,068,232	-	43,486	156,301	15,767	(83,397)	4,429,240	111,008,100	(38,154)	133,837,423	35,253,333	169,090,756

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

consolidated statement of cash flows for the year ended december 31, 2016

(Amounts in thousand)	Note	2016	2015
		(Rupees)	
Cash flows from operating activities			
Cash generated from operations	40	18,923,994	13,396,504
Retirement and other service benefits paid		(191,412)	(190,325)
Financial charges paid		(5,718,382)	(6,780,446)
Taxes paid		(4,485,045)	(3,302,115)
Payments against provision for contractual commitments		(23,604)	(72,541)
Long term loans and advances - net		(9,556,863)	(1,602,363)
Discontinued operations		5,121,505	4,516,967
Net cash generated from operating activities		4,070,193	5,965,681
Cash flows from investing activities			
Purchases of property, plant & equipment, intangible assets and biological assets		(23,699,372)	(8,842,001)
Sale proceeds on disposal of property, plant & equipment and biological assets		46,703	138,788
Investment in subsidiary / associated company		(49,785)	(143,717)
Investment made during the year - net		(35,570,970)	24,499,917
Income on deposits / other financial assets		824,082	1,579,709
Proceeds against disposal of investment in subsidiary company		41,583,561	7,872,317
Dividends received		1,035,000	787,500
Discontinued operations		(1,188,097)	(790,020)
Net cash generated from investing activities		(17,018,878)	25,102,493
Cash flows from financing activities			
Proceeds / repayments of borrowings - net		21,331,067	(12,913,429)
Proceeds from issuance of shares		11,247,837	168,000
Share issuance cost		(79,377)	(2,340)
Proceeds against disposal of investment in subsidiary company		18,959,128	-
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		724,700	1,150,000
Repayments of short term finance		(1,080,000)	(5,150,000)
Dividends paid		(17,735,368)	(9,484,080)
Discontinued operations		(3,175,878)	(1,721,870)
Net cash used in financing activities		30,192,109	(28,300,323)
Net increase / (decrease) in cash and cash equivalents		17,243,424	2,767,851
Cash and cash equivalents at beginning of the year		11,256,488	8,488,637
Effects of exchange rate changes on cash and cash equivalents		(20,372)	-
Cash and cash equivalents at end of the year	41	28,479,540	11,256,488

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

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

notes to the consolidated financial statements for the year ended december 31, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

1.2 During the year, Dawood Hercules Corporation Limited (DH Corp), through a notice to Pakistan Stock Exchange Limited dated January 21, 2016, declared, 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 Ultimate Parent Company of the Holding 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:

	2016	2015
	%age of direct holding	
- Engro Powergen Limited (note 1.4.1)	100	100
- Engro Eximp Agriproducts (Private) Limited (note 1.4.2)	100	100
- Elengy Terminal Pakistan Limited (note 1.4.3)	80	100
- Engro Foods Limited (note 1.4.4)	-	87.06
- Engro Fertilizers Limited (note 1.4.5)	56.45	78.78
- Engro Polymer and Chemicals Limited (note 1.4.6)	56.19	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 1.4.7)	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.

Following are the subsidiaries of EPL:

	%age of direct holding	
	2016	2015
- Engro Power Services Limited (note 1.4.1.1)	-	100
- Engro Power International Holding B.V. (EPIH B.V.) (note 1.4.1.2)	100	100
- Kolachi Portgen (Private) Limited (1.4.1.3)	100	100
- Engro Powergen Qadirpur Limited (note 1.4.1.4)	68.8	68.8
- Engro Powergen Thar (Private) Limited (note 1.4.1.5)	50.1	64.1

(Amounts in thousand)

Following are associated companies of EPL:

	%age of direct holding	
	2016	2015
- GEL Utility Limited (note 1.4.1.6)	45	45
- Sindh Engro Coal Mining Company Limited (note 1.4.1.7)	11.9	19.8

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 Operations and Maintenance (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.

During the year, EPL re-structured its holding in Engro Power Services Limited (Nigeria) and transferred its shareholding to Engro Power Services Holding B.V. (EPSH B.V.) in the Netherlands, a 100% owned subsidiary of EPL through EPIH B.V.

However, this transaction shall bear no effect on the existing rights and obligations under O&M services subcontract arrangement with EPSL.

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

1.4.1.3 Kolachi Portgen (Private) Limited has been established and incorporated in Pakistan with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant. During the year, 10,000 shares of Rs. 10 each (2015: Nil) were issued to EPL.

1.4.1.4 Engro Powergen Qadirpur Limited (EPQL) is a public listed 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.

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. EPTPL has been formed for the purpose of the development of 2 x 330 MW mine mouth power plants at Thar Block II, Sindh.

During the year, EPTPL achieved financial close on April 4, 2016 for construction of 2 x 330 MW mine mouth power plant. The key agreements includes Engineering, Procurement and Construction (EPC) contract with China Machinery Engineering Corporation (CMEC) dated February 14, 2015, Power Purchase Agreement (PPA) dated May 4, 2015 with National Transmission and Dispatch Company, Implementation Agreement with Government of Pakistan dated May 04, 2015, Coal Supply Agreement dated June 7, 2015 with Sindh Engro Coal Mining Company Limited (SECMC) and Water Use Agreement dated November 19, 2015 with the Government of Sindh and Thar Power Company Limited (TPCL). Further, EPTPL has also signed Engro Supply and Services Agreement dated September 8, 2015 with EPL.

Total cost of the project is estimated at USD 1,108 million which is proposed to be financed through equity commitments of USD 277 million and Debt portion of USD 831 million. Debt portion is a mix of local and foreign financing. EPTPL signed all major financing agreements with lenders on December 21, 2015. Partial drawdowns against local and foreign financing agreement have been made during the year.

(Amounts in thousand)

Further, during the year, additional 537,189,393 ordinary shares were subscribed by EPL in the capital of Engro Powergen Thar (Private) Limited (EPTPL). EPL now holds 50.10% of the issued capital of EPTPL while the balance share holding is held by CMEC Thar Power Investment Limited, Habib Bank Limited and Liberty Mills Limited.

1.4.1.6 GEL is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. The Group holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2015: 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, SECMC achieved financial close of the Project on April 4, 2016 for construction of coal mine with the capacity of 3.8 million tonnes per annum. This coal will be supplied to Engro Powergen Thar (Private) Limited (EPTPL) as per Coal Supply Agreement dated June 7, 2015. Other key agreements entered into for the Project include Engineering, Procurement and Construction (EPC) contract with China Machinery Engineering Corporation (CMEC) dated September 10, 2014 and Implementation Agreement with GoS dated November 19, 2015.

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 is a mix of local and foreign financing. SECMC signed all major financing agreements with the lenders on December 21, 2015. Partial drawdowns against the local and foreign financing agreements have been made during the year.

During the year, EPL acquired 3,359,331 (2015: 988,948) additional ordinary shares of the Sindh Engro Coal Mining Company Limited (SECMC) out of the total 219,698,267 (2015: 165,578,298) ordinary shares issued. EPL's percentage holding in the shareholding of the SECMC as at December 31, 2016 was 11.91% (December 31, 2015: 19.80%).

1.4.2 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAPL) is a private limited company, incorporated in Pakistan. The principal activity of the EEAPL is to produce, manufacture and trade all kinds of rice, 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 comprising of 190,798,200 ordinary shares and 10,000,000 preference shares for Rs. 4,400,000 as part of its restructuring plans.

During the year, the Holding Company subscribed 62,700 further shares in EEAPL at Rs.10,000 per share by investing Rs. 377,000 and converted the advance against issue of share capital amounting to Rs. 250,000.

(Amounts in thousand)

1.4.3 Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), 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 ETPL.

During the year, ETPL issued 190,572,852 ordinary shares of Rs. 10 each as fully paid right shares, out of which 150,035,215 shares were subscribed by the Holding Company and the balance 40,537,637 right shares were renunciated by the Holding Company in favor of International Finance Corporation (IFC). As a result, the Holding Company, as at the balance sheet date, holds 80% of the issued share capital of ETPL.

1.4.4 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.

During the year, on March 3, 2016, the Holding Company notified the Pakistan Stock Exchange (PSX) that it has received a public announcement of intention by a potential acquirer to acquire up to 51% of the total issued ordinary shares of Engro Foods Limited (EFoods) under a Share Purchase Agreement (SPA) and through a Mandatory Tender Offer (MTO) to the remaining shareholders of EFoods. The Holding Company, on July 4, 2016, informed the PSX that the SPA has been entered into between FrieslandCampina Pakistan Holding B.V. (FCP), a wholly owned subsidiary of Royal FrieslandCampina N.V. (RFC) and the Holding Company with respect to the sale of up to 51% of the total issued shares of EFoods. In respect thereof the shareholders of the Holding Company in its Extra Ordinary General Meeting, held on August 5, 2016, unanimously approved the disposal of up to 51% of the Holding Company's shareholding in EFoods.

FCP as required under the takeover laws, made MTO on October 5, 2016, to acquire upto 49.8 million ordinary shares of EFoods, representing 6.5% of the total issued ordinary shares of EFoods at an offer price of Rs. 151.85 per share. Consequent to the MTO, the Holding Company divested 361,299,052 ordinary shares of Rs. 10 each held in EFoods representing 54.1% of it's investment at a price of Rs. 120.15 per share, determined in accordance with the terms of the SPA. The terms of the SPA also entitiles the Holding Company to receive additional consideration of Rs. 0.40 per share consequent to recovery of sales tax refundable balances of EFoods for the periods 2006 - 2011, upon certain conditions. As a result of the above, the Holding Company, as at the balance sheet date, holds 39.9% of the issued share capital of EFoods.

As at December 31, 2016, the Holding Company has received an amount of Rs. 43,355,886 from FCP, out of the total consideration of Rs. 43,553,428 and the balance amount has been recorded as receivable from FCP (note 15).

The Holding Company has also granted EFoods, the right to use its know-how in connection with the manufacturing, packaging, marketing, sale, use and distribution of dairy products under the Know-How License agreement effective December 20, 2016. In consideration of the right granted, the Holding Company is entitled to a royalty fee of 0.5% of the net sales of EFoods derived from the sales of all products in the territory, when EFoods meets certain agreed sales targets.

1.4.5 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, the Holding Company sold 297,196,000 ordinary shares of Rs. 10 each held in EFert, representing 28.34% of its investment, through private placement, at a price of Rs. 65.47 per share, determined through a book building mechanism. These shares were placed to local / foreign institutional investors and high net-worth individuals.

(Amounts in thousand)

As a result of the aforementioned events, the Holding Company, as at the balance sheet date, holds 56.45% of the issued share capital of EFert.

Following are the subsidiaries of EFert:

	%age of holding 2016	2015
- Engro Eximp (Private) Limited - EEPL (note 1.4.5.1)	Amalgamated in Efert	100
- Engro Eximp FZE (note 1.4.5.2)	100	100

1.4.5.1 Last year, the Board of Directors of EEPL and the Board of Directors of EFert gave approval to proceed with the scheme of Amalgamation (the Scheme) of EEPL with EFert. The said scheme was sanctioned by the court on April 30, 2016 pursuant to which EEPL ceased to exist as a legal entity, with all its assets being merged and amalgamated into EFert.

1.4.5.2 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.

1.4.6 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.

During the year, the Holding Company, in its Annual General Meeting held on April 15, 2016, has obtained shareholders approval for the disposal of the Holding Company's entire 56.19% shareholding in EPCL i.e. 372,810,000 ordinary shares of Rs. 10 each. Pursuant to the public announcement of intention to the stock exchange by the potential acquirer, to acquire the entire shareholding of the Holding Company in EPCL and commencement of due diligence, the potential acquirer was granted an extension in time for making the public announcement of offer by the SECP to complete the due diligence and finalize certain outstanding commercial matters. The potential acquirer on August 20, 2016, informed the SECP and the PSX that it was not in a position to make the offer in the time period allocated by the SECP, as the negotiations had not reached completion and as the time period to make the offer has lapsed, it is withdrawing its intention to acquire the aforesaid shares of EPCL whilst reserving its right to make a further announcement of intention should this be deemed viable.

Further, during the period, the Holding Company, in its Annual General Meeting held on April 15, 2016, has obtained its shareholder's approval for the disposal of the Holding Company's entire shareholding in EPCL representing 56.19% i.e. 372,810,000 shares.

1.4.7 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.

(Amounts in thousand)

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 2016

The following amendments to published standards are mandatory for the financial year beginning January 1, 2016:

- IFRS 5 'Non-current assets held for sale and discontinued operations'.The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the consolidated financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'. This amendment will not have any significant impact on the Group's financial statements.

- IFRS 11 'Joint arrangements'. This amendment provides specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. The amendment address diversity in practice related to the accounting for these transactions. The Group's current accounting treatment is already in line with this amendment.

- IAS 1 'Presentation of financial statements' These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosures of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. This amendment will not have any significant impact on the Group's financial statements.

(Amounts in thousand)

- IAS 19 (Amendment), 'Employee benefits'. 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. The Group's accounting treatment is already in line with this amendment.

- IAS 27 'Separate financial statements'. This amendment restores the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group's current accounting treatment is already in line with this amendment.

- IAS 34 'Interim financial reporting'. 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 not have any significant impact on the Group's financial statements.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016 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 standards and amendments to published standards are not effective for the financial year beginning on January 1, 2016 and have not been early adopted by the Group:

- IFRS 9 'Financial instruments' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by Securities and Exchange Commission of Pakistan (SECP). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. It is unlikely that the standard will have any significant impact on the Group's financial statements.

- IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by SECP. This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Group is yet to assess the full impact of the standard.

- IFRS 16 'Leases' (effective for periods beginning on or after January 1, 2019). This standard is yet to be notified by SECP. This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is yet to assess the full impact of the standard.

(Amounts in thousand)

- IAS 7 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that this standard will have any significant impact on the Group's financial statements.

- Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealized losses (effective for periods beginning on or after January 1, 2017). These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. It is unlikely that the standard will have any significant impact on 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 affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date 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 value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is 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.

(Amounts in thousand)

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 subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in 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 asset is made for possible impairment on an annual basis.

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

2.3 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.

(Amounts in thousand)

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

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

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

2.4 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.

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.

(Amounts in thousand)

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.

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 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.

(Amounts in thousand)

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.

(Amounts in thousand)

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.

(Amounts in thousand)

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 2.16.

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.

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.

(Amounts in thousand)

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 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.

2.15 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material and certain purchased products in transit which are stated at cost (invoice value) plus other charges incurred thereon till the 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.

2.16 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.

2.17 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.

(Amounts in thousand)

2.18 Share capital

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

2.19 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.

2.20 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.

2.21 Trade and other payables

Trade and other payables are recognized initialy at fair value and subsequently measured at amotized 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.

(Amounts in thousand)

2.22 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 lease arrangements. Rentals due under operating lease arrangements are recognised in the profit and loss account.

2.23 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.

2.24 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.

2.24.1 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.

2.24.2 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 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.

(Amounts in thousand)

2.25 Retirement and other service benefits

2.25.1 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.

2.25.2 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 include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

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

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.

(Amounts in thousand)

2.25.3 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.

2.25.4 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.

2.26 Foreign currency transactions and translation

2.26.1 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.

2.26.2 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.

2.27 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.

- Royalty income from associates is recognized on an accrual basis in accordance with the agreements entered therewith.

2.28 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.

2.29 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.

(Amounts in thousand)

2.30 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.

2.31 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.

2.32 Transactions with related parties

Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions agreed between the parties.

2.33 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognized in the period in which these are approved.

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

b) 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.

c) 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)

d) 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.

e) Income taxes
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.

f) Provision for retirement and other service benefits obligations
The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations.

g) 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.

h) 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.

i) Fair value of investment in associates
Certain estimates have been used to determine the fair value of investment in associate (previously subsidiary) upon loss of control, as disclosed in note 7.6.

4. PROPERTY, PLANT & EQUIPMENT

	2016	2015
	----------------(Rupees)----------------	
Operating assets, at net book value (note 4.1)	106,269,220	123,625,947
Capital work in progress - Expansion and other projects (note 4.5)	23,789,784	3,695,782
Capital spares and standby equipments	1,349,490	1,082,062
	131,408,494	128,403,791

4.1 Operating assets

	Land		Building		Pipelines	Plant and Machinery		Catalyst	Furniture fixture and equipments		Vehicles		Jetty	Dredging	Total
	Freehold	Leasehold	Freehold	Leasehold		Owned	Leased		Owned	Leased	Owned	Leased			
	(Rupees)														
As at January 1, 2015															
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)
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
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 4.1.1)	-	-	-	-	-	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)
	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

	Land		Building		Pipelines	Plant and Machinery		Catalyst	Furniture fixture and equipments		Vehicles		Jetty	Dredging	Total
	Freehold	Leasehold	Freehold	Leasehold		Owned	Leased		Owned	Leased	Owned	Leased			
	(Rupees)														
Year ended December 31, 2016															
Opening 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
Amortization of															
revaluation surplus	-	(2,572)	-	(1,140)	3,355	(33,649)	-	-	-	-	-	-	-	-	(34,006)
Additions including transfers (note 4.5)	-	39	304,471	35	-	3,400,420	-	248,848	352,175	-	330,568	-	-	225,476	4,862,032
Transfers to capital spares	-	-	-	-	-	(491,037)	-	-	-	-	-	-	-	-	(491,037)
Capitalization of exchange gain															
by Subsidiary Company (note 4.1.1)	-	-	-	-	-	(2,566)	-	-	-	-	-	-	-	-	(2,566)
Adjustments / reclassifications															
Cost	2,488	-	-	-	-	(32,581)	-	-	-	-	-	-	-	-	(30,093)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2,488	-	-	-	-	(32,581)	-	-	-	-	-	-	-	-	(30,093)
Disposals / Write offs (note 4.4)															
Cost	-	-	(625)	-	-	(310,093)	-	-	(41,629)	-	(262,122)	-	-	-	(614,469)
Accumulated depreciation	-	-	625	-	-	259,168	-	-	27,781	-	204,752	-	-	-	492,326
Accumulated impairment	-	-	-	-	-	7,758	-	-	850	-	53	-	-	-	8,661
	-	-	-	-	-	(43,167)	-	-	(12,998)	-	(57,317)	-	-	-	(113,482)
Depreciation charge (note 4.2)	-	(16,238)	(453,321)	(45,028)	(97,109)	(7,514,086)	-	(200,589)	(250,585)	-	(198,379)	-	(229,200)	(202,276)	(9,206,811)
Impairment (note 4.3)	-	-	-	-	-	(105,412)	-	-	(976)	-	-	-	-	-	(106,388)
Discontinued operations (note 36)															
Cost	(408,580)	-	(3,959,817)	-	-	(16,656,897)	(12,741)	-	(619,786)	-	(762,388)	(38,400)	-	-	(22,458,609)
Accumulated depreciation	-	-	1,266,028	-	-	7,878,696	12,741	-	456,571	-	394,497	38,400	-	-	10,046,933
Accumulated impairment	-	-	-	-	-	176,312	-	-	126	-	862	-	-	-	177,300
	(408,580)	-	(2,693,789)	-	-	(8,601,889)	-	-	(163,089)	-	(367,029)	-	-	-	(12,234,376)
Net book value	306,054	225,559	3,927,677	521,157	2,222,014	90,575,492	-	327,848	463,579	721	283,015	-	4,900,824	2,515,280	106,269,220
As at December 31, 2016															
Cost	306,054	497,602	5,606,721	1,718,750	2,909,870	137,175,824	-	2,209,022	1,749,292	21,723	677,040	-	5,304,592	2,864,149	161,040,639
Accumulated depreciation	-	(137,122)	(1,679,044)	(554,814)	(687,856)	(44,108,690)	-	(1,881,174)	(1,197,371)	(21,002)	(394,025)	-	(403,768)	(348,869)	(51,413,735)
Accumulated impairment	-	(134,921)	-	(642,779)	-	(2,491,642)	-	-	(88,342)	-	-	-	-	-	(3,357,684)
Net book value	306,054	225,559	3,927,677	521,157	2,222,014	90,575,492	-	327,848	463,579	721	283,015	-	4,900,824	2,515,280	106,269,220
Annual rate of															
depreciation (%)"	-	1 to 8	2.5 to 33	2.5 to 10	5	2.5 to 25	20	No. of production days		3 to 33	20	5 to 25	25	6.67	6.67 to 20

(Amounts in thousand)

4.1.1 Represents exchange gain netted amounting to Rs. 2,566 (2015: exchange loss capitalized amounting to Rs. 364,019) pertaining to Engro Powergen Qadirpur Limited.

4.2 Depreciation charge for the year has been allocated as follows:

	2016	2015
	(Rupees)	
Cost of goods sold (note 28.1)	8,330,442	8,671,629
Cost of services rendered (note 28.2)	533,561	417,336
Selling and distribution expenses (note 29)	247,531	236,526
Administrative expenses (note 30)	95,277	115,730
	9,206,811	9,441,221

4.2.1 During the year, Engro Polymer and Chemicals Limited (EPCL) re-assessed useful lives of its plant and machinery. For this purpose, EPCL engaged an independent expert / valuer and, based on the assessment carried out by the expert, has increased the useful lives of relevant assets by 5 to 31 years. Based on the report of the expert the useful lives of the relevant assets have been increased with effect from January 1, 2016. This change in the accounting estimate of useful lives has been accounted for prospectively in accordance with the requirements of IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors', which has resulted in reduction in depreciation charge for the year by Rs. 443,612 and increase in carrying value of property, plant and equipment by the same amount.

Had there been no change in the accounting estimate of useful lives of plant and machinery, the profit after tax for the current year would have been lower by Rs. 297,472.

4.3.1 Impairment loss has been allocated as follows

	2016	2015
	(Rupees)	
Operating assets (note 4.1)	106,388	3,380,503
Stores and spares (note 10)	-	73,681
	106,388	3,454,184

4.3.1 Last year, the management taking cognizance of the significant losses suffered by Engro Eximp Agriproducts (Private) Limited (EEAPL), as an indicator of impairment, had conducted an impairment test of its Rice processing plant. The recoverable amount so determined was less than the carrying value of the plant and machinery, thereby resulting in an impairment loss of Rs. 3,384,030 which was recognized in the profit and loss account for the year ended December 31, 2015. As at December 31, 2016, the management re-assessed the recoverable amount of the Rice processing plant, using revised corporate plan of EEAPL. Based on the re-assessment, no further impairment or reversal of impairment is required as at December 31, 2016.

The recoverable amount of Rs. 986,923 as at December 31, 2016 (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 11.48%. In this assessment key assumptions relating to plant recovery rates, primary margins, fixed and conversion costs etc. had 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 was based on management's approved Corporate Plan.

(Amounts in thousand)

4.3.2 During the year, EFoods based on a review for impairment of its operating assets identified that the carrying values of certain operating assets in Dairy and Beverages segment exceed their estimated recoverable amounts. These assets were deemed as idle primarily due to discontinuation of certain SKUs to rationalize product portfolio of the Company. The recoverable amount of these assets amounted to Rs. 79,045, determined on the basis of fair value less cost of disposal of underlying assets which is based on the historical experience of net recovery proceeds on similar nature of assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. Accordingly, provision for impairment amounting to Rs. 106,388 was recognized in this respect.

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)			
Buildings and civil works on freehold land	Write-off	625	625	-	-
Plant and machinery					
Sold to Third Party under Company Policy	MAZ Consolidation	69,866	51,911	17,955	35,543
	Smart Power Systems	875	612	263	158
Sold through auction	M/s Shafiq	873	784	89	20
	M/s Shama Engineering	1,483	602	881	33
Insurance claims	Pak Kuwait Takaful Company Ltd.	114	10	104	77
	EFU General Insurance Limited	57	5	52	57
Assets having net book value of less than Rs. 50		124,029	118,204	5,825	7,431
	Write-off	112,796	94,798	17,998	-
		310,093	266,926	43,167	43,319
Furniture, fixture and equipment					
Sold to Third Party under Company Policy	Agility Logistics	214	98	116	116
By Company policy to existing / resigned / retired executives	Khalid Siraj Subhani	420	90	330	-
	Naz Khan	175	106	69	-
Insurance claims	EFU General Insurance Limited	1,209	649	560	715
	Various	18,369	7,373	10,996	24,334
Items having net book value upto Rs.50 each		17,129	16,803	326	1,084
	Write-off	4,113	3,512	601	-
		41,629	28,631	12,998	26,249
Balance carried forward		352,347	296,182	56,165	69,568

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds
		---(Rupees)---			
Balance brought forward		352,347	296,182	56,165	69,568
Vehicles					
By Company policy to existing / resigned / retired executives	Farman Ahmad Khan Lodhi	2,083	1,561	522	522
	Nadeem Munawar	1,560	1,170	390	390
	Jawed Hussain	1,560	1,170	390	390
	Imran Raza Shaikh	1,560	1,170	390	390
	Rabia Wafah Khan	1,560	1,170	390	390
	Muhammad Asad Waheed	2,091	1,568	523	523
	Ahmad Shakoor	8,000	6,000	2,000	2,000
	Aasim Butt	8,000	6,000	2,000	2,000
	Mohammad Imran Khaliq	1,638	1,228	410	410
	Hurmat Bano	1,638	1,229	409	409
	Umed Ali Mallah	1,638	1,229	409	409
	Mudassir Yaqoob Rathor	2,447	1,835	612	612
	Usman Asif	1,638	1,229	409	409
	Saqib Ansari	1,638	1,229	409	409
	Mirza Arsalan Baig	1,560	1,170	390	390
	Sadia Malik	1,638	1,228	410	410
	Faiz Chapra	2,332	1,749	583	583
	Jahangir Piracha	8,000	5,625	2,375	2,000
	Ikram Nabi	1,638	1,152	486	410
	Rahim Anwar	1,648	1,030	618	464
	Mudassir Bashir	1,638	1,203	435	409
	Najam Saeed	2,058	1,447	611	515
	Syed Ali Akbar	2,176	1,632	544	544
	Muhamamd Imran Baloch	1,638	1,203	435	410
	M. Saad Khan	1,638	1,177	461	410
	Iftikhar Ahmed Dar	1,406	1,055	351	351
	Sarah Aziz	1,645	1,234	411	411
	Ahsan Afzaal Ahmad	8,000	6,288	1,712	2,000
	Adil Aizaz	1,646	494	1,152	993
	Jawad Akhtar	1,726	906	820	1,034
	Mushtaq Vighio	1,592	806	786	1,358
	Salman Ali Khan	1,568	823	745	1,215
	Muhammad Imran Khalil	2,392	1,659	733	598
	Adnan Mahmood	2,392	1,682	710	598
	Syed Ali Abbas	1,773	1,064	709	942
	Zahid Mahmood	2,383	1,806	577	815
	Naveed Zafar	1,706	1,151	555	816
	Muhammad Muddasir	2,146	1,610	536	537
	Rameez Ahmed Faraz	2,091	1,568	523	523
	Ayaz Ahmed	1,594	1,076	518	941
	Faheem Ahmed	683	179	504	547
	Muhammad Raza	683	205	478	506
	Hassan Nazir	1,593	1,135	458	717
Balance carried forward - Vehicles		100,034	71,145	28,889	30,710
Balance carried forward - Others		352,347	296,182	56,165	69,568

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds
		---(Rupees)---			
Balance brought forward - Others		352,347	296,182	56,165	69,568
Balance brought forward - Vehicles		100,034	71,145	28,889	30,710
	Dawar Iqbal	690	234	456	277
	Usman Saif	1,711	1,283	428	1,055
	M Ali Raza	683	282	401	398
	Muhammad Bilal	1,555	1,166	389	903
	Muhammad Naeem Zulfiqar	1,495	1,121	374	374
	Faiz Ul Hassan	1,495	1,121	374	374
	Laraib Zafar	1,474	1,106	368	369
	Rehan Khaliq	1,474	1,106	368	369
	Muhammad Shoaib	1,474	1,106	368	369
	Ramzan Buriro	1,461	1,096	365	365
	Muhammad Farjad	710	346	364	424
	Adnan Ishtiaq	1,424	1,068	356	356
	Muhammad Ali	1,534	1,179	355	868
	Muhammad Imran	683	333	350	397
	Sabir Mahmood	1,466	1,120	346	346
	Imran Khatak	1,625	1,279	346	530
	Zeeshan Ur Rab	1,374	1,031	343	344
	Mustafa Hasan Qureshi	1,424	1,092	332	356
	Bilal Muhammad Niazi	1,555	1,224	331	798
	Nasir Iqbal	1,515	1,193	322	851
	Sarfaraz Soomro	1,845	1,556	289	663
	Safwan Munir	667	400	267	311
	Nabeel Ahmed	1,478	1,218	260	762
	Ali Rashid Khan	1,648	1,405	243	510
	M Ali Hafeez	1,499	1,259	240	751
	Athar Jameeli	1,482	1,248	234	719
	Ahtesham Waheed Baig	1,569	1,353	216	795
	Muhammad Akhtar Tahir	1,495	1,285	210	707
	Naeem Shah	667	463	204	274
	Obaid Khan	667	463	204	300
	Ali Sulaiman	1,586	1,398	188	714
	Muhammad Shahzad	1,586	1,398	188	714
	Kamran Chishti	1,495	1,317	178	706
	Muhammad Zubair	1,699	1,529	170	340
	Mubashir Tahir	676	507	169	270
	Syed Imran Haider	1,625	1,462	163	325
	Imran Aslam	1,586	1,428	158	714
	Muhammad Rafiq Shah	1,586	1,428	158	724
	Irfan Ali	1,586	1,428	158	714
	Bakshal Shah Bukhari	1,586	1,428	158	714
	Zain Ul Abidin	1,586	1,428	158	714
	Tariq Mehmood	1,569	1,412	157	706
	Muhammad Yousif Noori	1,569	1,412	157	707
		59,574	47,711	11,863	23,977
Balance carried forward - Vehicles		159,608	118,856	40,752	54,687
Balance carried forward - Others		352,347	296,182	56,165	69,568

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds
		----------(Rupees)----------			
Balance brought forward - Others		352,347	296,182	56,165	69,568
Balance brought forward - Vehicles		159,608	118,856	40,752	54,687
	Fayyaz Ahmed	1,569	1,412	157	706
	Amin Khalique	1,569	1,412	157	706
	Khurram Shehzad	1,555	1,399	156	700
	Awais Ahmed Bhatti	1,555	1,399	156	700
	Saud Farooq	1,534	1,381	153	690
	Imran Ali Sheikh	657	505	152	202
	Mohsin Ali	1,499	1,349	150	674
	Kashif Nisar	1,495	1,346	149	673
	Shaharyar Jehangir	1,495	1,345	150	400
	Nabeel Gilani	1,495	1,345	150	673
	Rashid Saeed Kunwar	1,495	1,345	150	673
	Ameerzada Mumtaz	1,495	1,345	150	673
	Usman Ali Dogar	1,495	1,345	150	673
	Usman Faiq	1,495	1,345	150	747
	Muhammad Imran	1,495	1,345	150	673
	Muhammad Atiq Chishty	1,495	1,345	150	673
	Armughan Ishrat	1,495	1,345	150	673
	Babar Iqbal Khan	1,495	1,345	150	908
	Raja Ali Ahsan	1,495	1,345	150	673
	Tehseen Ullah	1,485	1,337	148	668
	Ismail Shah	1,485	1,337	148	668
	Siraj Ur Rehman	1,485	1,337	148	668
	Faheem Khan	1,482	1,333	149	667
	Imran Haider Klasoon	1,482	1,333	149	667
	Raja Masood Akhtar	1,482	1,333	149	667
	Muhammad Iqbal	1,482	1,333	149	667
	Kashif Mehmood	1,481	1,333	148	667
	Akhtar Tahir	1,481	1,333	148	667
	Faisal Iqbal	1,481	1,333	148	667
	Syed Ali Akbar Shah	1,423	1,282	141	760
	M.Asad Malik	612	470	142	204
	Kamran Abbasi	612	470	142	153
	Muhammad Pervaz Rafiq	666	533	133	133
	Farhan Shokat	671	542	129	134
	Shahid Saleem	671	542	129	215
	Babar Mughal	612	482	130	199
	Noman Ali	595	476	119	178
	Muhamamd Akram	612	493	119	178
	Ali Mumtaz Khan	581	464	117	116
	Syed Ghazanfar Ali	574	459	115	115
	Abid Anwar	554	443	111	111
	Zeeshan Akram	554	443	111	111
	Muhammad Yahya	549	439	110	110
		51,990	45,878	6,112	21,880
Balance carried forward - Vehicles		211,598	164,734	46,864	76,567
Balance carried forward - Others		352,347	296,182	56,165	69,568

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds
		----------(Rupees)----------			
Balance brought forward - Others		352,347	296,182	56,165	69,568
Balance brought forward - Vehicles		211,598	164,734	46,864	76,567
	Muhammad Imran	537	430	107	107
	Irshad Hussain	586	483	103	340
	Muhammad Khubaib	586	494	92	117
	Raheel Ahmed Siddiqui	612	539	73	122
	Masood Aqeel	610	538	72	214
	Babar Ahmed Khan	586	515	71	117
	Abid Jalal	586	515	71	117
	Jahangir Shah	586	515	71	127
	Saif Ullah Jamali	612	551	61	122
	Kashif Liaquat	612	551	61	122
	Kazim Hussain	612	551	61	122
	Junaid Khalid	612	551	61	134
	Khalid Rehman	612	551	61	122
	Mairaj Mughal	610	549	61	122
	Muhammad Noman	610	549	61	122
	Ather Abbas	610	549	61	122
	Imran Qasim Malik	586	526	60	117
	Muhammad Aslam Javaid	1,394	1,334	60	349
	Ali Rafique	586	528	58	117
	Irfan Qadir	586	528	58	117
	Tauqeer Ahmed	586	528	58	117
	Dr Noor	586	528	58	137
	Dr. Zubair	586	528	58	117
	Usman Amin	586	527	59	143
	Dr Liaquat Ali	586	527	59	117
	Dr Rameez	586	527	59	117
	Muhammad Yasir	583	525	58	117
	Dr Faseh	583	525	58	117
	Mehboob Alam	583	525	58	117
	Jawad Saleem	572	515	57	114
	Saeed Ahmed	554	499	55	111
		19,122	17,101	2,021	4,273
		230,720	181,835	48,885	80,840
Sale through bid / auction	Waqar Ahmed	750	600	150	574
	Imran Ahmed	654	523	131	568
	Umer Ayaz Khan	1,398	1,048	350	897
	Waseem Mirza	1,956	1,760	196	888
	Syed Riaz Ahmed	1,268	1,141	127	735
	Waseem Mirza	596	525	71	347
	Khalid Anwar	680	612	68	951
	Adam Khan Afridi	630	567	63	321
	Muhammad Amir Khan	622	560	62	299
	Muhammad Idrees	598	538	60	379
		9,152	7,874	1,278	5,959
Balance carried forward - Vehicles		239,872	189,709	50,163	86,799
Balance carried forward - Others		352,347	296,182	56,165	69,568

(Amounts in thousand)

Description and method of disposal	Sold to	Cost	Accumulated depreciation & impairment	Net book value	Sale Proceeds
		-----	-----	(Rupees)	-----
Balance brought forward - Others		352,347	296,182	56,165	69,568
Balance brought forward - Vehicles		239,872	189,709	50,163	86,799
	Muhammad Javed	597	537	60	344
	Abrar Khan	597	537	60	348
	Khalid Anwar	597	537	60	305
	Muhammad Amir Khan	586	528	58	275
	Sheikh Waheed	586	528	58	190
	Muhammad Amir Khan	586	528	58	273
	Sheikh Waheed	586	528	58	195
	Syed Adil Ali	586	528	58	189
	Syed Riaz Ahmed	528	475	53	296
	Adam Khan Afridi	528	475	53	371
		5,777	5,201	576	2,786
Insurance claims	EFU General Insurance Limited	4,899	1,499	3,400	4,587
	Adamjee Insurance Company Limited	691	104	587	562
		5,590	1,603	3,987	5,149
Items having net book value upto Rs.50 each		10,683	8,092	2,591	2,693
Write-off		200	200	-	-
		262,122	204,805	57,317	97,427
Year ended December 31, 2016		614,469	500,987	113,482	166,995
Year ended December 31, 2015		490,523	291,098	199,425	245,454

(Amounts in thousand)

4.5 Capital work in progress

	2016	2015
	----(Rupees)	----
Plant and machinery	23,341,140	3,136,563
Building and civil works including pipelines	195,647	289,202
Furniture, fixture and equipment	34,013	67,108
Advances to suppliers	105,853	137,838
Other ancillary cost	113,131	65,071
	23,789,784	3,695,782
Balance as at January 1	3,695,782	9,886,547
Additions during the year	25,748,401	6,541,580
Transferred to:		
- operating assets (note 4.1)	(4,846,721)	(12,652,662)
- intangible assets (note 6)	(65,620)	(79,683)
- capital spares	(9,647)	-
Less: Discontinued operations (note 36)	(732,411)	-
Balance as at December 31	23,789,784	3,695,782

5. BIOLOGICAL ASSETS

	2016	2015
	----(Rupees)	----
Dairy livestock (note 5.1)		
- mature	567,873	606,622
- immature	370,279	427,473
	938,152	1,034,095
Provision for culling (notes 5.1 and 32)	(26,067)	(24,748)
	912,085	1,009,347
Crops - feed stock	20,641	14,904
Less: Discontinued operations (note 36)	(932,726)	-
	-	1,024,251

5.1 Reconciliation of carrying amounts of livestock

	2016	2015
Carrying amount at beginning of the year	1,009,347	845,123
Add:		
Changes in fair value due to biological transformation		
- Gain due to new births [inclusive of cost of feeding immature herd of Rs. 180,862 (2015: Rs. 168,657)]	228,197	250,179
- Loss due to increase in age of livestock	(46,173)	(14,244)
	182,024	235,935
Changes in fair value due to price changes		
- Gain due to currency devaluation	494	36,287
- Loss due to decrease in international market prices	(174,403)	(28,619)
	(173,909)	7,668
Total gain (note 31)	8,115	243,603
Less:		
Decrease due to deaths / disposals	(79,310)	(54,631)
Provision for culling (note 5.2)	(26,067)	(24,748)
Carrying amount which approximates the fair value	912,085	1,009,347

(Amounts in thousand)

5.2 Represents provision in respect of low yielding animals and / or animals having poor health.

6. INTANGIBLE ASSETS

	Software and Licenses	Rights for future gas utilization	Total
	(Rupees)		
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 January 1, 2016			
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
Year ended December 31, 2016			
Opening net book value	199,323	77,523	276,846
Additions including transfers (note 4.5)	65,620	-	65,620
Amortization charge (note 6.1)	(70,544)	(5,110)	(75,654)
Discontinued operations (note 36)			
Cost	(336,876)	-	(336,876)
Accumulated amortization and impairment	292,498	-	292,498
	(44,378)	-	(44,378)
Closing net book value	150,021	72,413	222,434
As at December 31, 2016			
Cost	551,859	102,312	654,171
Accumulated amortization and impairment	(401,838)	(29,899)	(431,737)
Net book value	150,021	72,413	222,434

(Amounts in thousand)

6.1 Amortization charge for the year has been allocated as follows:

	2016	2015
	(Rupees)	
Cost of goods sold (note 28.1)	22,838	27,138
Selling and distribution expenses (note 29)	5,341	960
Administrative expenses (note 30)	47,475	70,832
	75,654	98,930

7. LONG TERM INVESTMENTS

	2016	2015
Joint venture company - Engro Vopak Terminal Limited (EVTL)		
- (notes 7.1 to 7.3)	1,420,688	1,411,394
Investment in associates (notes 7.4 and 7.5):		
- GEL Utility Limited (GEL)	1,036,660	763,270
- Sindh Engro Coal Mining Company (SECMC)	910,905	793,873
- Engro Foods Limited (EFoods) (note 7.6)	31,180,875	-
	33,128,440	1,557,143
Others, at cost		
- Arabian Sea Country Club Limited 500,000 Ordinary shares of Rs. 10 each	5,000	5,000
- Magboro Power Company	146,580	146,637
	34,700,708	3,120,174

7.1 Details of investment in EVTL is as follows:

	2016	2015
At beginning of the year	1,411,394	1,411,957
Add: Share of profit for the year (note 34)	1,044,294	786,937
Less: Dividend received during the year	1,035,000	787,500
	1,420,688	1,411,394

7.2 As at December 31, 2016, the Holding Company held 45,000,000 ordinary shares (2015: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed & paid-up capital of EVTL.

(Amounts in thousand)

7.3 The summary of financial information of EVTL as of December 31 is as follows:

Balance Sheet Particulars	2016	2015
	-----------Rupees-----------	
Cash and cash equivalents	188,679	270,960
Current financial liabilties (excluding trade and other payables)	-	247,957
Non-current financial liabilities (excluding trade and other payables)	-	-
Non-current assets	2,687,074	2,876,880
Current assets	596,801	673,134
Non-current liabilities	(8,094)	(5,547)
Current liabilities	(399,610)	(686,883)
	2,876,171	2,857,584
Group's share at 50% (2015: 50%)	1,438,086	1,428,792
Others	(17,398)	(17,398)
Carrying amount	1,420,688	1,411,394

Profit and Loss Particulars	2016	2015
	-----------Rupees-----------	
Revenue	3,155,262	2,598,949
Depreciation and amortization	226,170	224,275
Interest income	19,394	19,515
Interest expense	1,602	11,021
Income tax expense	268,344	246,203
Profit / total comprehensive income for the year	2,088,588	1,573,873

7.4 Details of investment in associates is as follows:

	2016			2015		
Particulars	EFoods	GEL	SECMC	EFoods	GEL	SECMC
	-----(Rupees)-----					
At beginning of the year	-	763,270	793,873	-	535,945	782,255
Add:						
- Investment in associates	31,219,746	-	49,785	-	-	-
- Share of (loss) / profit for the year (note 34)	(38,871)	273,390	(5,316)	-	227,325	4,683
- Gain on deemed disposal (note 31)	-	-	72,563	-	-	6,935
	31,180,875	1,036,660	910,905	-	763,270	793,873

(Amounts in thousand)

7.5 The summary of financial information / reconciliation of EFoods, GEL and SECMC as of December 31, 2016 is as follows:

	2016			2015		
Particulars	EFoods	GEL	SECMC	EFoods	GEL	SECMC
	-----(Rupees)-----					
Revenue	44,346,031	1,764,246	27,136	-	1,822,860	19,320
Profit / (loss) after tax	2,386,712	669,624	(36,834)	-	443,075	21,913
Other comprehensive income	12,168	-	(1,106)	-	-	202
Total comprehensive income / (loss)	2,398,880	669,624	(37,940)	-	443,075	22,115
Non-current assets	14,246,416	7,632,812	22,236,353	-	8,022,203	3,567,985
Current assets	10,467,356	2,119,023	2,266,348	-	995,570	712,624
Total assets	24,713,772	9,751,835	24,502,701	-	9,017,773	4,280,609
Less:						
Non-current liabilities	2,105,824	4,588,204	12,251,353	-	6,451,493	100,362
Current liabilities	5,457,429	2,954,529	4,731,858	-	1,023,104	179,881
Total liabilities	7,563,253	7,542,733	16,983,211	-	7,474,597	280,243
Net assets	17,150,519	2,209,102	7,519,490	-	1,543,176	4,000,366
Group's share in %	39.9%	45%	11.9%	-	45%	19.8%
Share of net assets	6,843,057	994,096	895,571	-	694,429	792,072
Recognition of investment at fair value (notes 7.6 and 31)	24,337,818	-	-	-	-	-
Others	-	42,564	15,334	-	68,841	1,801
Carrying amount	31,180,875	1,036,660	910,905	-	763,270	793,873

7.6 As stated in note 1.4.4 the Holding Company has partially disposed-off its investment in EFoods resulting in loss of control as at December 19, 2016. As per the Group policy for accounting for investment in associate upon loss of control, which is in accordance with the International Financial Reporting Standards, the retained interest in EFoods comprising of 306,075,948 ordinary shares of Rs. 10 each (39.9% shareholding), has been valued on the date of loss of control at fair value of Rs. 102 per share.

The fair value of Rs. 102 per share has been estimated by adjusting the quoted price of Rs. 170.03 per share as at December 19, 2016 by 40% to account for the changes in ownership / governance structure of EFoods and lock-up period under SPA, based on management's best estimate.

(Amounts in thousand)

8 DEFERRED TAXATION

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Engro Corporation Limited	-	476,017	1,124	-
Engro Fertilizers Limited	-	7,491,859	-	6,419,916
Engro Foods Limited	-	-	-	1,816,289
Engro Eximp (Private) Limited	-	-	73,472	-
Engro Powergen Limited	-	69,461	-	-
Engro Polymer and Chemicals Limited	549,328	-	908,103	-
Engro Elengy Terminal (Private) Limited	-	723,949	-	219,748
Net effect of consolidation adjustments	4,859	221,420	-	233,861
	554,187	8,982,706	982,699	8,689,814

8.1 Credit / (Debit) balances arising on account of:

	2016	2015
	----------------(Rupees)----------------	
- Accelerated depreciation allowance	17,636,684	18,686,280
- Recoupable carried forward tax losses (note 8.2)	(2,778,309)	(4,433,352)
- Recoupable minimum turnover tax (note 8.3)	(2,346,967)	(2,517,145)
- Recoupable Alternative Corporate Tax (note 8.4)	(3,962,572)	(3,962,572)
- Unrealized foreign exchange losses, unpaid liabilities and provision for retirement and other service benefits	(68,421)	(101,804)
- Provision for Gas Infrastructure Development Cess, Custom duty and Special Excise Duty	(618,568)	(325,412)
- Provision for net realizable value of stock-in-trade	(109,811)	(14,312)
- Deferred tax on recognition of investment at fair value	478,244	-
- Others	198,239	375,432
	8,428,519	7,707,115

(Amounts in thousand)

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, 2016 are as follows:

	2016	2015
	----------------(Rupees)----------------	
- Engro Fertilizers Limited	-	3,051,556
- Engro Polymer and Chemicals Limited	9,261,030	11,415,228
- Engro Eximp (Private) Limited	-	100,894
	9,261,030	14,567,678

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:

	2016	2015
	----------------(Rupees)----------------	
Engro Fertilizers Limited	2,178,308	2,491,715
Engro Polymer and Chemicals Limited	168,659	-
Engro Eximp (Private) Limited	-	25,430
	2,346,967	2,517,145

8.4 Through Finance Act, 2014, a new section 113C 'Alternative Corporate Tax' (ACT) had 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, 2016 amounts to:

	2016	2015
	----------------(Rupees)----------------	
Engro Fertilizers Limited	3,962,572	3,962,572

(Amounts in thousand)

9. LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES

- Considered good

	2016	2015
	----------------(Rupees)----------------	
Executives (notes 9.1 to 9.4)	427,872	492,812
Other employees (notes 9.2 and 9.4)	13,645	49,352
	441,517	542,164
Less: Current portion shown under current assets (note 14)	180,592	209,270
	260,925	332,894
Receivable from Sui Southern Gas Company Limited (SSGCL) (note 9.5)	1,085,717	1,104,066
Less: Current portion shown under current assets (note 14)	21,966	18,372
	1,063,751	1,085,694
Direct cost of Floating Storage & Regasification Unit (FSRU) (note 9.6)	1,139,125	1,225,641
Insurance policy (note 9.7)	7,382,169	1,021,652
Other receivables	4,531	92,213
	9,850,501	3,758,094

9.1 Reconciliation of the carrying amount of loans and advances to executives:

Balance as at January 1	492,812	446,307
Add: Disbursements	326,405	390,848
Less: Repayments / Amortization	(323,414)	(344,343)
Less: Discontinued operations (note 36)	(67,931)	-
Balance as at December 31	427,872	492,812

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. 526,306 (2015: Rs. 599,745).

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. EETPL constructed and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect.

(Amounts in thousand)

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 These primarily represent payments made to China Export and Credit Insurance Bank (Sinosure) by Engro Powergen Thar (Private) Limited (EPTPL) amounting to Rs. 7,094,310, in connection with insurance cover obtained over financing arrangements relating to Chinese lenders, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. The portion of the above costs, Rs. 1,660,620, which relate to facilities actually utilized has been adjusted against related borrowings and is being amortized over the term of the loan. The balance amount, Rs. 7,382,169, will be recognized as transaction cost over the term of financing upon draw down of facilities.

10. STORES, SPARES AND LOOSE TOOLS

	2016	2015
	----------------(Rupees)----------------	
Consumable stores	2,130,493	693,837
Spares and loose tools including in-transit Nil (2015: Rs. 592)	5,381,606	7,382,260
	7,512,099	8,076,097
Less:		
- Provision for surplus and slow moving items	290,378	294,044
- Provision for impairment (note 4.3)	73,681	73,681
- Stores and spares written-off	-	29,200
	7,148,040	7,679,172

11. STOCK-IN-TRADE

Raw materials and packing materials (notes 11.1 and 11.3)	2,469,134	5,459,117
Unprocessed rice	351,231	369,320
Fuel stock (note 11.2)	381,244	382,085
Work-in-process	32,868	213,415
Finished goods:		
- own manufactured product (note 11.1)	6,333,929	3,950,386
- purchased product (notes 11.1)	1,135,905	3,714,378
	7,469,834	7,664,764
	10,704,311	14,088,701

11.1 Includes:

- materials in transit amounting to Rs. 548,142 (2015: Rs. 416,837);

- inventories carried at net realizable value of Rs. 70,067 (2015: Rs. 561,853); and

- inventories held at storage facilities of third parties amounting to Rs. 365,765 (2015: Rs. 735,799).

(Amounts in thousand)

11.2 Represents 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.

11.3 Packaging material amounting to Rs. 7,800 (2015: Nil) has been written-off.

12. TRADE DEBTS

	2016	2015
	----------------(Rupees)----------------	
Considered good		
- secured (note 12.1 and 12.2)	13,502,229	6,297,449
- unsecured	231,253	436,164
	13,733,482	6,733,613
Considered doubtful	24,400	24,682
	13,757,882	6,758,295
Less: Provision for impairment (note 12.3)	24,400	24,682
	13,733,482	6,733,613

12.1 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. 3,896,828 (2015: Rs. 2,760,311), are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

12.2 Includes Rs. 2,131,284 (2015: Rs. 1,017,916) due from SSGCL, in respect of capacity and utilization charges billed in accordance with the terms of LSA.

12.3 As at December 31, 2016, trade debts aggregating to Rs. 24,400 (2015: Rs. 24,682) were past due and impaired and have been provided for. The movement in provision during the year is as follows:

	2016	2015
	----------------(Rupees)----------------	
Balance as at January 1	24,682	29,359
Less: Disposal of subsidiary company / Reversal	(282)	(4,677)
Balance as at December 31	24,400	24,682

(Amounts in thousand)

12.4 As at December 31, 2016, trade debts aggregating to Rs. 1,247,504 (2015: Rs. 483,778) 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:

	2016	2015
	----------------(Rupees)----------------	
Upto 3 months	1,247,504	477,878
3 to 6 months	-	5,900
	1,247,504	483,778

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
Conversion option on loan from International Finance Corporation (IFC)	-	194,999	-	298,749
Foreign exchange forward contracts (note 13.1)	-	-	-	23,982
Cash flow hedges:				
- Foreign exchange forward contracts (note 13.1)	-	54,654	29,207	57,173
- Interest rate swaps (note 13.2)	-	2,107	-	30,548
	-	251,760	29,207	410,452
Less: Current portion shown under current assets / liabilities				
Conversion option on loan from IFC	-	194,999	-	298,749
Foreign exchange forward contacts	-	-	-	23,982
Cash flow hedges:				
- Foreign exchange forward contacts	-	54,654	29,207	57,173
- Interest rate swaps	-	-	-	13,166
	-	54,654	29,207	70,339
	-	249,653	29,207	393,070
	-	2,107	-	17,382

13.1 The Group entered into various forward exchange contracts to hedge its foreign currency exposure. As at December 31, 2016, the Group, had multiple forward contracts to purchase various currencies involving amounts equivalent to USD 19,625 (2015: USD 120,604) 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, 2016 is negative Rs. 54,654 (2015: negative Rs. 51,948).

13.2 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 2,666 (2015: USD 15,727). Under these contracts the Group receives USD-LIBOR and pays fixed 2.79% - 3.73% settled semi-annually. As at December 31, 2016, the fair value of all the interest rate swaps is negative Rs. 2,107 (2015: negative Rs. 30,548).

(Amounts in thousand)

13.3 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.

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. 2,524,087 (2015: Rs. 2,526,653) as at December 31, 2016, which is net off exchange gain of Rs. 2,566 pertaining to current year (2015: Exchange loss of Rs. 364,019) in property, plant and equipment (note 4.1).

(Amounts in thousand)

13.3.1 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:

	(Increase)/ Decrease	(Increase)/ Decrease	(Increase)/ Decrease	(Increase)/ Decrease
	Non controlling interest	Unappropriated Profit	Property, Plant and equipment	Derivative financial assets (liability)
	------(Rupees)------			
As at January 1, 2015	204,741	2,004,544	(1,984,722)	(2,24,563)
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)
	915,511	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)
For the year ended December 31, 2016				
-Recognition of exchange loss	(795)	(1,761)	2,556	-
-Change in fair value of derivatives	396,210	877,368	-	(1,273,578)
	395,415	875,607	2,556	(1,273,578)
As at December 31, 2016	1,515,667	4,907,459	(2,239,439)	(4,183,687)

14. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2016	2015
	----(Rupees)----	
Current portion of long term loans and advances to executives and other employees (note 9)	180,592	209,270
Advances to executives and other employees (notes 14.1)	25,207	53,947
Current portion of receivable from SSGCL (note 9)	21,966	18,372
Advance and deposits	514,219	418,802
Prepayments:		
- insurance	231,897	253,095
- others	416,616	558,022
	1,390,497	1,511,508
Less: Provision for impairment	-	3,509
	1,390,497	1,507,999

(Amounts in thousand)

14.1 Represents interest free advances to executives for house rent, given in accordance with the Group's policy.

14.2 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.

15. OTHER RECEIVABLES

	2016	2015
	----------------(Rupees)----------------	
Receivable from Government of Pakistan against:		
- Sales tax refundable	1,079,652	4,255,640
- Subsidy (note 15.1)	6,309,486	1,303,180
Less: Provision for impairment (note 15.6)	-	180,140
	7,389,138	5,378,680
- Special excise duty refundable (note 15.2)	36,687	36,687
Less: Provision for impairment (note 15.6)	36,687	36,687
	-	-
- Customs duty claims refundable (note 15.3)	18,043	18,043
Less: Provision for impairment (note 15.6)	18,043	18,043
	-	-
- Others	211,762	194,713
	7,600,900	5,573,393
Delayed payment charges (note 15.4)	1,021,505	1,066,282
Reimbursable cost from NTDC in respect of:		
- Workers' profits participation fund	236,385	263,881
- Workers' welfare fund	205,638	205,638
Receivable from:		
- Tetra Pak Pakistan Limited	-	462,509
- Ecolean AB	-	132,474
- Engro Vopak Terminal Limited	187	22,148
- GEL Utility Limited	83,925	83,300
- Tenaga Generasi Limited	13,916	33,772
- Engro Foundation	1,801	9
- Sindh Engro Coal Mining Company Limited	1,427	2,086
- Thar Power Company Limited	146	627
- Engro Foods Limited	7,123	-
- FrieslandCampina Pakistan Holding B.V. (note 1.4.4)	197,542	-
Claims on suppliers and insurance companies	1,629	10,278
Others	196,355	68,890
Less: Provision for impairment (note 15.6)	-	35,718
	196,355	33,172
	9,568,479	7,889,569

(Amounts in thousand)

15.1 During 2015, the Government of Pakistan had notified payment of subsidy on sold product at the rate of Rs. 500 per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs. 217 per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

During the year, another subsidy scheme was announced by the Government of Pakistan effective June 25, 2016 and onwards. Through this scheme the Government has notified payment of subsidy on sold product at the rate of Rs. 156 per 50 kg bag of Urea, Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

15.2 During the year 2007, Special Excise Duty (SED) amounting to Rs. 91,616 was paid on import of certain fixed assets by Engro Polymer and Chemicals Limited (EPCL). Out of the total SED paid, an amount of Rs. 54,299 was adjusted through input claim in sales tax returns. Subsequently, the remaining amount of Rs. 36,687 could not be adjusted as the said duty was disallowed as adjustment from output tax under section 7 of Sales Tax Act, 1990. Therefore, full provision has been recognized thereagainst on the basis of prudence. However, EPCL is pursuing the recovery of the remaining amount from the tax authorities based on the view that the SED can be recovered as it was paid prior to the change in the Sales Tax Act.

15.3 The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed off appeal of 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.

15.4 Represents mark-up receivable on overdue trade debts of Engro Powergen Qadirpur Limited, as delayed payment charges from NTDC in accordance with the terms of the PPA. These include mark-up over due amounting to Rs. 958,029 (2015: Rs. 1,040,167).

15.5 As at December 31, 2016 other receivables aggregating to Rs. 1,024,033 (2015: Rs. 1,107,713) were past due but not impaired. The aging analysis of these receivables is as follows:

	2016	2015
	----------------(Rupees)----------------	
Upto 3 months	35,384	96,894
3 to 6 months	44,152	59,919
More than 6 months	944,497	950,900
	1,024,033	1,107,713

(Amounts in thousand)

15.6 As at December 31, 2016, receivables aggregating to Rs. 54,730 (2015: Rs. 270,588) 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:

	2016	2015
	----------------(Rupees)----------------	
Balance as at January 1	270,588	55,414
Add: (Reversal) / Provision made during the year - net	(215,858)	215,174
Balance as at December 31	54,730	270,588

16. SHORT TERM INVESTMENTS

	2016	2015
At fair value through profit or loss		
Fixed income placements (note 16.1)	1,786,782	52,000
Treasury Bills (note 16.2)	60,864,369	11,775,935
	62,651,151	11,827,935
Held to maturity		
Fixed income placements (note 16.1)	1,225,000	1,117,643
Treasury Bills	849,376	488,700
Eurobonds	-	615,834
	2,074,376	2,222,177
	64,725,527	14,050,112

16.1 These represents foreign and local currency deposits with various banks, at the interest rates ranging upto 7.00% (2015: 9.75%) per annum.

16.2 These represent treasury bills carrying interest at the rate ranging upto 6.68% (2015: 6.42%) per annum. These have maturity dates of upto one year from balance sheet date.

17. CASH AND BANK BALANCES

	2016	2015
	----------------(Rupees)----------------	
Balances with banks in:		
- deposit accounts (notes 17.1 and 17.2)	5,349,720	2,518,072
- current accounts	506,123	1,585,840
Cheques / demand drafts in hand	38,068	-
Cash in hand	6,468	8,386
	5,900,379	4,112,298

17.1 Local currency deposits carry return up to the rate of 5.75% (2015: 7.5%) per annum.

17.2 Includes Rs. 641,747 (2015: Rs. 1,193,568) held in foreign currency bank accounts and carry return at the rate of 1% (2015: 0.71%) per annum.

(Amounts in thousand)

18 SHARE CAPITAL

18.1 Authorised Capital

2016	2015		2016	2015
---------(Number of Shares)---------			----------------(Rupees)----------------	
550,000,000	550,000,000	Ordinary shares of Rs. 10 each	5,500,000	5,500,000

18.2 Issued, subscribed and paid-up capital

2016	2015		2016	2015
---------(Number of Shares)---------			----------------(Rupees)----------------	
197,869,804	197,869,804	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
523,784,755	523,784,755		5,237,848	5,237,848

18.3 As at December 31, 2016, Dawood Hercules Corporation Limited (the Parent Company) and associated companies held 194,972,555 and 33,825,286 (2015: 194,972,555 and 33,825,286) ordinary shares in the Holding Company, respectively.

19. 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, 2016 (note 16). 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)

20. HEDGING RESERVE

	2016	2015
	-----------------(Rupees)----------------	
Fair values of :		
- Forward foreign exchange contracts (note 13.1)	(57,094)	(61,353)
- Interest rate swaps (note 13.2)	(10,793)	(24,927)
	(67,887)	(86,280)
Less:		
- Deferred tax	7,298	9,231
- Non-Controlling interest	(22,808)	(10,993)
	(15,510)	(1,762)
	(83,397)	(88,042)

21. BORROWINGS

- Secured (Non-participatory)

	2016	2015
Engro Rupiya Certificates (note 21.1)	3,983,839	3,966,617
Islamic Finances (note 21.2)	7,689,810	8,903,580
Conventional Finances (note 21.3)	35,419,364	23,930,864
Term Finance Certificates (note 21.4)	-	6,000,000
Foreign currency borrowings and others (note 21.5)	26,025,309	16,781,535
	73,118,322	59,582,596
Less:		
Current portion shown under current liabilities	12,508,579	22,589,460
	60,609,743	36,993,136

21.1 Engro Rupiya Certificates

	Note	Mark-up	Instalments Number	Instalments Commenced/ Commencing from	2016	2015
					---------------Rupees)--------------	
Engro Islamic Rupiya Certificates I	21.1.1	13%	Lump sum		2,987,879	2,974,963
Engro Islamic Rupiya Certificates II	21.1.1	13.5%	Lump sum		995,960	991,654
					3,983,839	3,966,617

21.2 Islamic Finances

	Note	Mark-up	Instalments Number	Instalments Commenced/ Commencing from	2016	2015
Dubai Islamic Bank Limited	21.3.5	6 months KIBOR + 0.4%	4 half yearly	November 30, 2018	800,000	800,000
Privately Placed Subordinated Sukuk Certificates	21.2.1	6 months KIBOR + 1.75%	10 half yearly	January 9, 2015	2,860,174	3,006,272
Standard Chartered Bank (Pakistan) Limited		6 Months KIBOR + 0.9%	4 half yearly	June 14, 2013	594,942	593,090
Standard Chartered Bank (Pakistan) Limited	21.2.2	6 Months KIBOR + 0.8%	1 half yearly	March 18, 2016	1,000,000	-
Islamic Offshore Finance	21.2.3	6 months LIBOR + 2.57%	9 half yearly	March 28, 2013	1,762,711	3,525,468
Sukuk Certificates		6 month KIBOR + 0.69%	4 half yearly	July 13, 2015	-	878,750
Islamic Facility Agreement	21.4.5	3 months KIBOR + 3.5%	20 half yearly		671,983	-
Master Istisna IV		6 months KIBOR + 2.6%	Single	April 2016	-	100,000
					7,689,810	8,903,580

(Amounts in thousand)

21.3 Conventional Finances

	Note	Mark-up	Instalments Number	Instalments Commenced/ Commencing from	2016	2015
					---------------Rupees)--------------	
Bilateral loan I		6 months KIBOR + 2%	6 half yearly	June 2016	-	544,291
Bilateral Loan II		6 months KIBOR + 1.35%	6 half yearly	June 2017	-	848,300
Bilateral Loan III		6 months KIBOR + 1.35%	6 half yearly	June 2017	-	848,300
Bilateral - IV	21.3.1	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - V	21.3.1	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - VI	21.3.1	6 months KIBOR + 0.8%	10 half yearly	June 1, 2019	750,000	-
Bilateral - VII	21.3.1	6 months KIBOR + 0.8%	10 half yearly	June 28, 2019	1,250,000	-
Bilateral - VIII	21.3.1	6 months KIBOR + 0.8%	6 half yearly	June 1, 2019	750,000	-
Syndicated term finance I		6 months KIBOR + 2.25%	13 half yearly	November 2010	-	1,385,616
Syndicated term finance II		6 months KIBOR + 3%	13 half yearly	June 2010	-	212,085
Syndicated term finance V		6 months KIBOR + 1.5%	8 half yearly	June 2015	-	991,605
Habib Bank Limited	21.3.2	6 months KIBOR + 1.1%	8 half yearly	March 31, 2013	-	199,714
Allied Bank Limited		6 months KIBOR + 1.1%	8 half yearly	June 26, 2013	-	399,160
Allied Bank Limited	21.2.2	6 months KIBOR + 0.8%	8 half yearly	March 18, 2016	2,000,000	-
Allied Bank Limited	21.3.6	6 months KIBOR + 0.15%	4 half yearly	September 29, 2016	2,000,000	-
National Bank of Pakistan		6 months KIBOR + 1.1%	10 half yearly	March 5, 2013	599,521	790,364
National Bank of Pakistan	21.4.5	3 months KIBOR + 3.5%	20 half yearly		526,499	-
Faysal Bank Limited		6 months KIBOR + 1.2%	13 half yearly	May 26, 2013	831,182	859,503
Samba Bank Limited		6 Months KIBOR + 0.9%	14 half yearly	April 1, 2013	297,621	296,813
National Bank of Pakistan		6 Months KIBOR + 1.2%	10 half yearly	September 28, 2013	415,521	545,050
Syndicated finance		6 months KIBOR + 1.8%	14 half yearly	February 28, 2013	-	9,880,750
Syndicated finance	21.3.3	6 months KIBOR + 0.4%	6 half yearly	December 26, 2016	9,100,403	-
Habib Metropolitan Bank Limited	21.3.4	6 Months KIBOR + 0.9%	10 half yearly	June 21, 2013	40,000	80,000
Pak Kuwait Investment Company (Private) Limited	21.3.2	6 months KIBOR + 1.0%	10 half yearly	April 30, 2012	-	99,803
Syndicated Finance I		6 months KIBOR + 0.69%	4 half yearly	February 20, 2015	-	1,275,000
HBL Conventional term loan		6 months KIBOR + 0.65%	6 half yearly	November 2, 2014	-	388,817
NIB Bank Limited		6 months KIBOR + 0.60%	6 half yearly	June 5, 2015	-	992,604
The Bank of Punjab		6 months KIBOR + 0.70%	6 half yearly	April 03, 2015	-	332,234
United Bank Limited		6 months KIBOR + 0.65%	6 half yearly	May 12, 2016	-	1,500,000
United Bank Limited	21.3.2	6 months KIBOR + 0.65%	8 payments	December 17, 2015	-	1,460,855
United Bank Limited	21.3.6	6 months KIBOR + 0.15%	4 half yearly	September 21, 2016	4,000,000	-
MCB Bank Limited	21.2.2	6 months KIBOR + 0.80%	1 half yearly	March 18, 2016	3,000,000	-
MCB Bank Limited	21.3.6	6 months KIBOR + 0.15%	4 half yearly	September 21, 2016	4,000,000	-
HBL-led Consortium	21.4.5	3 months KIBOR + 3.5%	20 half yearly		2,858,617	-
					35,419,364	23,930,864

21.4 Term Finance Certificates

	Note	Mark-up	Instalments Number	Instalments Commenced/ Commencing from	2016	2015
Privately Placed Term Finance Certificates	21.2.2	6 months KIBOR + 0.8%	16 half yearly	March 19, 2008	-	6,000,000

(Amounts in thousand)

21.5 Foreign Borrowings and Others

	Note	Mark-up	Instalments		2016	2015
			Number	Commenced/ Commencing from	----------------Rupees)	--------------
DFI Consortium Finance	21.4.1	6 months LIBOR + 2.6%	7 payments	July 29, 2013	-	2,789,150
International Finance Corporation	21.4.2	6 months LIBOR + 3%	3 half yearly	September 15, 2016	1,249,386	2,284,468
International Finance Corporation	21.4.2	6 months LIBOR + 3%	3 half yearly	September 15, 2015	-	2,415,784
International Finance Corporation		6 months LIBOR + 2.6 to 3%	15 half yearly	June 2010	416,903	1,246,479
International Financial Institutions	21.4.3	6 months LIBOR + 3%	24 half yearly	December 15, 2010	6,403,000	8,045,654
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industiral and Commercial Bank of China Limited (ICBCL)	21.4.4	6 months LIBOR + 4.2%	20 half yearly		10,382,728	-
International Finance Corporation	21.5.1	6 month LIBOR + 5%	16 half yearly	June 15, 2016	1,713,593	-
Asian Development Bank	21.5.1	6 month LIBOR + 5%	16 half yearly	June 15, 2016	2,569,908	-
Local Syndicate Loan	21.5.2	6 month KIBOR + 1.8%	16 half yearly	June 15, 2016	3,289,791	-
					26,025,309	16,781,535

21.1.1 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 holders, 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.

21.2.1 This represents EFert 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.

21.2.2 During the year, EFert exercised the call option of the Privately Placed Term Finance Certificates (PPTFCs). As a result, EFert paid Rs. 6,000,000 to the holders of PPTFCs and refinanced this amount through three bilateral loans from Allied Bank Limited, Standard Chartered Bank (Pakistan) Limited and MCB Bank Limited amounting to Rs. 2,000,000 Rs. 1,000,000 and Rs. 3,000,000 respectively. These loans are repayable in a single installment in March 2018 and carry mark up / profit at the rate of 6 months KIBOR plus 0.80%, per annum.

21.2.3 The borrowings also include EFert's Offshore Islamic Finance Facility of US$ 36,000 with Habib Bank Limited and National Bank of Pakistan and Rs. 3,618,000 with Faysal Bank, Dubai Islamic Bank Pakistan Limited and Standard Chartered Bank. During the year, Habib Bank Limited bought out SAMBA financial group's portion in the US$ portion of the facility.

(Amounts in thousand)

21.3.1 During the year, EPCL after negotiations with the relevant banks / financial institutions pre-paid all its existing borrowings, except for loans from IFC and obtained new finances from these financial institutions at renegotiated terms to re-profile its balance sheet at lower interest / mark-up rates. EPCL has obtained new borrowings of Rs. 5,750,000 under the new financing arrangements.

21.3.2 These represent EFert's loans which have matured during the year.

21.3.3 This represents the balance amount, availed by EFert in 2016, of a syndicated Finance Agreement entered with National Bank of Pakistan, MCB Bank Limited, Allied Bank, Habib Bank Limited, Bank Alfalah Limited, with National Bank of Pakistan acting as the Agent for the Syndicate members. The loan was made a part of the Inter Creditor Agreeent (ICA) and thus has the same charge, as the other Senior Lenders.

21.3.4 This represents EFert's outstanding balance amount of a facility agreement amounting to Rs. 200,000 with Habib Metropolitan Bank Limited.

21.3.5 During the year, EFert negotiated re-pricing for the following borrowings:

	Mark-up rate per annum		Effective Date of Repricing
	Original	Repriced	
Senior Lenders			
Dubai Islamic Bank Limited	6 months KIBOR + 1.75%	6 months KIBOR + 0.4%	November 28, 2016
IFC - US$ 30 million	6 months LIBOR + 6%	6 months LIBOR + 3%	February 15, 2016
IFC - US$ 50 million	6 months LIBOR + 6%	6 months LIBOR + 3%	February 15, 2016

21.3.6 During the year, EFert availed three bilateral loans from Allied Bank Limited, United Bank Limited and MCB Bank Limited amounting to Rs. 2,000,000, Rs. 4,000,000 and Rs. 4,000,000 respectively. The new loans have a pricing of 6 months KIBOR plus 0.15% and will mature in September 2021. The loan was made a part of the Inter Creditor Agreement (ICA) and thus have the same charge with the other Senior Lenders.

21.4.1 This represents the balance amount of a facility agreement of EFert amounting to USD 85,000 with a consortium of Development Finance Institutions comprising of DEG, FMO and OFID. This was fully repaid during the year.

21.4.2 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.

(Amounts in thousand)

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 2015, 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 26, 2015. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 194,999.

During the year, the pricing of the IFC loans was revised to 6 months LIBOR plus 3.0% from 6 months LIBOR plus 6.0%, effective February 15, 2016. Furthermore, US$ 50,000 disbursed on December 31, 2009, was fully repaid in September 2016.

21.4.3 Engro Powergen Qadirpur Limited (EPQL) entered into a financing agreement with a consortium comprising of international financial institutions amounting to US$ 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at December 31, 2016, the outstanding balance of the borrowing was US$ 61,394 (2015: US$ 77,146).

The borrowing is secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of EPQL, except receivables from NTDC in respect of Energy Purchase Price. Further, EPQL has also extended a letter of credit in favour of the senior lenders.

21.4.4 Engro Powergen Thar (Private) Limited (EPTPL) has entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industrial and Commercial Bank of China Limited (ICBCL) for an aggregate amount of USD 621,000 for a period of 14 years. The amount is repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as First June or First December of any year. This loan carries mark-up at the rate of 6 month Libor plus 4.2%. The facility is secured primarily through First ranking hypothecation charge over the project assets of EPTPL. Further, the shareholders of EPTPL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favor of the Security Trustee. Additionally, shareholders other than Habib Bank Limited (HBL) have also provided Stand By Letter of Credits (SBLCs) as coverage for their equity commitments in the project. As at December 31, 2016, EPTPL has made draw down of USD 114,542 from this facility while the undrawn amount is equal to USD 506,458.

21.4.5 EPTPL has entered into following loan agreements:

- Rupee Facility Agreement with an HBL-led consortium (comprising HBL, United Bank Limited, Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Bank of Punjab, NIB Bank Limited and Pak Brunei Investment Company Limited) for an aggregate amount of Rs.17,016,000. As at December 31, 2016, EPTPL has made draw down of Rs. 2,858,617 from this facility while the undrawn amount is equal to Rs. 14,157,382.

- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs. 3,134,000. As at December 31, 2016, EPTPL has made draw down of Rs. 526,499 from this facility while the undrawn amount is equal to Rs. 2,607,501.

(Amounts in thousand)

- Islamic Facility Agreements with three banks namely Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs. 4,000,000. As at December 31, 2016, EPTL has made draw down of Rs. 671,983 from this facility while the undrawn amount is equal to Rs. 3,328,017.

These loans are repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as First June or First December of any year and carries profit at the rate of 3 months KIBOR plus 3.5%. The Facilities are secured primarily through First ranking hypothecation charge over project assets of EPTPL. Further, the Shareholders of EPTPL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favor of the Security Trustee. Additionally, shareholders other than Habib Bank Limited (HBL) have also provided SBLCs as coverage for their equity commitments in the project.

21.5.1 In 2015, 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.

21.5.2 The amount relating to EETPL represents disbursement of loan amounting to Rs. 4,031,672 out of a total facility of Rs. 4,210,000 obtained from PBICL, NIB and ABL.

21.6 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.

22. DEFERRED LIABILITIES

	2016	2015
	----------------(Rupees)----------------	
Deferred income under Ijarah arrangement	-	568
Retirement and other service benefits obligations	298,461	258,757
Less: Current portion shown under current liabilities	101,790	98,083
	196,671	160,674
	196,671	161,242

(Amounts in thousand)

23. TRADE AND OTHER PAYABLES

	2016	2015
	----------------(Rupees)----------------	
Creditors (note 23.1)	13,941,264	18,305,424
Accrued liabilities (notes 23.2 and 23.3)	13,660,076	10,330,657
Advances from customers	763,081	2,197,559
Deposits from dealers/ distributors refundable on termination of dealership	18,155	16,297
Retention money	33,442	207,714
Contractors'/ suppliers' deposits	124,511	103,854
Workers' welfare fund (note 23.4)	2,055,148	1,982,449
Workers' profits participation fund	125,940	142,602
Sales tax payable	203,982	125,775
Payable to retirement benefit funds	8,198	80,060
Withholding tax payable	9,718	111,916
Payable to :		
- Engro Foods Limited	1,943	-
- Engro Vopak Terminal Limited	33,885	-
Others	646,059	446,279
	31,625,402	34,050,586

23.1 Includes due to following related parties:

	2016	2015
- Mitsubishi Corporation	2,682,171	2,195,710
- Engro Vopak Terminal Limited	120,135	120,135
	2,802,306	2,315,845

23.2 Includes:

- professional fee of Rs.1,193,122 (2015: Nil) payable to financial advisors.

- accrual in respect of gas charges amounting to Rs. 848,844 (2015: Rs. 753,078).

- Rs. 212,193 relating to provisions recognised on prudence basis in respect of certain claims raised against EPQL. The Group, however, is confident of favourable outcome against these claims.

- accrual for Gas Infrastructure Development Cess (GIDC) of Engro Fertilizer Limited (EFert) and Engro Polymer and Chemicals Limited (EPCL) amounting to Rs.1,782,787 (2015: Rs. 789,775) and Rs. 2,129,764 (2015: Rs.1,148,873), respectively. During the year, GIDC Act 2015, was struck down by the Sindh High Court being ultra-vires, against which the Ministry of Petroleum and Natural Resources obtained a suspension order.

(Amounts in thousand)

23.3 In 2015, Engro Elengy Terminal (Private) Limited (EETPL), a wholly owned subsidary of Elengy Terminal Pakistan Limited (ETPL), received a notice from Model Customs Collectorate (the 'Customs Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. customs duty and advance income tax. EETPL was of the view that the FSRU had been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (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 the EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. The Company in response filed a suit with the High Court of Sindh (the 'Court') which through its order dated June 29, 2015 had 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 had provided for the potential exposure relating to customs duty amounting to Rs. 1,297,737, being 5% of the value of FSRU. The Court, in a judgement passed during the year, held EETPL liable to custom duty and remanded the matter related to advance tax to Customs Authorities with directions. EETPL in response to the aforementioned judgement and demand raised by Customs Authorities has paid an amount of Rs. 1,325,103 in respect of custom duty.

23.4 During the year, the Supreme Court of Pakistan issued a judgment dated November 11, 2016, as a result of which changes made through the Finance Acts of 2006 and 2008 in the Workers' Welfare Ordinance, 1971 have been held to be ultra-vires to the Constitution. However, the taxation authorities have proceeded to file a review petition thereagainst in the Supreme Court of Pakistan. Due to review petition and other legal uncertainties, the Group continues to carry payable in respect of those entities which did not attract the levy prior to the changes brought by Finance Act 2006 and 2008.

During 2015, 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 Holding Company alongwith some other Group Companies do 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 and for the year 2015, under the Act, has been recognized in the financial statements.

24. ACCRUED INTEREST / MARK-UP

	2016	2015
	----------------(Rupees)----------------	
Accrued interest / mark-up on secured:		
- long term borrowings	871,159	970,231
- short term borrowings	267,262	357,916
	1,138,421	1,328,147

(Amounts in thousand)

25. SHORT TERM BORROWINGS

	2016	2015
	----------------(Rupees)----------------	
Running finances utilized under mark-up arrangements (note 25.1)	4,435,587	5,096,645
Export refinance facility	300,000	-
Money market loan	800,000	-
Short term finance	-	1,080,000
	5,535,587	6,176,645

25.1 Running finances

The short-term running finances available to the Group from various banks under mark-up arrangements amounts to Rs. 25,178,048 (2015: Rs. 27,080,000). The rates of mark-up on these finances are KIBOR based and range from 5.20% to 8.01% (2015: 7% to 12.13%) 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, and other current assets and pledge over shares.

25.2 Letters of credits and bank guarantees

The aggregate facilities available to Group for opening Letter of credits and Bank guarantees amounts to Rs. 14,153,048 (2015: Rs. 20,965,000). The unutilized balance as at December 31, 2016 amounts to Rs. 6,469,000 (2015: Rs. 12,682,198).

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Guarantees issued in favour of Subsidiary Companies by the Holding Company:

	2016	2015
	----------------(Rupees)----------------	
- Engro Fertilizers Limited (note 26.1.1)	1,257,600	30,905,573
- Engro Powergen Qadirpur Limited (note 26.1.2)	1,048,000	1,047,500
- Engro Powergen Limited (note 26.1.3)	9,544,136	228,000
- Engro Elengy Terminal (Private) Limited (note 26.1.4)	3,217,360	3,320,575
	15,067,096	35,501,648
Others	1,535,000	610,000
	16,602,096	36,111,648

26.1.1 During the year, corporate guarantees extended on behalf of EFert, a subsidiary company, other than those extended to International Finance Corporation (IFC) under the C Loan Agreement (Original Agreement) and the Amended Facility Agreement amounting to USD 12,000 have been released.

26.1.2 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).

(Amounts in thousand)

26.1.3 The Holding Company has provided following corporate guarantees in favour of Engro Powergen Limited (EPL):

- During 2015, a bank has issued performance guarantee on behalf of Engro Powergen Thar (Private) Limited (EPTPL) 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 EPTPL 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 was valid upto March 30, 2016 and was further extended upto September 30, 2016 and is secured by way of first exclusive charge on all present and future assets of EPL, a wholly owned subsidiary of the Holding Company and parent company of EPTPL. 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 which was released during the year.

- During the year, the Holding Company has pledged shares of EFert and EFoods against the Standby Letters of Credit (Equity SBLCs) provided by EPL, a subsidiary company, through National Bank of Pakistan amounting to USD 18,900 and USD 51,100 (in PKR equivalent) for its equity commitments related to the Sindh Engro Coal Mining Company Limited (SECMC), its associated company, and Engro Powergen Thar (Pvt.) Limited (EPTPL), its subsidiary company, in favour of the Intercreditor Agent (Habib Bank Limited) and the Project Companies (i.e. SECMC and EPTPL). Equity SBLCs expire on earlier of (i) four years after the issuance of SBLCs i.e. March 21, 2020; and (ii) fulfillment of sponsor obligations under Sponsor Support Agreements. Subsequent to equity injection during the year after Financial Close amounting to USD 335 and USD 9,064 (in PKR equivalent) in SECMC and EPTPL respectively, the amount of Equity SBLCs have been reduced to USD 18,565 and USD 42,036 for SECMC and EPTPL, respectively.

- During the year, the Holding Company has pledged shares of EFert and EFoods against a Standby Letter of Credit (Put Option SBLC) provided by EPL, the subsidiary company through Allied Bank of Pakistan amounting to USD 21,070 in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) and expires on earlier of (i) June 30, 2017; and (ii) fulfillment of sponsor obligations pursuant to Put Option SSA.

26.1.4 During the year, the following changes occurred in repect of Guarantees issued in favour of Engro Elengy Terminal (Private) Limited (EETPL):

- The Holding Company 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 EFert and EFoods with the bank against the SBLC.

- The Holding Company has pledged shares of EFert and EFoods 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. During the year, the Letter of Guarantee has expired.

26.2 During 2015, the Holding Company divested partial shareholding in 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)

During the year, the Holding Company has divested further 28.34% of its shareholding in EFert. The Holding Company held such shareholding in EFert since 2010 i.e. more than six years. Under the income tax laws, capital gain on sale of securities held for more than 48 months do not attract any income tax. 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. 925,000 in this respect in favor of Nazir of High Court of Sindh.

26.3 Till 2015, 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. 6,407,804 representing business losses of Rs. 1,765,178 for financial year ended December 31, 2012, Rs. 1,743,263 for financial year ended December 31, 2013 and Rs. 2,899,363 for the financial year ended December 31, 2014. The Holding Company has provided an indemnity to EFert in case of any losses incurred by EFert due to any adverse order on account of the aforementioned Group Relief transaction.

26.4 Claims, including pending lawsuits, not acknowledged as debts amounted to Rs. 58,680 (2015: Rs. 109,685).

26.5 During the year, EFert entered into a Dealer Finance Agreement (DFA) with a bank whereby the bank will provide financial assistance upto Rs. 2,000,000 to dealers approved by EFert. In case of default by any dealer, EFert has agreed to bear 10% of principal in default. As at year end the bank made disbursement under the aforementioned DFA amounting to Rs. 999,000 maturing at various future dates.

26.6 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.

26.7 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.

26.8 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.

(Amounts in thousand)

26.9 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 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.

26.10 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.

26.11 Bank guarantees have been provided to:

- SNGPL amounting to Rs. 2,496,126 (2015: Rs. 2,496,126) representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and the SNGPL;

- Other third parties amounting to Rs. 2,178,048 (2015: Rs. 1,402,223).

26.12 A Corporate Guarantee amounting to USD 3,500 for principal plus interest amount has been issued on December 19, 2015, by Engro Powergen Limited (EPL) on behalf of Engro Power Investments International B.V (EPII) in favor of UBL Switzerland AG against the term loan. As of December 31, 2016, EPII has not utilized this facility.

26.13 On October 05, 2016 EPL, furnished a bank guarantee amounting to Rs. 767 to Punjab Power Development Board (PPDB) for obtaining letter of interest (LOI) for development of 7.1 MW D.G. Khan Link – III Canal, RD. 0+000 to RD. 14+000, located in District DG Khan. Engro has approached investors and will act as a Technical Partner and minority shareholder in lieu of Project Management and O&M.

26.14 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.

(Amounts in thousand)

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.

26.15 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.

26.16 EETPL during the year in connection with the import of FSRU received a demand from Customs Authority amounting to Rs. 1,530,494. The demand was raised on reassessment of the matter in connection with the judgement of the Court. EETPL in response to the above has filed an appeal based on which the Chief Commissioner Inland Revenue remanded the case back to the concerned commissioner. EETPL, based on the merits of the case and opinion of its tax consultant and legal advisor, considers the possibility of matter being decided against the EETPL to be remote.

26.17 The Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016, raised a 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. EPCL filed thereagainst before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against EPCL was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, has decided the matter in favor of EPCL. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding this matter has been carried out by ATIR, till the year end. The management of EPCL, based on the advice of its tax consultant, is confident of favourable outcome of this matter, accordingly, no provision has been made in this respect.

26.18 Engro Powergen Limted (EPL) has also provided sponsor support contractual commitment, among other commitments, in favor of Senior Lenders amounting to USD 5,400 and USD 41,600 as cost overrun support pursuant to the Sponsor Support Agreements (SSA) dated February 22, 2016 for SECMC and February 1, 2016 for EPTPL respectively (and the Amendment and Restatement Agreement dated February 12, 2016 relating to the SSA in case of EPTPL).

26.19 Faysal Bank Limited (FBL) has issued a performance guarantee of USD 16,517 on behalf of EPTPL in favour of National Transmission and Dispatch Company (NTDC) to secure EPTPL's performance obligations under the Power Purchase Agreement. The performance guarantee expires on July 25, 2019 and is secured by way of performance bonds issued under the EPC Contract and ranking charge over all (present and future) fixed assets, current assets, book debts and receivable of EPTPL.

26.20 Habib Bank Limited (HBL), a related party of EPTPL, has issued a guarantee of Rs. 4,725,000 on behalf of EPTPL in favor of Sindh Engro Coal Mining Company Limited (SECMC) to secure EPTPL's payment obligations under the Coal Supply Agreement. The guarantee expires on July 20, 2017 and is secured by first ranking mortgage over receivables due under the Power Purchase Agreement (PPA), mortgage over EPTPL's rights and benefits under all project documents and project insurances, first ranking hypothecation charge over all movable assets (current and future) of EPTPL, equitable mortgage over EPTPL's immovable property, with a 20% margin. Further, the shareholders of EPTPL shall pledge shares in favor of the Security Trustee.

(Amounts in thousand)

26.21 Subsequent to the balance sheet date, Engro Foods Limited (EFoods) received an order from Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of EFoods' marketing activities relating to one of its products. Presently, EFoods is in the process of filing an appeal against the aforementioned order. Further, as per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to reimburse 51% of the amount together will all reasonable cost and expenses to FCP in case any such penalty materializes. The Holding Company, based on the opinion of the legal advisor, is confident of a favorable outcome of the appeal, and accordingly no provision has been recognized in these financial statements in this respect.

26.22 In accordance with the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the Holding Company is required to compensate FCP for the negative consequences of the 25% regulatory duty payable on the import of powdered milk and whey powder into Pakistan. The Holding Company will reimburse the amount to the extent that the sum of the regulatory duty and the custom duties incurred by EFoods occuring within 18 months from the date of disposal of EFoods exceeds Euro 10,000. Provided that in no case the amount of such reimbursement will exceed Euro 4,000.

26.23 In accordance with the terms of Share Purchase Agreement (SPA), the Holding Company is required to pay to FrieslandCampina Pakistan Holding B.V., an amount equal to 47.1% of any tax liability (as defined in the SPA) together will all reasonable costs and expenses incurred, in case any tax contingency materializes. The Holding Company, based on the opinion of EFoods' tax advisors, is confident of favorable outcomes, and accordingly no provision has been recognized in these financial statements in this respect.

Commitments

26.24 Details of commitments as at December 31, 2016 entered by the Group are as follows:

26.24.1 Commitments in respect of capital expenditure contracted but not incurred amount to Rs. 54,022,835 (2015: Rs.1,295,668).

26.24.2 Commitments in respect of letters of credit / contracts other than for capital expenditures amount to Rs. 1,190,663 (2015: Rs. 6,183,587). This includes a letter of credit amounting to Rs. 840,663 (2015: Rs. 840,663) extended by Engro Powergen Qadirpur Limited (EPQL) in favor of its senior lenders.

26.24.3 Other commitments in respect of subsidiary companies amounts to Rs. 1,122,468 (2015: Rs. 1,175,460).

26.24.4 The aggregate facility for performance guarantees to be issued by banks as at December 31, 2016 amounts to Rs. 1,156,000 (2015: Rs. 1,098,000). The amount utilized thereagainst as at December 31, 2016 was Rs. 1,140,280 (2015: Rs. 1,097,280).

26.24.5 Engro Polymer and Chemicals Limited (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.

(Amounts in thousand)

26.24.6 The Group has entered into lease arrangements for computer / office equipments and for storage and handling of Ethylene Di Chloride (EDC) and Caustic soda. The future aggregate lease payments under these arrangements are as follows:

	2016	2015
	----------------(Rupees)----------------	
Not later than 1 year	14,400	109,945
Later than 1 year and no later than 5 years	22,800	158,094
	37,200	268,039

26.24.7 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:

	2016	2015
	----------------(Rupees)----------------	
Not later than 1 year	4,016,460	4,016,460
Later than 1 year and no later than 5 years	16,839,026	16,404,344
Later than 5 years	36,718,871	41,182,208
	57,574,357	61,603,012

27. REVENUE

	2016	2015
Own manufactured products (note 27.1)	136,314,701	168,210,680
Less:		
- Sales tax	(14,280,086)	(20,025,220)
- Discounts	(2,134,505)	(3,797,384)
	119,900,110	144,388,076
Purchased product / services rendered	38,587,674	38,637,608
Less: Sales tax	(1,280,116)	(1,373,304)
	37,307,558	37,264,304
	157,207,668	181,652,380

27.1 Includes export sales amounting to Rs. 1,820,568 (2015: Rs. 3,561,108).

28. COST OF REVENUE

	2016	2015
Cost of goods sold (note 28.1)	114,696,346	131,423,583
Cost of services rendered (note 28.2)	6,668,509	4,800,072
	121,364,855	136,223,655

(Amounts in thousand)

28.1 Cost of goods sold

	2016	2015
	----------------(Rupees)----------------	
Raw and packing materials consumed including unprocessed rice (note 28.1.2)	52,869,031	62,798,796
Salaries, wages and staff welfare (note 28.1.3)	4,749,571	5,032,972
Fuel and power	20,579,888	21,428,248
Repairs and maintenance	2,923,763	1,988,490
Depreciation (note 4.2)	8,330,442	8,671,629
Amortization (note 6.1)	22,838	27,138
Impairment (note 4.3)	101,942	3,454,184
Consumable stores	940,528	2,087,935
Staff recruitment, training, safety and other expenses	408,061	142,557
Purchased services	1,229,643	1,097,012
Storage and handling	1,641,527	1,678,134
Travel	268,548	292,232
Communication, stationery and other office expenses	225,756	307,053
Insurance	771,918	749,638
Rent, rates and taxes	583,875	616,904
Provision / (Reversal of provision) against:		
- stock-in-trade	29,909	(1,653,298)
- slow moving spares	35,474	42,421
Other expenses	139,373	287,307
Manufacturing cost	95,852,087	109,049,352
Add: Opening stock of work-in-progress (note 11)	213,415	641,389
Less: Closing stock of work-in-progress (note 11)	462,630	213,415
	(249,215)	427,974
Cost of goods manufactured	95,602,872	109,477,326
Add: Opening stock of finished goods manufactured (note 11)	4,041,032	4,581,087
Less: Closing stock of finished goods manufactured (note 11)	7,350,526	4,041,032
	(3,309,494)	540,055
Cost of goods sold		
- own manufactured product	92,293,378	110,017,381
- purchased product (note 28.1.1)	22,402,968	21,406,202
	114,696,346	131,423,583

28.1.1 Cost of sales - purchased product

	2016	2015
Opening stock (note 11)	4,117,746	298,214
Add: Purchases	19,421,127	25,225,734
Less: Closing stock (note 11)	1,135,905	4,117,746
	22,402,968	21,406,202

(Amounts in thousand)

28.1.2 This is net of reversal of provision amounting to Nil (2015: Rs. 881,860) in respect of duty on import of raw materials and GIDC of prior periods.

28.1.3 Includes Rs. 375,989 (2015: Rs. 341,980) in respect of staff retirement benefits.

28.2 Cost of services rendered

	2016	2015
	----------------(Rupees)----------------	
Fixed expenses (note 28.2.1)	5,037,250	3,881,982
Variable expenses (note 28.2.2)	875,689	350,079
Depreciation (note 4.2)	533,561	417,336
Amortization of direct cost on FSRU	86,516	72,096
Salaries, wages and benefits	27,887	44,707
Repairs and maintenance	64,990	22,128
Travelling and entertainment	6,467	4,418
Security and other expense	36,149	7,326
	6,668,509	4,800,072

28.2.1 This includes expenses in respect of rental, operating and maintenance charges of FSRU and for its use as LNG carrier amounting to Rs. 4,960,238 (2015: Rs. 3,783,314).

28.2.2 This includes royalty paid to Port Qasim Authority amounting to Rs. 540,077 (2015: Rs. 203,383).

29. SELLING AND DISTRIBUTION EXPENSES

	2016	2015
	----------------(Rupees)----------------	
Salaries, wages and staff welfare (note 29.1)	1,469,277	1,480,188
Staff recruitment, training, safety and other expenses	87,735	72,724
Product transportation and handling	5,997,196	5,559,310
Repairs and maintenance	92,537	87,184
Advertising and sales promotion	3,143,322	2,589,747
Rent, rates and taxes	488,379	260,492
Communication, stationery and other office expenses	91,311	105,378
Travel	185,528	159,894
Depreciation (note 4.2)	247,531	236,526
Amortization (note 6.1)	5,341	960
Impairment (note 4.3)	4,446	-
Purchased services	45,974	22,127
Others	194,181	182,454
	12,052,758	10,756,984

29.1 Includes Rs. 137,840 (2015: Rs. 119,748) in respect of staff retirement benefits.

(Amounts in thousand)

30. ADMINISTRATIVE EXPENSES

	2016	2015
	----------------(Rupees)----------------	
Salaries, wages and staff welfare (notes 30.1 and 30.2)	1,709,389	1,875,055
Staff recruitment, training, safety and other expenses	150,119	164,737
Repairs and maintenance	68,331	64,235
Advertising	18,738	93,092
Rent, rates and taxes	341,649	312,349
Communication, stationery and other office expenses	250,417	346,596
Travel	171,647	184,772
Depreciation (note 4.2)	95,277	115,730
Amortization (note 6.1)	47,475	70,832
Purchased services	443,566	383,390
Donations (note 49)	124,990	149,237
Others	184,214	85,749
	3,605,812	3,845,774

30.1 Includes Rs. 164,218 (2015: Rs. 136,867) in respect of staff retirement benefits.

30.2 Includes reversal of Rs. 35,816 (2015: charge of Rs. 157,972) in respect of Employees' share option compensation expense.

30. OTHER INCOME

	2016	2015
	----------------(Rupees)----------------	
Financial assets:		
Income on deposits / other financial assets	1,284,561	1,689,901
Exchange gain	11,506	55,108
Interest on receivable from SSGCL	234,895	205,643
Delayed payment charges on overdue receivables	151,223	195,865
Non financial assets:		
Subsidy from Government of Pakistan	7,878,050	2,611,879
Insurance claims	98,736	141,936
Gain on disposal of property, plant and equipment	72,112	46,029
Income from sale of spares / scrap	67,330	57,669
Capital gain on disposal of investment in subsidiary company (note 31.1)	34,342,608	-
Gain due to recognition of retained interest in subsidiary (now associate) at fair value (note 7.6)	24,337,818	-
Gain on deemed disposal of SECMC	72,563	6,935
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets (note 5.1)	8,115	243,603
Reversal of provision against infrastructure cess (note 31.2)	-	148,583
Others (note 31.3)	278,665	188,947
	68,838,182	5,592,098

(Amounts in thousand)

31.1 Represents capital gain upon disposal of partial shareholding of EFoods to FCP (note 1.4.4), net of transaction costs.

31.2 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. Last year, 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, reversed the provision relating to that period.

31.3 This includes Nil (2015: Rs. 141,936) in respect of insurance claim against damaged compressor received against assets written-off in 2014.

32. OTHER OPERATING EXPENSES

	2016	2015
	(Rupees)	
Workers' profits participation fund	977,432	1,482,985
Workers' welfare fund	377,122	561,821
Legal and professional charges	418,469	814,640
Research and development	400,286	56,405
Provision for dispatch claims	-	35,718
Provision against refundable sales tax	-	180,000
Auditors' remuneration (note 32.1)	31,108	35,346
Provision for culling of biological assets (note 5)	26,067	24,748
Others	118,079	35,265
	2,348,563	3,226,928

32.1 Auditors' remuneration:

The aggregate amount charged in respect of auditors' remuneration, including remuneration of auditors' of foreign subsidiaries, is as follows:

	2016	2015
	(Rupees)	
Fee for:		
- audit of annual financial statements	1,413	7,621
- review of half yearly financial statements	2,015	1,743
Special audit, certifications, audit of retirement benefit funds, review of compliance with Code of Corporate Governance and other advisory services	6,017	11,702
Tax services	9,358	11,786
Reimbursement of expenses	2,305	2,494
	31,108	35,346

(Amounts in thousand)

33. FINANCE COST

	2016	2015
	(Rupees)	
Interest / mark-up on:		
- long term borrowings	3,641,888	5,508,432
- short term borrowings	1,887,381	1,293,325
Interest on Workers' profits participation fund	-	154
Loss / (Gain) on fair value of IFC conversion option	(103,750)	28,551
Foreign exchange loss, net	154,930	1,121,793
Financial charges on usance letters of credit	20,604	83,662
Others	436,858	389,320
	6,037,911	8,425,237

34. SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES

	2016	2015
Joint venture:		
Engro Vopak Terminal Limited		
Share of profit before taxation	1,178,465	910,038
Less: Share of provision for taxation	(134,171)	(123,101)
	1,044,294	786,937
Associates:		
Sindh Engro Coal Mining Company, GEL Utility Limited & Engro Foods Limited		
Share of profit / (loss) from:		
- Sindh Engro Coal Mining Company	(5,316)	4,683
- GEL Utility Limited	273,390	227,325
- Engro Foods Limited	(38,871)	-
	1,273,497	1,018,945

35. TAXATION

	2016	2015
Current		
- for the year	5,322,052	5,779,213
- for prior years	509,891	440,317
	5,831,943	6,219,530
Deferred	2,479,376	2,296,919
	8,311,319	8,516,449

(Amounts in thousand)

35.1 The Holding Company

35.1.1 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 Holding Company filed an appeal with the Commissioner Inland Revenue (CIR) - Appeals who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs. 184,191 and revised the demand to Rs. 104,976. The Holding 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 Holding 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 Holding 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 Holding Company filed an appeal against the said order with CIR - Appeals, whereby the order has remanded back to assessing officers for denovo proceedings.

During 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, the Holding 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 Holding 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 Holding 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 for both tax years.

35.1.2 During the year, an amendment was introduced in the Income Tax Ordinance 2001 (the Ordinance) via the Finance Act 2016 which imposed tax on inter-corporate dividends, previously exempt to companies designated as a Group under section 59B of the Ordinance. The Holding Company has challenged the application of the aforementioned amendment in the Sindh High Court and has been granted a stay in this respect.

35.2 Subsidiary Companies

35.2.1 Engro Fertilizers Limited (EFert)

35.2.1.1 In 2015, 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.

35.2.1.2 During the year ended 2014, 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, 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 last 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.

(Amounts in thousand)

35.2.1.3 During the year, EFert has taxable income on which tax has been computed at the applicable normal corporate tax rate. Last year, the tax expense mainly comprised of alternative corporate tax under section 113C of the Income Tax Ordinance, 2001 amounting to Rs. 2,599,772 and minimum turnover tax amounting to Rs. 876,153.

EFert had filed a suit in the High Court of Sindh, contesting both the retrospective and prospective application of the advance corporate tax under section 113C and has been granted stay in this respect for the years 2013, 2014 and 2015.

35.2.1.4 Current tax charge includes Rs. 656,000 (net off of reversal of last year provision on this account of Rs. 361,258) on account of provision in accordance with section 4B 'Super Tax for rehabilitation of temporarily displaced persons' again inserted in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2016, whereby tax at three per cent is payable on specified income exceeding Rs. 500 million for the year ended December 31, 2015 (tax year 2016). Initially, this provision was inserted in the Ordinance through Finance Act, 2015 for the year ended December 31, 2014 (tax year 2015), which was not applicable to EFert's case for the said year, as clarified through Finance Act, 2016.

35.2.1.5 As a result of demerger in 2009, all pending tax issues of the then Holding Company, Engro Chemical Pakistan Ltd. had been transferred to EFert. Major issues pending before the tax authorities is described below:

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.

35.2.1.6 In 2015, 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.

35.2.1.7 As a result of EXIMP merger, all pending tax issues of Eximp have been transferred to EFert. Major pending issue pertains to exercise of option to be taxed in NTR (introduced through Finance Act, 2012) by EXIMP for years 2012 and 2013, resulting in an aggregate refund of Rs 796 million. The tax department has not accepted the said treatment, however the matter was decided in favor of EFert by the Commissioner Appeals.

35.2.2 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.

(Amounts in thousand)

35.2.3 Engro Eximp AgriProducts (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 Commissioner Inland Revenue (Appeals) which reverted the case to the Commissioner and directed to assess the case in the light of evidences and supports available with the management. During the year, the remanded back proceedings have been concluded and EEAPL has succeeded in establishing substantial claim of depreciation amounting to Rs. 481,717 while for disallowed depreciation of Rs. 87,345 it has filed appeal which is pending before the Commissioner (Appeals). The management based on advice of tax consultant, is confident that matters will be decided in favor of EEAPL. Accordingly, no provision has been recognized in these consolidated financial statements.

35.2.4 Engro Polymer & Chemicals Limited (EPCL)

35.2.4.1 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.

35.2.4.2 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.

(Amounts in thousand)

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.

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. 36,687 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.

35.2.5 Engro Powergen Limited (EPL)

Subsequent to the year end, Commissioner Inland Revenue (CIR) through his order dated January 12, 2017 made certain additions and disallowances in respect of tax year 2014 as a result of audit of income tax affairs under section 214C of the Income Tax Ordinance, 2001 and raised tax demands of Rs. 268,583. EPL intends to contest the demand and based on the views of tax advisor of EPL, the management believes that the matters will ultimately be decided in favour of the EPL. Accordingly, no provision has been made in this respect in these consolidated financial statements.

35.3 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:

	2016	2015
	(Rupees)	
Profit before taxation	81,909,448	25,784,845
Tax calculated at the rate of 31% (2015: 32%)	25,391,929	8,251,150
Depreciation on exempt assets not deductible for tax purposes	3,389	3,043
Effect of exemption from tax on certain income	(1,528,842)	(2,753,629)
Effect of applicability of lower tax rate, FTR and other tax credits / debits	(16,449,244)	(2,094,857)
Prior year current and deferred tax charge	293,030	753,356
Un-recoupable minimum turnover tax	1,104	161,613
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	(52,862)	66,700
Others	652,815	1,454,890
Tax charge for the year	8,311,319	8,516,449

(Amounts in thousand)

36. DISCONTINUED OPERATIONS

As stated in note 1.4.4, the Holding Company has disposed-off its partial investment in EFoods, resulting in loss of control as at December 19, 2016. As a result, assets and liabilities of EFoods have been classified as assets and liabilities attributable to discontinued operations, a summary of which is as follows:

	December 19, 2016 Rupees
Assets attributable to discontinued operations	
Property, plant and equipment	13,120,693
Biological assets	932,726
Intangible assets	44,378
Long term advances and deposits	93,984
Deferred employee share option compensation expense	108,942
Stores, spares and loose tools	841,394
Stock-in-trade	3,861,318
Trade debts	69,654
Advances, deposits and prepayments	144,879
Other receivables	114,661
Sales tax recoverable	2,736,249
Taxes recoverable	2,039,370
Cash and bank balances	702,944
Total Assets	24,811,192
Liabilities associated with discontinued operations	
Long term finances	2,195,988
Short term finances	65,120
Deferred taxation	1,605,824
Deferred income	522
Accrued interest / mark-up	31,565
Accrued and other liabilities	3,664,234
Total Liabilities	7,563,253
Net assets attributable to discontinued operations as at December 19, 2016	17,247,939

(Amounts in thousand)

	For the period from January 1, 2016 to December 19, 19, 2016	For the period from January 1, 2016 to December 31, 31, 2015
	----------------(Rupees)----------------	
Financial performance of discontinued operations - note 1.4.4		
Net sales	43,328,112	49,834,089
Cost of sales	(33,400,229)	(38,303,002)
Gross profit	9,927,883	11,531,087
Distribution and marketing expenses	(4,879,987)	(4,952,143)
Administrative expenses	(880,942)	(1,385,412)
Other operating expenses	(331,682)	(368,648)
Other income	137,989	325,520
Operating profit	3,973,261	5,150,404
Finance costs	(341,119)	(856,419)
Profit before taxation	3,632,142	4,293,985
Taxation	(1,148,011)	(1,131,530)
Profit after tax from discontinued operations	2,484,131	3,162,455
Gain on disposal of investment in subsidiary	34,342,608	-
Gain due to recognition of retained interest in subsidiary (now associate) at fair value	24,337,818	-
Less: Tax on recognition of investment at fair value	478,244	-
Gain due to recognition of retained interest in subsidiary (now associate) at fair value, net of tax	23,859,574	-
Profit for the year	60,686,313	3,162,455
Other comprehensive income / (loss) from discontinued operation	12,168	(22,675)
Profit after tax from discontinued operation	60,698,481	3,139,780
Cash flows attributable to discontinued operations - note 1.4.4		
Net cash generated from operating activities	5,121,505	4,516,967
Net cash utilized in investing activities	(1,188,097)	(790,020)
Net cash utilized in financing activities	(3,175,878)	(1,721,870)
Net increase in cash and cash equivalents	757,530	2,005,077

(Amounts in thousand)

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 dilutive as at December 31, 2016.

	2016	2015
	(Rupees)	
Profit / (Loss) for the year (attributable to the owners of the Holding Company) from:		
- Continuing operations	8,742,374	11,031,185
- Discontinued operations	60,364,866	2,753,233
	69,107,240	13,784,418
The information necessary to calculate basic and diluted earnings per share is as follows:		
Profit for the year from continuing operations	8,742,374	11,031,185
Add:		
- Interest on IFC loan - net of tax	1,930	3,820
- (Gain) / Loss on revaluation of conversion options on IFC loan - net of tax	(43,950)	14,240
	(42,020)	18,060
	8,700,354	11,049,245
	Number in thousands	
Weighted average number of ordinary shares for determination of basic and diluted EPS	523,785	523,785

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts for remuneration, including all benefits, to the Chief Executive and Directors of the Holding Company and Executives of the Group are as follows:

	2016			2015		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	(Rupees)					
Managerial remuneration	144,058	30,000	3,688,572	93,512	3,330	4,402,502
Retirement benefits funds	-	-	369,533	840	-	491,207
Other benefits	357	10,146	398,032	19	677	209,416
Fees	-	40,672	2,408	-	29,523	234,640
Total	144,415	80,818	4,458,545	94,371	33,530	5,337,765
Number of persons including those who worked part of the year	2	12	1,019	2	17	1,643

(Amounts in thousand)

38.1 The Group also makes contributions to pension and gratuity funds and provides certain household items for use of some executives.The Group also provides 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.

38.2 Premium charged during the year in respect of directors indemnity insurance policy, purchased by the Group, amounts to Rs.3,425 (2015: Rs. 2,910).

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.

(Amounts in thousand)

39.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2016, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

39.1.2 Balance sheet reconciliation

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2016	2015	2016	2015
	(Rupees)			
Present value of defined benefit obligation	463,804	988,477	32,132	33,367
Fair value of plan assets	(418,228)	(876,698)	(44,213)	(40,835)
(Surplus) / Deficit	45,576	111,779	(12,081)	(7,468)
Payable to Defined Contribution Gratuity Fund	10,513	10,141	-	-
Payable in respect of inter group transfers	(271)	(75)	-	-
Unrecognized asset	-	-	12,081	7,468
Net liability recognized in the balance sheet	55,818	121,845	-	-

39.1.3 Movement in net (assets) / liability recognized in the balance sheet

Net liability at beginning of the year	121,845	(7,530)	-	-
Expense / (income) for the year	131,574	114,774	(672)	(464)
Net contribution by the Group	(20,192)	(110,362)	-	-
Remeasurement (gain) / loss to Other Comprehensive Income	(37,632)	124,963	672	464
Discontinued operations	(139,777)	-	-	-
Net liability at end of the year	55,818	121,845	-	-

39.1.4 Movement in present value of defined benefit obligation

As at beginning of the year	988,477	809,145	33,367	34,406
Current service cost	123,587	111,188	-	-
Past service cost	-	6,345	-	-
Interest cost	95,446	94,116	2,823	3,400
Benefits paid during the year	(131,664)	(129,918)	(4,028)	(4,054)
Remeasurement loss / (gain) to Other Comprehensive Income	(2,498)	122,543	(30)	(385)
Liability transferred in respect of inter-company transfer	1,257	(1,076)	-	-
Liability in respect of defined contribution transfers	(571)	(23,866)	-	-
Discontinued operations	(610,230)	-	-	-
As at end of the year	463,804	988,477	32,132	33,367

(Amounts in thousand)

39.1.5 Movement in fair value of plan assets

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2016	2015	2016	2015
	(Rupees)			
As at beginning of the year	876,698	828,211	40,835	38,824
Expected return on plan assets	87,459	96,875	3,495	3,864
Contributions by the Group	20,192	110,362	-	-
Benefits paid during the year	(131,664)	(129,918)	(4,028)	(4,054)
Remeasurement (loss) / gain to Other Comprehensive Income	35,134	(2,420)	3,911	2,201
Inter group asset transfers	311	(2,546)	-	-
Assets adjusted in respect of defined contribution transfers	(571)	(23,866)	-	-
Discontinued operations	(469,331)	-	-	-
As at end of the year	418,228	876,698	44,213	40,835

39.1.6 Charge for the year

Current service cost	123,587	111,188	-	-
Past service cost	-	6,345	-	-
Net Interest cost	7,987	(2,759)	(672)	(464)
	131,574	114,774	(672)	(464)

39.1.7 Principal actuarial assumptions used in the actuarial valuation

Discount rate	8% - 10.75%	9% - 10%	8%	9%
Expected rate of return on plan assets - per annum	8% - 10.75%	9% - 10%	8%	9%
Expected rate of increase in pension - per annum	-	-	0%	1%
Expected rate of increase in future salaries - per annum	7% - 10.75%	8% - 10%	-	-

39.1.8 Actual return on plan assets	119,677	85,887	4,826	3,823

39.1.9 Plan assets comprise of the following

	2016		2015	
	Rupees	%	Rupees	%
Defined Benefit Gratuity Plans				
Debt	313,800	75%	645,786	74%
Mutual funds	142	0%	5,492	1%
Equity	87,802	21%	119,230	13%
Others	16,484	4%	106,190	12%
	418,228	100%	876,698	100%
Defined Benefit Pension Plan				
Debt	42,017	95%	38,998	96%
Others	2,196	5%	1,837	4%
	44,213	100%	40,835	100%

(Amounts in thousand)

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

	2016	2015	2014	2013	2012
	(Rupees)				
Defined benefit gratuity plans					
Present value of defined benefit obligation	(463,804)	(988,477)	(809,146)	(727,897)	(693,804)
Fair value of plan assets	418,228	876,698	828,212	641,931	670,677
Surplus / (Deficit)	(45,576)	(111,779)	19,066	(85,966)	(23,127)
Defined benefit pension plan					
Present value of defined benefit obligation	(32,132)	(33,367)	(34,406)	(32,218)	(181,783)
Fair value of plan assets	44,213	40,835	38,824	38,535	187,719
Surplus	12,081	7,468	4,418	6,317	5,936

39.1.12 Expected future cost / (reversal) for the year ending December 31, 2017 is as follows:

	Rupees
Defined benefit gratuity plans	27,791
Defined benefit pension plan	(930)

39.1.13 Remeasurement recognized in Other Comprehensive Income

	Defined Benefit Gratuity Plan Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2016	2015	2016	2015
	(Rupees)			
Gain / (Loss) from change in experience adjustments	18,522	(106,732)	(128)	138
(Loss) / Gain from change in financial assumptions	(16,024)	(15,811)	158	247
Remeasurement of obligation	2,498	(122,543)	30	385
Actual Return on plan assets	119,677	85,887	4,826	3,823
Expected Return on plan assets	(87,459)	(96,875)	(3,495)	(3,864)
Difference in opening fair value of plan assets	2,916	8,568	2,580	2,242
Remeasurement of plan assets	35,134	(2,420)	3,911	2,201
Effect of asset ceiling	-	-	(4,613)	(3,050)
	37,632	(124,963)	(672)	(464)

(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	432,915	498,971	30,261	34,235
Long term salary increases	496,518	434,519	-	-
Long term pension increases	-	-	34,390	30,101
Withdrawal rates : Light	-	-	-	-
Withdrawal rates : Heavy / Moderate	-	-	-	-

39.1.15 Maturity Profile

	Gratuity Plan	Pension Plan
	(Rupees)	
Time in years		
1	29,805	4,013
2	70,303	4,013
3	95,701	4,013
4	26,598	4,013
5-10	259,033	4,013
11-15	301,316	4,013
16-20	432,352	4,013
20+	1,061,185	4,013
Weighted average duration	10.14	6.30

(Amounts in thousand)

39.2 Defined contribution plans

An amount of Rs. 275,937 (2015: Rs. 293,053) has been charged during the year in respect of defined contribution plans maintained by the Holding Company.

40. CASH GENERATED FROM OPERATIONS

	2016	2015
	(Rupees)	
Profit before taxation	81,909,448	25,784,845
Less: Profit before taxation attributable to Discontinued Operations	(62,312,568)	(4,293,985)
Profit before taxation from continuing operations	19,596,880	21,490,860
Adjustment for non-cash charges and other items:		
Depreciation	7,310,874	7,463,927
Amortization of intangible assets	48,205	48,211
Amortization of prepaid financial charges	132,132	27,069
Amortization of direct cost on FSRU	86,516	72,096
Gain on disposal of property, plant and equipment - net	(14,227)	(39,072)
Stores and spares / stock written-off	11,898	29,795
Loss on fair value adjustments of embedded derivatives and hedging instruments	(23,982)	-
Provision for retirement and other service benefits	240,645	195,699
Income on deposits / other financial assets	(1,247,208)	(1,689,901)
Share of income from joint venture and associates (note 34)	(1,273,497)	(1,018,945)
Financial charges	5,268,843	7,578,025
Foreign currency translation	32,114	28,004
Provision for surplus and slow moving stores and spares	21,034	146,930
Provision for stock in trade	(34,243)	56,812
Provision for impairment of other receivable	-	215,718
Provision for impairment of property, plant and equipment and intangible assets	-	3,430,816
Provisions against concessionary duty on import of raw materials and gas infrastructure development cess	980,891	134,690
Provisions	208,384	-
Gain on deemed disposal of SECMC	(72,563)	(6,935)
Working capital changes (note 40.1)	(12,348,702)	(24,767,295)
	18,923,994	13,396,504

40.1 Working capital changes

	2016	2015
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(265,241)	(280,760)
- Stock-in-trade	310,046	(3,204,747)
- Trade debts	(7,107,117)	(2,096,794)
- Loans, advances, deposits and prepayments	(223,343)	4,804
- Other receivables - net	(5,850,486)	(1,160,052)
	(13,136,141)	(6,737,549)
Increase / (Decrease) in current liabilities		
- Trade and other payables and provisions	787,439	(18,029,746)
	(12,348,702)	(24,767,295)

(Amounts in thousand)

41. CASH AND CASH EQUIVALENTS

	2016	2015
	(Rupees)	
Cash and bank balances (note 17)	5,900,379	4,112,298
Short term investments (note 16)	27,014,748	12,240,835
Short-term borrowings (note 25)	(4,435,587)	(5,096,645)
	28,479,540	11,256,488

42. FINANCIAL INSTRUMENTS BY CATEGORY

42.1 Financial assets as per balance sheet

	2016	2015
- Loans and receivables		
Loans and advances	3,858,829	5,385,429
Trade debts	13,733,482	6,733,613
Other receivables	1,525,556	1,891,758
Cash and bank balances	5,900,379	4,112,298
Accrued income	426,268	45,101
	25,444,514	18,168,199
- At fair value through profit and loss		
Short term investments	62,651,151	11,827,935
- Held to maturity		
Short term investments	2,074,376	2,222,177

42.2 Financial liabilities as per balance sheet

	2016	2015
At amortized cost		
Borrowings	78,677,912	65,991,407
Trade and other payables	28,459,335	29,410,225
Accrued interest / mark-up	1,138,421	1,328,147
	108,275,668	96,729,779
- At fair value through profit and loss		
Derivative financial instruments	251,760	381,245

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.

(Amounts in thousand)

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 133,542 (2015: USD 130,947). 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, 2016, 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. 87,151, 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.

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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.

(Amounts in thousand)

As at December 31, 2016, 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. 501,097, mainly as a result of interest exposure on variable rate borrowings.

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, 2016, 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 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 polymer / chemical 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.

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:

	2016	2015
	----------------(Rupees)----------------	
Loans and advances	3,858,829	5,385,429
Trade debts	12,485,978	6,249,835
Other receivables	501,523	784,045
Short term investments	64,725,527	11,827,935
Cash and bank balances	5,900,379	4,112,298
Accrued income	426,268	45,101
	87,898,504	28,404,643

(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	
		Long term	Short 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	BBB+
CIMB Bank Berhud	Moody's	P2	A3
Citibank N.A.	Moody's	P1	A1
Deutsche Bank AG	Moody's	P2	Baa2
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	PACRA	A1+	AA
First Bank of Nigeria	Fitch Rating	-	B
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habibsons Bank Limited	JCR-VIS	A-1+	AAA
HSBC Bank Middle East Limited	Moody's	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	Baa2
National Bank of Pakistan	JCR-VIS	A1+	AAA
NIB Bank Limited	PACRA	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.

	2016			2015		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(Rupees)					
Financial liabilities						
Derivatives	249,653	2,107	251,760	393,070	17,382	410,452
Trade and other payables	28,459,335	-	28,459,335	29,410,225	-	29,410,225
Accrued interest / mark-up	1,138,421	-	1,138,421	1,328,147	-	1,328,147
Borrowings	18,048,272	60,629,640	78,677,912	28,874,852	37,116,555	65,991,407
	47,895,681	60,631,747	108,527,428	60,006,294	37,133,937	97,140,231

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, 2016 and 2015 are as follows:

	2016	2015
	(Rupees)	
Borrowings	73,118,322	59,582,596
Equity	169,090,756	85,672,881
	242,209,078	145,255,477
Gearing ratio	30.19%	41.02%

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

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	-	62,651,151	-	62,651,151
Liabilities				
Financial liabilities at fair value through profit and loss				
- Derivatives	-	251,760	-	251,760

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."

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, 2016 and the audited financial statements as at June 30, 2015.

	2016	2015
	(Rupees)	
Size of the fund - Total assets	3,205,658	3,063,502
Cost of the investments made	2,800,793	2,333,996
Percentage of investments made	94%	89%
Fair value of investments	3,015,866	2,736,879

(Amounts in thousand)

45.3 The break-up of investments is as follows:

	2016		2015	
	Rupees	%	Rupees	%
National Savings Scheme	790,504	26%	223,037	8%
Government securities	702,336	23%	1,045,090	38%
Listed securities and Unit trusts	927,211	31%	1,164,311	43%
Balances with banks in savings account	595,815	20%	304,441	11%
	3,015,866	100%	2,736,879	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.

46. SEGMENT REPORTING

46.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	Nature of business
Fertilizer	This part of the business manufacture, purchase and market fertilizers. The operations of this segment include a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro, Engro DAP and Envy etc. optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phospatic fertilizers;
Polymer	This part of the business manufactures, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries;
Food	This part of the business manufactures, processes and sells dairy products, beverages, ice-cream, frozen deserts and other food products all over Pakistan and few parts of Afghanistan and Middle east. The segment markets and promotes its own brands in local and foreign markets through a network of distributors;
Power	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan and management services in Nigeria;
Other operations	This part of the business comprises of other operations including operating a terminal for handling, regasification, storage, treatment and processing of LNG and related petroleum products. It also includes management of investments in subsidiary com

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from profit and loss in the financial statements. Segment results and assets include items directly attributable to a segment.

46.2 The following information presents operating results regarding operating segments for the year ended December 31, 2016 and asset information regarding operating segments as at December 31, 2016:

	Fertilizer 2016	Fertilizer 2015	Polymer 2016	Polymer 2015	Food 2016	Food 2015	Power 2016	Power 2015	Other operations 2016	Other operations 2015	Elimination - net 2016	Elimination - net 2015	Consolidated 2016	Consolidated 2015
	Rupees													
Revenue from external customers (note 27)	69,537,253	86,634,362	22,854,024	22,263,742	44,246,343	51,715,327	11,483,679	13,419,258	17,502,225	16,055,315	(8,415,856)	(8,435,624)	157,207,668	181,652,380
Segment gross profit / (loss)	17,439,167	29,924,524	3,935,009	2,773,243	9,696,885	10,699,165	2,274,332	2,530,479	10,833,951	11,255,243	(8,336,531)	(8,299,745)	35,842,813	48,882,909
Segment expenses - net of other income	(772,083)	(6,582,598)	(1,829,359)	(2,028,884)	(6,121,740)	(6,503,144)	(429,962)	(427,054)	53,577,863	2,735,802	4,724,145	(1,578,227)	49,148,864	(14,384,105)
Income on deposits / other financial assets (note 31)	153,652	1,357,966	1,234	38,692	883	3,444	155,596	97,290	2,002,396	1,282,191	(631,576)	(633,066)	1,682,185	2,146,517
Impairment	-	-	-	-	-	(3,406,849)	-	-	-	-	-	(47,335)	-	(3,454,184)
Financial charges (note 33)	(3,186,755)	(4,838,908)	(919,587)	(1,143,122)	(415,994)	(1,005,007)	(673,305)	(443,591)	(1,427,947)	(1,395,133)	585,677	400,524	(6,037,911)	(8,425,237)
Share of income from joint venture and associates (note 34)	-	-	-	-	(38,871)	-	268,074	232,008	1,044,294	786,937	-	-	1,273,497	1,018,945
Income tax (charge) / credit (note 35)	(4,350,528)	(6,309,651)	(527,364)	(284,053)	(1,154,535)	(1,142,226)	(131,903)	(47,303)	(1,672,442)	(708,803)	(474,547)	(24,413)	(8,311,319)	(8,516,449)
Segment profit / (loss) after tax	9,283,453	13,551,333	659,933	(644,124)	1,966,628	(1,354,617)	1,462,832	1,941,829	64,358,115	13,956,237	(4,132,832)	(10,182,262)	73,598,129	17,268,396
Segment profit / (loss) after tax from discontinued operations (note 1.4.4)	-	-	-	-	2,484,131	3,162,455	-	-	58,202,182	-	-	-	60,686,313	3,162,455
Segment assets	102,803,512	110,817,000	24,420,761	24,211,764	1,885,446	29,152,843	52,832,909	22,438,983	105,616,120	54,004,958	(31,774,569)	(47,302,233)	255,784,179	193,323,314
Investment in joint venture / associate (note 7)	-	-	-	-	31,180,875	-	1,947,565	1,557,143	1,420,688	1,411,394	-	-	34,549,128	2,968,537
Total segment assets	102,803,512	110,817,000	24,420,761	24,211,764	33,066,321	29,152,843	54,780,474	23,996,126	107,036,808	55,416,352	(31,774,569)	(47,302,233)	290,333,307	196,291,851
Total segment liabilities	61,155,128	67,880,391	18,416,582	18,878,036	606,569	12,860,134	32,134,666	12,275,802	16,751,266	17,135,808	(7,821,660)	(18,411,201)	121,242,551	110,618,970
Capital expenditure including biological assets	3,010,417	1,984,808	644,657	660,708	1,398,909	1,025,075	19,704,142	752,656	327,086	5,393,124	-	-	25,085,211	9,816,371
Depreciation (note 4.2)	5,019,338	4,735,541	863,732	1,269,108	2,030,341	2,273,240	729,157	717,093	561,909	446,239	2,334	-	9,206,811	9,441,221
Amortization of intangible assets (note 6.1)	17,608	24,105	14,464	14,871	30,441	53,595	8,380	6,217	4,761	142	-	-	75,654	98,930

(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:

	2016	2015
	(Rupees)	
Parent Company		
Dividend paid	4,606,227	2,480,477
Reimbursements to Parent company	103,989	-
Associated Companies		
Purchases and services	4,458,359	7,519,749
Sale of goods and rendering of services	408,620	353,237
Investment inTreasury bills	-	608,070
Redemption of investment in Treasury bills	-	719,701
Payment of interest on TFCs and repayment of principal amount	78,808	45,349
Advance against issue of share capital	-	675,048
Share capital issued	9,984,463	168,000
Investment in mutual funds securities	-	490,000
Redemption of mutual funds securities	-	491,210
Reimbursement to associated companies	45,812	251,086
Reimbursement from associated companies	-	21,554
Expenses paid on behalf of associated companies	32,490	12,773
Utilization of overdraft facility	130,000	467,112
Repayment of overdraft facility	130,000	467,112
Mark-up on utilization of overdraft facility	157	2,172
Commitment fee	2,712	5,492
Interest on deposit	60	1,504
Bank charges	1	4
Dividend paid	808,837	557,855
Loan repaid	282,991	-
Finance costs paid	90,861	-
Accrued markup	5,398	-
Interest on borrowing	85,935	-
Investment in shares of associate	49,785	-
Payments made to associated companies	16,422,469	-
Payment against services to local banks	678,183	-
Loans received	293,993	-
Joint Ventures		
Purchase of services	1,030,385	1,147,606
Services rendered	306,610	18,801
Reimbursements	91,596	67,473
Dividend received	1,035,000	787,500
Retirement funds		
Contribution to retirement benefit schemes / funds	458,331	808,847
Others		
Other benefits paid	77,413	71,021
Sale of operating assets to employees	-	2,731
Dividend paid	131,195	63,749
Remuneration of key management personnel	638,292	732,290
Reimbursement to key management personnel	10,146	11,786

(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 are interested:

Name of Director	Interest in Donee	Name of Donee	2016	2015
			------------(Rupees)------------	
Ghias Khan	Chairman	Engro Foundation	106,000	102,500
Khalid Siraj Subhani	Chairman			
Ruhail Mohammed	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	
		2016	2015	2016	2015
Urea	Metric Tons	2,275,000	2,275,000	1,881,016	1,964,034
NPK	Metric Tons	100,000	100,000	94,610	126,074
PVC Resin	Metric Tons	178,000	178,000	172,000	162,000
EDC	Metric Tons	127,000	127,000	106,000	100,000
Caustic soda	Metric Tons	106,000	106,000	103,000	98,000
VCM	Metric Tons	204,000	204,000	174,000	162,000
Power (note 50.1)	Mega Watt	1,881,005	1,855,782	1,264,667	1,424,015
Dairy and beverages	Thousand Litres	-	748,000	-	552,532
Milling / Drying unit of rice processing plant (note 50.2)	Metric Tons	414,000	414,000	28,474	45,982
Ice Cream	Thousand Litres	-	39,000	-	19,364

(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, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Management employees	1,419	2,775	1,395	2,766
Non-management employees	577	774	577	848
	1,996	3,549	1,972	3,614

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 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."

54. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on February 17, 2017 has proposed a final cash dividend of Rs. 4.00 per share for the year ended December 31, 2016, for approval of the members at the Annual General Meeting to be held on April 6, 2017.

The Consolidated financial statements for the year ended December 31, 2016 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, 2017.

(Amounts in thousand)

55. LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE

Name of Subsidiaries	Financial year end
Engro Fertilizers Limited (EFert)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Engro Polymer Trading (Private) Limited (EPTL)	December 31
Engro Powergen Limited (EPL)	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
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
Name of Joint Venture	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates	
Engro Foods Limited (EFoods)	December 31
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:

	EPQL	EPTL	ETPL	EFERT	EPCL
	----------------(Rupees)----------------				
Total Assets	20,092,057	32,833,304	16,004,951	102,803,512	24,420,761
Total Liabilities	11,637,405	16,605,203	9,759,528	61,155,128	18,416,582
Total Comprehensive Income / (Loss)	1,787,688	(15,505)	1,449,953	9,298,650	670,451
Total Comprehensive Income / (Loss) allocated to NCI	552,143	(7,328)	185,117	3,150,739	293,725
Accumulated NCI	2,659,091	10,599,679	1,237,815	18,097,449	2,659,299
Cash and cash equivalents	(2,829,377)	1,281,552	2,256,372	14,365	1,086,509
Cash (utilized in) / generated from					
- operating activities	2,315,826	1,791,772	1,164,849	1,047,279	3,106,877
- investing activities	(179,401)	(22,950,247)	8,729	(1,676,472)	(636,768)
- financing activities	(2,893,113)	22,144,673	(598,969)	(10,823,254)	(245,736)
Dividend paid to NCI	251,875	-	-	3,707,442	-
Interest of NCI	31.11%	49.90%	20%	43.55%	43.81%

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 17, 2017 by the Board of Directors of the Holding Company.

Hussain Dawood
Chairman

Ghias Khan
President and Chief Executive

annexure

proxy form

I/We ____

of ______________________________ being a member of ENGRO CORPORATION LIMITED

and holder of ____

(Number of Shares)

Ordinary shares as per share Register Folio No. ______________________ and/or CDC Participant I.D. No. ______________ and Sub Account No. ______________ ,hereby appoint ______________________ of ______________________ or failing him ____ of ____

as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 06th day of April , 2017 and at any adjournment thereof.

Signed this ______________ day of __________ 2017.

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 Fertilizers 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.

____

Signature of Member/Shareholder

Date: ______________________

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 ریا 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 رہم -- اینگرو کارپوریشن لمیٹڈ کے رکن اور رجسٹر کے صفحہ نمبر رسی ڈی سی اکاؤنٹ نمبر------------------ کے مطابق------------عام شیئر (ز) کے حامل کی حیثیت سے------------ میں ویڈیو کانفرنس کی سہولت حاصل کرنا چاہتا ہوں رچاہتے ہیں۔

دستخط رکن رشیئر ہولڈر

تاریخ:--------------------------------

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 06 اپریل 2017ء 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 -------- / ---------- 2017ء

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 ہو جانا 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۔

پاک چین اقتصادی راہداری کے تحت ہونے والی انفراسٹرکچر سے ملک میں ترقی کے دروازے کُھل جائیں گے۔تاہم توانائی کے بحران پر بھی قابو پانے کی اشد ضرورت ہے کیونکہ یہ نمو کے لئے ایک رسک ہےاوراس کی وجہ سے صنعتی پیداواراورسپلائی متاثر ہوتی ہےاور کاروباری لاگت میں اضافہ ہوتا ہے۔اینگرو کارپوریشن ملک میں بجلی کے بحران کوختم کرنے میں پرعزم ہےاور ملک میں سب سے بڑے ہائیڈروکاربن منصوبہ۔تھرکوئلہ منصوبےکوتیار کررہی ہے۔اس منصوبے میں کوئلے کی کان کنی اور بجلی کی پیداوار، دونوں کے منصوبے قائم کئے جارہے ہیں۔

اینگرونے سال 2017ء کے لئے نئی منصوبہ بندی کی ہے جس کے تحت نمو کے تمام سیکٹرزکودریافت کیا جائے گااورطویل مدتی بنیادوں پر شیئر ہولڈرز کی ویلیو کو بڑھانے کے لئے کئی نئے منصوبوں کا اجراء کیا جائے گا۔ گروتھ کی حکمت عملی کوحقیقت بنانے کے لئے کمپنی انسانی وسائل ٹیکنکل اور فنانشل محاذ سے نبردآزما ہونے کے لئے تیارہے۔سرمائے کی صحیح اورمناسب ایلوکیشن اینگرو کی اس وقت سب سے اہم ترجیح ہے۔

اینگروفرٹیلائزرز

یوریا کی عالمی طلب میں سال 2017ء میں اضافے کی توقع کی جارہی ہے۔سپلائی نسبتاً مستحکم رہنے کی امید ہے اور نئے سپلائر مارکیٹ میں آئیں گے۔یوں تو قیمتیں مستحکم ہوتی دکھائی دیتی ہیں اور 240 ڈالرٹن (CFR Karachi) جو پاکستانی روپے میں 1,560 بنتا ہے، پرٹریڈ ہورہی ہیں۔تاہم کمزورفصل کی پیداواراورمضبوط ان پٹ پرائسز اورسابقہ سوویت ریاستوں اورافریقہ کی پیداوار بڑھنے سے قیمتوں پر دباؤ رہنے کی توقع ہےاور قیمتیں نسبتاً کمزوررہیں گی۔

مقامی طلب بھی سال 2017ء میں مستحکم رہے گی کیونکہ سبسڈی کی وجہ سے کسان کی آمدن میں اضافہ متوقع ہے جس کی بنیاد پر مقامی طور پر تیار ہونے والی یوریا کی طلب برقراررہے گی۔مقامی یوریا کی صنعت میں بڑی تبدیلیاں رونما ہوئی ہیں جس سے پیداوارخوب ہوئی جبکہ گزشتہ سال سپلائی میں کمی دیکھی گئی تھی۔گیس کی متواتر سپلائی نے بھی پیداوار میں اہم کردارادا کیا۔ماری اورسوئی کے نیٹ ورک میں ایل این جی کی موجودگی سے مینوفیکچررز پر فنانشل بوجھ آیا۔اس کے علاوہ ای سی سی نے 300 کے ٹی یوریا کی برآمد کو 28 اپریل 2017ء تک منظور کی ہوئی ہے۔

ڈی اے پی کی بین الاقوامی قیمتیں بھی سال 2017ء کے دوران مستحکم رہیں گی۔کیونکہ چین اور مڈل ایسٹ کی طلب میں اضافے کی توقع کی جارہی ہے۔مختلف ممالک کی جانب سے دی جانے والی سبسڈی کی وجہ سے بھی کسانوں کی معیشت بہتر ہوگی اورطلب میں اضافے کے ساتھ سپلائی جاری رہے گی۔

اینگروفوڈز

کمپنی کا ارادہ ہے کہ وہ اپنے برینڈز میں سرمایہ کاری جاری رکھے گی تاکہ کھلے دودھ سے پیک دودھ کی طرف صارفین کومتوجہ کیا جاسکے۔برق رفتارنمو پرتوجہ برقرار رہے گی اور ڈسٹری بیوشن نیٹ ورک کومزید بہتر بنا کر مارکیٹ لیڈر کی پوزیشن مزید مضبوط کی جائے گی۔فریز لینڈ کمپینا کی ہماری کمپنی کے حصول کے بعد ہم سمجھتے ہیں کہ فریز لینڈ کمپینا کی ریسرچ اورڈولپمنٹ، جدت اور کسانوں کی بہتری کی صلاحیتوں سے خاطرخواہ فائدہ ہوگا اورہم اپنے صارفین کوبہترین ڈیری مصنوعات فراہم کرتے رہیں گے۔

جی ایس ٹی اور ریگولیٹری ڈیوٹی کے لاگو ہوجانے سے کاروبار کرنے کی لاگت میں اضافہ ہوا ہے جو بتدریج صارفین کوادا کرنے ہونگے جس سے صنعت کی ترقی کے جزوی طور پر متاثر ہوجانے کا اندیشہ ہے۔

انڈسٹری کوریگولیٹری اتھارٹی کی ضرورت ہے تاکہ وفاقی اورصوبائی فوڈ قوانین کے درمیان ناہمواری کوختم کیا جاسکے کیونکہ یہ پیکنگ انڈسٹری کے لئے صحیح نہیں۔ پاکستان میں بھی پیسچرائزنگ کے قوانین لاگو ہونے چاہیں جیسے دنیا بھر میں ہوتے ہیں تاکہ مضرصحت کھلے دودھ کے حوالے سے اقدامات لئے جاسکیں۔

اینگروایگزمپ اگری پروڈکٹس

کمپنی سال 2017ء میں اپنی آپریشنل استعدادکارکوبہتر بنانے پرمرکوزرہے گی، اپنی ایکسپورٹ سیلزکومزید بہتر بنائے گی اورشیئرہولڈرکی ویلیو میں اضافے کی ہرممکن کوشش جاری رکھے گی۔

اینگروقادرپور

پاور بزنس کو نئے مواقع میسرآئیں گے اور بین الاقوامی پارٹنرز کے ساتھ مل کر اینگرو کی مخصوص انجینئرنگ اور پروجیکٹ مینجمنٹ کو بروئے کارلاکر دنیا بھر میں کاروبارکو بڑھایا جائے گا۔حکومت کے ساتھ شراکت داری کے ذریعے تھرمیں کان کنی کے منصوبےاور پاور پروجیکس کواگلے تین سالوں میں مکمل کرنے کے لئے بھرپورکوششیں کی جائیں گی تاکہ ملک میں جاری توانائی بحران کوقابو پانے میں مدد ملے۔

قادر پور میں کمپنی کے پلانٹ کو 2017ء میں بھی گیس کی سپلائی بلاتعطل جاری رہے گی۔حال ہی میں حکومت نے آئی پی پیز کودی جانے والی گیس کی قیمت تقریباً 35 فیصد سے کم کرنے کا فیصلہ کیا ہےاس کے ساتھ ساتھ تیل کی عالمی قیمتوں میں حالیہ اضافہ گیس سے چلنے والے والے پاور پلانٹس کوکم پیداواری لاگت، بہتر کارکردگی اور بہتر ماحولیاتی پیرامیٹرز کی بنیاد پر میرٹ آرڈر میں بہتری لانے میں مددگار ہوگا۔

اس کے ساتھ ساتھ گرڈ کی اپ گریڈیشن سے سال 2016ء میں ہم مستقبل میں بجلی کے خریدار کی طرف سے زیادہ ڈسپیچ کی توقع رکھتے ہیں۔جیسا کہ اوپر بھی بیان کیا گیا ہے، سرکلرڈیٹ میں بہتری کے باوجود حکومت آئی پی پیزکوواجب اداسودنہیں دے پائی ہے جوایک تشویش ناک امرہے۔

ہم یقین رکھتے ہیں کہ مسئلے کی بنیادی وجہ سے نمٹنے کے لئے کسی ٹھوس اقدامات کی غیرموجودگی میں مستقبل قریب میں انڈسٹری کی پیش قدمی میں گردشی قرضہ بدستورایک چیلنج بنارہے گا۔پیش قدمی کے دوران کمپنی بدستور پلانٹ اورآلات کے قابل اعتماد ہونے اور کارکردگی میں بہتری کے دیگراقدامات پراپنی توجہ مرکوز رکھے گی، تاکہ تمام مفادیافتگان کے فائدے کے لئے نیشنل گرڈکوبجلی کی بلاتعطل سپلائی یقینی بنائی جاسکے۔

اینگروپولیمر

اینگروپولیمر پراعتماد ہے کہ 2017ء میں بھی اچھی کارکردگی کا مظاہرہ کرے گی۔پی وی سی مارکیٹ میں نمو کی توقع کی جارہی ہےاس کی وجہ تعمیرات اورمثبت اقتصادی معاملات ہیں۔اینگروپولیمر پی وی سی پائپ کی طلب کو مزید بڑھانے کے لئے کوششیں جاری رکھے گی اورمقامی مارکیٹ میں مواقعوں کوتلاش کرتی رہے گی۔

اینگروپولیمر سال 2017ء میں جارحانہ پالیسی اختیار کرے گی اورصارفین، حکومتی ایجنسیز، تعمیرات کے ماہرین سے مشاورت جاری رکھے گی تاکہ پی وی سی مارکیٹ کی ڈولپمنٹ جاری رکھی جاسکے اورمقامی فروخت میں اضافہ ہو۔ان عوامل کی بناہ پر مفادیافتگان کومستقبل میں بہت فائدہ ہوگا۔

اینگروایلنجی

اینگروایلنجی کا ایل این جی منصوبہ بجلی کے شارٹ فال کوختم کرنے میں اہم کردارادا کررہا ہے۔ایس ایس جی سی کے ساتھ ہونے والے ایل ایس اے کے مطابق 95 فیصد کیپیسٹی فیس گارنٹیڈ ہے۔جیسا پہلے بتایا گیا ہے EETPL معاہدے کے مطابق 200 ایم ایم سی ایف ڈی کی اضافی کیپیسٹی کواستعمال کرسکتی ہے۔اس بنیاد پر مینجمنٹ ایک مثبت آوٹ لُک مستقبل میں دیکھ رہی ہے۔

اینگرووو پک

کمپنی سے توقع کی جارہی ہے کہ وہ سال 2017ء میں اعلیٰ کارکردگی کا مظاہرہ کرے اوراپنے آپریشنز کوبہتر بنائے اورمنافع بخش بنے تاکہ کیمیکلز کی ہینڈلنگ میں منفرد مقام حاصل کرسکے۔

حسین داؤد

چیئرمین

غیاث خان

سی ای او

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز نے کمپنی کے تمام اہم امور کا بغور جائزہ لیا ہے جن میں کمپنی کی اسٹریٹجک سمت، سالانہ کاروبار کے منصوبے اور اہداف، طویل مدتی سرمایہ کاری اور قرضوں پر لئے گئے فیصلے شامل ہیں۔ بورڈ کمپنی میں کارپوریٹ گورننس کے اعلیٰ معیارات کو جاری رکھنا چاہتا ہے۔

ڈائریکٹر کی ذمہ داریوں کا اعلامیہ

ڈائریکٹرز درج ذیل زمہ داریوں کے حوالے سے SECP کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اینڈ فائنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

۱۔ کمپنی کی انتظامیہ کی طرف سے تیار کئے جانے والے مالیاتی سٹیٹمنٹس منصفانہ طور پر کمپنی کے امور، آپریشنز کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلی بیان کرتے ہیں۔

۲۔ کمپنی کے اکاؤنٹس کی بکس کی معقول دیکھ بھال کی گئی ہیں۔

۳۔ مناسب اکاؤنٹنگ پالیسیوں کو مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاونٹنگ تخمینے معقول دانشمندانہ فیصلوں پر مبنی ہیں۔

۴۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو پاکستان میں بھی لاگو ہیں، ان کی تمام فنانشل اسٹیٹمنٹس میں مکمل پیروی کی گئی ہے۔

۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن بلکل ٹھیک ہے اور اسے مؤثر طریقے سے لاگو اور مانیٹر کیا گیا ہے۔

۶۔ کمپنی کے جاری رہنے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

۷۔ لسٹنگ ریگولیشنز میں تفصیلی طور پر درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی میٹریل ڈیپارچر نہیں۔

بورڈ کے اجلاس اور حاضری

2016ء میں، بورڈ آف ڈائریکٹرز نے 10 ملاقاتیں کیں ڈائریکٹرز کی حاضریوں کے ریکارڈ مندرجہ ذیل ہے:

ڈائریکٹرز کے نام	حاضری
جناب حسین داوٗد	9/10
جناب غیاث خان	10/10
جناب منصور خان*	-
جناب خالد سراج سبحانی	7/7
جناب محمد عبدالعلیم	8/10
جناب عبدالصمد داوٗد	9/10
جناب شہزادہ داوٗد	9/10
جناب مُنیر کمال	10/10
جناب وقار ملک	10/10
جناب عمران سعید**	3/3
جناب شہزاد نقوی**	5/5
جناب انعام الرحمان***	3/3
جناب اسفندیار شاہین***	6/7

* کو مورخہ 18 فروری 2016ء کو جناب منصور خان کی جگہ ڈائریکٹر تعینات کیا گیا۔ جنہوں نے 10 فروری 2016ء کو اپنے عہدے سے استعفیٰ دیا اور مورخہ 01 دسمبر 2016ء کو جناب خالد سراج سبحانی کی جگہ کمپنی کے سی ای او مقرر ہوئے۔

** مورخہ 02 نومبر 2016ء کو جناب شہزاد نقوی کی جگہ ڈائریکٹر مقرر کئے گئے۔ شہزاد نقوی نے 4 اکتوبر کو اپنے عہدے سے استعفیٰ دے دیا تھا۔

*** مورخہ 17 نومبر 2016ء کو ڈائریکٹر تعینات ہوئے، آپ جناب اسفندیار شاہین صاحب کی جگہ آئے ہیں جنہوں نے 15 نومبر 2016ء کو استعفیٰ دیا تھا۔

بورڈ کی آڈٹ کمیٹی نے زیر جائزہ سال کے دوران 5 ملاقاتیں کیں جن کی تفصیلات مندرجہ زیل ہیں۔

ڈائریکٹرز کے نام	حاضریاں
جناب محمد عبدالعلیم	5/5
جناب وقار ملک	5/5
جناب منیر کمال	4/5
جناب غیاث خان*	4/4

* کو مورخہ 18 فروری 2016ء کو جناب منصور خان کی جگہ ڈائریکٹر تعینات کیا گیا جنہوں نے 10 فروری 2016ء کو اپنے عہدے سے استعفیٰ دیا۔

بورڈ کی انوئسٹمنٹ کمیٹی نے سال 2016ء کے دوران سات اجلاس منعقد کئے۔ ان کی حاضری مندرجہ زیل ہے:

ڈائریکٹرز کے نام	حاضریاں
جناب عمران سعید*	-
جناب شہزاد نقوی*	6/6
جناب عبدالصمد داوٗد	7/7
جناب منیر کمال	6/7
جناب انعام الرحمٰن**	-
جناب اسفندیار شاہین	6/7

* کو مورخہ 2 نومبر 2016ء کو جناب شہزاد نقوی کی جگہ ڈائریکٹر تعینات کیا گیا جنہوں نے 4 اکتوبر 2016ء کو اپنے عہدے سے استعفیٰ دیا

** مورخہ 17 نومبر 2016ء کو جناب اسفندیار شاہین کی جگہ ڈائریکٹر مقرر کئے گئے۔ اسفندیار شاہین نے 15 نومبر 2016ء کو اپنے عہدے سے استعفیٰ دے دیا تھا۔

بورڈ کی معاوضہ کمیٹی نے سال 2016ء کے دوران نے گیارہ اجلاس منعقد کئے۔ ان کی حاضری مندرجہ زیل ہے:

ڈائریکٹرز کے نام	حاضریاں
جناب وقار ملک	11/11
جناب عبدالصمد داوٗد	9/11
جناب شہزادہ داوٗد	4/6
جناب محمد عبدالعلیم	11/11
جناب شہزاد نقوی*	5/8

* شہزاد نقوی نے 4 اکتوبر کو اپنے عہدے سے استعفیٰ دے دیا۔

ڈیوڈنڈ

بورڈ مسرت کے ساتھ 4 روپے کا فائنل کیش ڈیوڈنڈ سال 2016ء کے لئے پیش کرتے ہیں۔ زیر جائزہ سال میں دیئے جانے والے ڈیوڈنڈ کی قیمت 24 روپے فی حصص رہی جس میں 20 روپے کا عبوری کیش ڈیوڈنڈ بھی شامل ہے۔

مستقبل کا احاطہ

مالی سال 2016/17ء میں حکومت نے آئی ایم ایف کے ساتھ ہونے والے تین سالہ توسیع فنڈ کی سہولت پروگرام کو کامیابی سے مکمل کرلیا۔ ان تین سالوں میں پاکستان کی میکرو اقتصادی ترقی میں مثبت رجحان رہا۔ جس کی اہم وجوہات میں مالی نظم وضبط اور کرنٹ اکاؤنٹ کے خسارے میں کمی رہی جو کموڈیٹیز کی عالمی قیمتوں میں گراوٹ اور زرترسیل میں اضافے کی وجہ سے کم ہوا۔ اب حکومت کو اسٹرکچرل اصلاحات کا موقع ملا ہے جس کی بنیاد پر ملک میں اقتصادی نمو بڑھائی جاسکتی ہے۔ یہ توقع کی جارہی ہے کہ موجودہ مالی سال کے اختتام تک اقتصادی نمو 5.2 فیصد تک بڑھ جائے گی اور 2020ء تک پاکستانی اقتصادی نمو 5.8 فیصد ہوجائے گی۔ موجودہ نمو پاک چین اقتصادی راہداری کی وجہ آنے والی سرمایہ کاری ہے جس میں غیر ملکی سرمایہ کاروں کے ساتھ ساتھ ملکی کارپوریٹ ادارے بھی سرمایہ کاری میں دلچسپی کا اظہار کررہے ہیں۔ تاہم پاک چین اقتصادی راہداری کے تیزی سے پیش رفت نہ ہونے کی وجہ سے ترقی میں رکاوٹ کا خدشہ ہے۔ اس کے لئے حکومت کو تمام وسائل بروئے کار لانے ہونگے۔ تاکہ سرمایہ کاری کا موجودہ ماحول کسی اندیشے کا شکار نہ ہو۔ تیل کے کم عالمی نرخوں کی بدولت پاکستان کے بیرونی اور مالیاتی اکاؤنٹس میں بہتری آئی ہے اور مہنگائی بھی کنٹرول میں آئی ہے۔ لیکن قیمت کے بڑھ جانے سے ان عوامل پر بُرا اثر پڑھ سکتا ہے اس لئے ایک مستحکم مربوط پالیسی کی ضرورت ہے۔

اینگرو اسلامی روپیہ

2014ء میں کمپنی نے سرمایہ کاروں کوراغب کرنے کیلئے اسلامک سکوک کا اجراء کیا۔ یہ سکوک سالانہ 13 فیصد سے 13.5 فیصد تک کا ریٹرن دیتے ہیں اوران کی مدت تین سے پانچ سال ہے۔ان سکوک میں سے ششماہی بنیادوں پر منافع حاصل کیا جاسکتا ہے۔پاکستان کریڈٹ ریٹنگ ایجنسی نے اپنے سالانہ ریویو میں ہمارے سکوک کی ریٹنگ AA+ برقرار رکھی ہے۔

کیپیٹل سرمایہ کاری، کیپیٹل اسٹرکچر اور فنانس

سال کے اختتام پر مربوط شیئر ہولڈرا یکویٹی 169,091 ملین روپے رہی، یہ پچھلے سال کے مقابلے 83,418 ملین کا اضافہ ہے۔اس اضافے کی بنیادی وجہ اینگرو فوڈز کے شیئر بیچنے کی شکل میں کمپنی کوموصول ہونے والا منافع ہے۔

کمپنی کی طویل مدتی مربوط واجب ادائیگیاں سال کے آخر میں 73,118 ملین روپے رہیں۔گزشتہ سال کمپنی کی طویل مدتی مربوط واجب ادائیگیاں 59,583 ملین روپے رہیں تھیں۔ یہ اضافہ تھرکول منصوبے کو ملنے والی فنانسنگ سہولت کی وجہ سے ہے۔

سال 2016ء میں کئی کاروباروں کونقصان کا سامنا رہا تاہم ہماری اچھی مالیاتی مینجمنٹ کی وجہ سے اُن کمپنیوں کے آپریشنز پر کوئی زک نہیں آئی اور نہ ہی اُن کی واجب ادائیگیوں میں کسی قسم کی تاخیر ہوئی۔البتہ کیش کچھ اس طرح سے کمپنیوں میں لگایا گیا کہ کمپنی کی آپریشنل استعداد کار، حجم میں نمو میں بہتری ہو۔

کمپنی کی بیلنس شیٹ گیئرنگ (طویل مدتی قرضے اور ایکویٹی شیئر) سال 2016ء کے اختتام پر 41:59 vs 30:70 رہا۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی نے اپنی سالانہ جائزہ رپورٹ میں اینگرو کارپوریشن کی طویل مدتی ریٹنگ AA رکھی اور مختصر مدتی ریٹنگ A1+ رکھی۔ یہ درجہ بندیاں کمپنی کی اعلیٰ کارکردگی اور عمدہ مالیاتی مینجمنٹ کا منہ بولتا ثبوت ہیں اور رسک کے کم سے کم خطرے کی نشاندہی ہے۔

کلیدی فیصلوں کے ایریاز

کلیدی فیصلوں کے اہم ایریاز میں گروپ ریلیف اور گروپ ٹیکس، کیپٹل گین ٹیکس، ٹیکس برائے انٹر کارپوریٹ ڈیویڈنڈ، جی آئی ڈی سی، سیلز ٹیکس، ڈبلیو ڈبلیو ایف، متبادل کارپوریٹ ٹیکس، کم از کم ٹیکس برائے ٹرن اوور، اور اخراجات کی اپائنٹمنٹ وغیرہ شامل ہیں۔ان کی تمام معلومات نوٹس کی شکل میں دی گئی ہیں۔

ٹریژری مینجمنٹ

بورڈ کی جانب سے منظور شدہ پالیسیوں کے عین مطابق ٹریژری کی سرگرمیاں کی جاتی ہیں۔ان پالیسیوں کا بنیادی مقصد مطلوبہ لاگت کے تناظر میں فنڈنگ کو جاری رکھنا ہے تاکہ ممکنہ فنانشل خطرات سے نمٹا جاسکے اور کمپنی کے پاس ہر وقت فنڈز موجود رہیں۔ وہ رسک جو ٹریژری دیکھتی ہے ان میں لیکیوڈیٹی، شرح سود، کریڈٹ، مارکیٹ اور کرنسی رسک شامل ہیں۔ ہم Derivative فنانشل انسٹرومنٹ کے زریعے فارن کرنسی کے ریٹ، شرح سود کو سنبھالتے ہیں اور کیش فلوز اور آمدن میں ممکنہ غیر یقینی صورتحال کو ہیج کرتے ہیں۔ تاہم ٹریژری فنکشن پرافٹ سینٹر کی حیثیت میں کام نہیں کرتا۔

شرح سود مینجمنٹ

سال 2016ء کے اختتام پر، اینگرو کارپوریشن کی مربوط واجب ادائیگیاں 73,118 ملین روپے رہیں۔ان میں سے کچھ فارن کرنسی میں ہے جو LIBOR سے جڑی ہوئی ہے۔غیر ملکی کرنسی پر واجب ادائیگیوں پر شرح سود کو فکسڈ شرح سود کے زریعے سنبھالا جاتا ہے۔مقامی کرنسی پر لئے جانے والے تمام قرضے KIBOR سے منسلک ہوتے ہیں اور اس میں ہونے والی تبدیلیوں پر بھی کمپنی کی مسلسل نظر رہتی ہے اور ضرورت پڑنے پر انہیں بھی فکس کرلیا جاتا ہے۔

رسک مینجمنٹ فریم ورک

سنہ 2011ء میں اینگرو کارپوریشن نے اپنی تمام ماتحت کمپنیوں میں لین انٹر پرائز رسک مینجمنٹ فریم ورک کا آغاز کیا۔ یہ ہماری پالیسی کا ماخذ ہے کہ ہم رسک مینجمنٹ کو شیئر ہولڈر کی ویلیو کو قائم رکھنے، مزید بڑھانے کے لئے استعمال کریں تاکہ ایسی غیر یقینی صورتحال سے بچا جاسکے جس کی وجہ سے ہماری کارپوریٹ سرگرمیوں پر زک پہنچے اور مقاصد کو حاصل کرنے میں کوئی خلل پیدا ہو۔

کمپنی میں رسک کی نشاندہی اُن کے اثرات کی بناہ پر کیا جاتی ہے۔رسک کی متفرق درجہ بندیوں میں، حکمت عملی، تجارتی، آپریشنل اور مالیاتی رسک شامل ہیں۔رسک سے نبرد آزما ہونے کے لئے ایک حکمت عملی تشکیل دی جاتی ہے اور اس کی زمہ داری سینئر حکام کی ہوتی ہے۔اینگرو کارپوریشن کے بورڈ نے پورے گروپ میں مالیاتی رسک مینجمنٹ کے حوالے سے فریم ورک کی منظوری دی ہے۔کوشش یہی ہے کہ مالیاتی رسک کو اسٹرکچرل اور فارمل بنیادوں پر کم سے کم کیا جائے۔اس فریم ورک کے تحت تمام ماتحت کمپنیاں پالیسیاں اور ایس او پی بنانے کی پابند ہیں اور اپنی سہ ماہی رپورٹس میں مالیاتی رسک کی نشاندہی کریں گی اور انہیں ختم کرنے کی حکمت عملی بھی وضع کریں گی۔

لیکیوڈیٹی رسک

مطلوبہ لیکیوڈیٹی کو برقرار رکھنے کے لئے تاکہ وورکنگ کیپٹل کی ضروریات کا احاطہ کیا جاسکے، ہر ماتحت کمپنی کے بورڈ آف ڈائریکٹرز نے مختصر مدتی فنڈ فیسیلیٹی کی منظوری دی ہے۔ یہ کمپنی کی پالیسی ہے کہ مطلوبہ مختصر مدت میں فنڈنگ کی سہولت کمپنی کو حاصل رہے تاکہ جب کبھی ضرورت ہو بینکوں سے ادھار لے لیا جائے۔ہم اپنے تمام کیش فلوز کی مانیٹرنگ کرتے ہیں کیونکہ لیکیوڈیٹی رسک کو سنبھالنے کا سب سے احسن طریقہ یہی ہے۔اس کے ساتھ ساتھ قرض خواہوں سے مسلسل روابط اور مضبوط بینکوں سے معاملات بہتر رکھتے ہیں تاکہ آپریشنل استعداد کار کسی بھی قسم کی مشکلات کا شکار نہ ہو۔

فارن کرنسی رسک

ہم فارورڈ ایکسچینج کانٹریکٹس کے زریعے فارن کرنسی میں ہونے والے ردو بدل سے کمپنی کے کیش فلوز کو ہونے والے نقصانات کے پہلے ہی تدارک کردیتے ہیں۔ ہمارے کچھ کاروباروں میں فارن کرنسی رسک کا پہلے ہی خطرہ نہیں ہے جیسے توانائی کے منصوبے جن میں فارن ایکسچینج رسک واپڈا سنبھالتی ہے۔ گو کہ اینگرو ووپک کے کانٹریکٹس ڈالر میں ہیں۔اس کے علاوہ فرٹیلائزر کاروبار میں ہم نے کچھ فارن قرضوں کو کم کیا ہے۔ہم زیرِ جائزہ سال 2016ء میں مسلسل کرنسی کی نقل وحرکت پر نظر رکھے رہے اور آگے بھی یہی کریں گے اور ضرورت کے عین مطابق ایکشن لیں گے۔

کموڈیٹی رسک

مارکیٹ رسک کے تدارک کے لئے ہم نے کموڈیٹیز کی مقامی اور بین الاقوامی قیمتوں کی مانیٹرنگ جاری رکھی اور اس رسک کو کم کرنے کے لئے کم قیمت پر خام مال اٹھایا اور بورڈ کی جانب سے دی گئی پالیسیوں کو لاگو کیا۔

کریڈٹ رسک

اچھے مضبوط بینکوں کے ساتھ کاروبار کرنے سے ہمارے کریڈٹ رسک میں کمی واقع ہوئی ہے۔ مارکیٹ پوزیشن، کسٹمر بیس اور بین الاقوامی صنعتی پریکٹسز کی وجہ سے ہماری کریڈٹ کی حد بھی بڑھی ہے۔

مینجمنٹ انفارمیشن سسٹم

انفارمیشن سسٹم کی توجہ انفارمیشن ٹیکنالوجی کی حکمت عملی پر رہی جس کا مقصد ریکارڈ کے سسٹم کو انفارمیشن کے سسٹم میں تبدیل کردینا ہے تاکہ آگے چل کے یہ انگیج منٹ کے سسٹم میں ٹرانسفارم ہوسکے۔آئی ٹی ٹرانسفارمیشن پروگرام کے تحت، پروجیکٹ اورین کا آغاز کیا گیا تاکہ تجزیاتی اور ڈیش بورڈز کے زریعے بزنس انفارمیشن کی ضروریات کو پورا کرنے کے لئے بزنس انٹیلی جنس کے ٹولز کو لاگو کیا جاسکے۔کمپنی نے اس کے علاوہ ''مائی اینگرو'' نامی ہیومن ریسورس ٹرانسفارمیشن پورٹل کا آغاز کیا جس میں آن لائن پروجیکٹ مینجمنٹ، بھرتیاں، معاوضہ اور دیگر سہولیات دی گئی ہیں۔اس کی بدولت ہمارا انسانی وسائل کا ڈیپارٹمنٹ کمپنی کی ضروریات کے حساب سے زیادہ بہتر طریقے سے خدمات انجام دے سکتا ہے۔اس کے ساتھ ساتھ ورلڈ کلاس انوینٹری درجہ بندی کے سسٹم کو بھی متعارف کروایا گیا جو ہمارے موجودہ میٹریل مینجمنٹ سسٹم کو ماڈرن کرنے کے لئے لاگو کیا گیا ہے۔اب ہمارا وژن اینگرو بائینگ پاور ہاوس کا قیام ہے۔SAP کا کردار بھی کلیدی رہا جس کو ہم نے اپنی تمام ماتحت کمپنیوں تک پھیلا دیا۔

اکاؤنٹنگ معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز آرڈیننس 1984ء کی اُن ہدایات کے عین مطابق ہیں جن میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرز اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز شامل ہیں۔اس کے علاوہ سیکیوریٹیز اینڈ ایکسچینج کمیشن پاکستان کی ہدایات کو بھی مکمل فالو کیا گیا ہے۔

پینشن، گریجویٹی اور پروویڈنٹ فنڈ

اینگرو کارپوریشن گروپ بھر میں اپنے اور اپنی ماتحت کمپنیوں کے ملازمین کو بعد از ملازمت اور ریٹائرمنٹ کی مد میں فنڈز کی سہولیات فراہم کرتی ہے جن میں ڈیفائینڈ کنٹری بیوشن (DC)، ڈیفائینڈ بینیفٹ (DB)، پینشن کے پلان (تمام)، DC پروویڈنٹ فنڈ، DC گریجویٹی اور DB گریجویٹی پلان شامل ہیں۔

DB پلانز فنڈڈ اسکیمز ہیں جنہیں ٹیکس اتھارٹیز بھی تسلیم کرتی ہیں۔DB گریجویٹی اسکیم کی تازہ ترین ایکچوریل ویلیوشن 31 دسمبر 2016ء کو کی گئی جبکہ فنانشل اسٹیٹمنٹ کو 31 دسمبر 2015ء تک آڈٹ کیا گیا ہے۔پروویڈنٹ فنڈ کے نیٹ اثاثہ جات کی ویلیو 30 جون 2016ء تک، گریجویٹی فنڈز (31 دسمبر 2015ء تک) اور پینشن فنڈ (31 دسمبر 2015ء تک) کے آڈٹ شدہ اکاؤنٹس مندرجہ زیل ہیں۔

Provident Fund: PKR 3,206 million
DC Pension Fund: PKR 685 million
DB Pension Fund: PKR 36 million
DC Gratuity Fund: PKR 1,032 million
DB Non-MPT Gratuity Fund: PKR 118 million
DB MPT Gratuity Fund: PKR 249 million

آڈیٹرز

موجودہ آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاونٹینٹس نے بعد از ریٹائرمنٹ اور اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔بورڈ کی آڈٹ کمیٹی اُن کی باحیثیت آڈیٹر تقرری کی سفارش کرتی ہے اور بورڈ نے مالی سال 2017ء کے لئے باحیثیت آڈیٹر منظوری دے دی ہے۔

خرید و فروخت کئے گئے حصص اور اُن کی عمومی قیمتیں

کمپنی کے حصص پاکستان اسٹاک ایکسچینج میں خرید وفروخت ہونے والے سب سے زیادہ حصص میں سے ایک ہے۔زیر جائزہ سال کے دوران 417 ملین حصص کی خرید وفروخت دیکھنے میں آئی۔حصص کی عمومی قیمت روزانہ کی بنیاد پر 307.13 روپے رہی۔حصص کی قیمت کی نچلی ترین سطح سال 2016ء میں 255.60 روپے رہی اور بلند ترین 349.86 فی حصص رہی۔

شیئر ہولڈنگ کی ترتیب

اینگرو کارپوریشن کے سب سے زیادہ حصص کا مالک داؤد گروپ ہے جس میں داؤد گروپ ہرکیولیس کارپوریشن لمیٹڈ شامل ہے۔اس کے علاوہ دیگر حصص یافتگان میں اینگرو کے ملازمین، سرمایہ کار اور اُن کے رشتہ دار، مقامی اور غیر ملکی ادارے اور عوام الناس ہیں۔

شیئر ہولڈنگ کے عمومی نقشے اور حصص یافتگان کے مخصوص طبقوں، ڈائریکٹرز، کمپنی سیکریٹری، ازواج اور چھوٹے بچوں کی طرف سے شیئرز کی خرید وفروخت کے گوشوارے جن کی معلومات رپورٹنگ فریم ورک کے تحت درکار ہے، اس رپورٹ کے آخر میں دیئے گئے ہیں۔

اینگرو ووپک

سال کے دوران اینگرو ووپک نے 19 سال بغیر کسی انجری کے محفوظ آپریشن مکمل کر لئے۔EMEA ڈویژن میں ٹرمینل نے دوسری پوزیشن حاصل کی۔ یہ پوزیشن ووپک کے سالانہ صارفین سروے میں نیٹ اسکورر رہنے پر حاصل کی اس کے علاوہ VSQ1 پر پہلی پوزیشن حاصل کی۔ اینگرو ووپک نے EMEA ڈویژن میں سروس ایکسیلنس ایوارڈ بھی حاصل کیا ہے۔ اینگرو ووپک نے THA کے آڈٹ میں 98 فیصد اسکور کیا جو ووپک ورلڈ میں سب سے اعلیٰ اسکور ہے۔

کمپنی کے آپریشن کے حوالے سے، اینگرو ووپک نے 227 کے ٹی ایل پی جی ہینڈل کی۔ اس کے ساتھ فاسفورک ایسڈ 682 کے ٹی سال 2016ء کے دوران ہینڈل کیا گیا۔ یہ کسی بھی کاروبار کا، ٹن میں سب سے زیادہ مقدار میں ہینڈل کرنا ہے۔ اینگرو ووپک نے سال کے دوران 1,411 کے ٹی کی ٹوٹل کیمیکلز کی ہینڈلنگ کی جبکہ گزشتہ سال کمپنی نے 1,286 کے ٹی ہینڈل کی تھی۔ اینگرو ووپک نے سال بھر میں مضبوط مالیاتی آپریشنز کا مظاہرہ کیا اور اختتام پر 3,155 ملین روپے کی آمدن پوسٹ کی جبکہ سال 2015ء میں 2,599 ملین روپے کی آمدن ریکارڈ کی تھی۔ کمپنی کا منافع بعداز ٹیکس زیرِ جائزہ سال میں 2,005 ملین روپے رہا۔ اس سے پہلے سال 2015ء میں کمپنی نے 1,574 ملین روپے کا منافع بعداز ٹیکس کے نتائج کا اعلان کیا تھا۔

ریونیو

(ملین روپے)

3,155

2016

اینگرو ایلنجی ٹرمینل

سال کے دوران کمپنی نے کامیابی سے ایل این جی ٹرمینل پروجیکٹ کوفزیکل طور پرمکمل کرلیا جوفنانسنگ ایگریمنٹ کے تحت ایک سنگ میل ہے۔ منصوبے کوفنانشل طور پرمکمل نہیں کیا ہے۔

زیرِ جائزہ سال کے دوران کمپنی نے 44 کارگو اور 2,713,303 میٹرک ٹن ایل این جی ہینڈل کی۔ ٹرمینل نے 131 بی سی ایف، ایل این جی گیس سوئی سدرن گیس کمپنی کے نیٹ ورک میں شامل کی جو تقریباً 138 بلین BTU بنتی ہے۔ مزید براں ٹرمینل نے 100 فیصد آر ایل این جی ری گیسیفیکشن کو یقینی بنایا جو ایس ایس جی سی نے بھی تسلیم کیا ہے۔ سال بھر میں اوسط یوٹیلائزیشن 99.4 فیصد رہی۔

اینگرو ایلنجی ٹرمینل کا ایس ایس جی سی کے ساتھ ایگریمنٹ ہوگیا ہے جس کی رو سے کمپنی بچ جانے والی 200 ایم ایم سی ایف ڈی کو استعمال کرسکتی ہے۔ اس معاہدے پر پیپر ورک جاری ہے۔ اسی طرح ایلنجی ٹرمینل نیشنل بینک کے ساتھ مذاکرات میں مصروف ہے تاکہ وہ نیشنل بینک کی 5 ملین ڈالر کی بانڈ سہولت کو استعمال کر سکے۔

سال کے دوران کمپنی نے کامیابی سے ایل این جی ٹرمینل پروجیکٹ کوفزیکل طور پرمکمل کرلیا جوفنانسنگ ایگریمنٹ کے تحت ایک سنگ میل ہے۔ منصوبے کوفنانشل طور پرمکمل نہیں کیا ہے۔

ریونیو

(ملین روپے)

9,196

2016

ریونیو

(ملین روپے)

22,854

2016

اینگرو پولیمر اور کیمیکلز لمیٹڈ

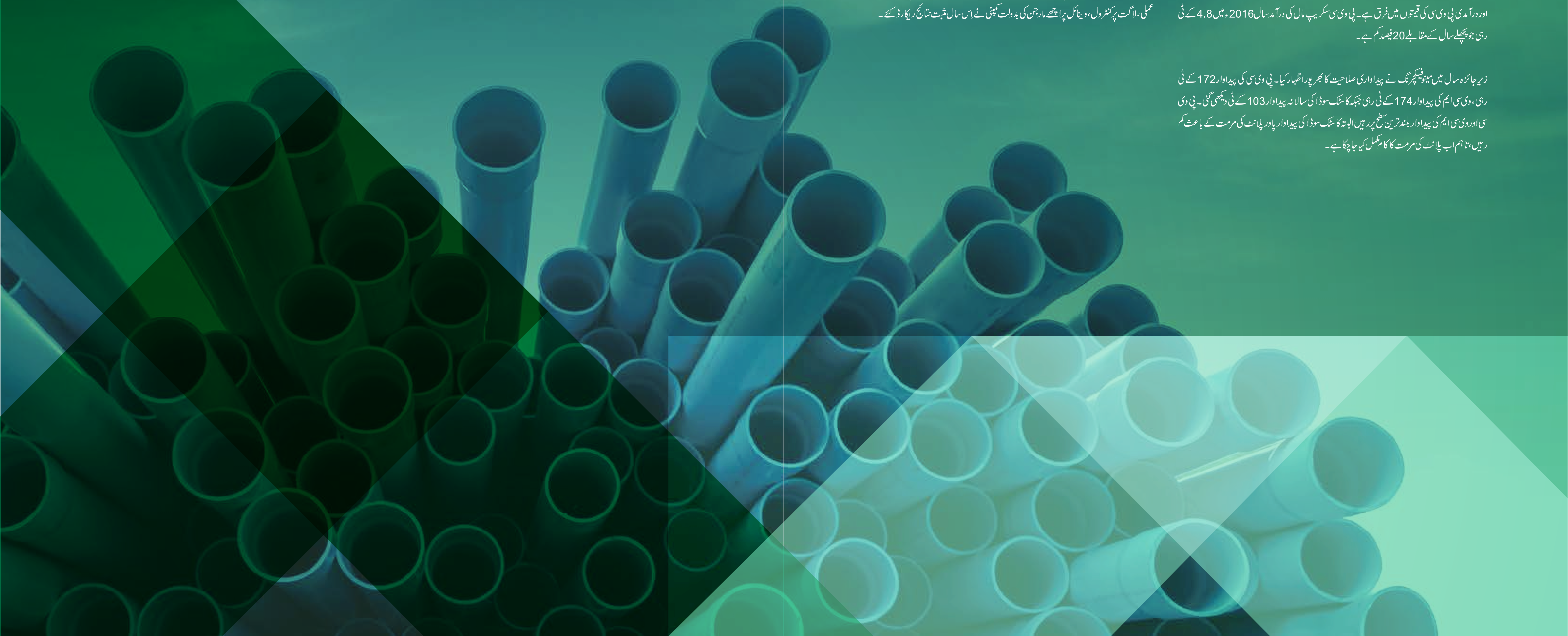
زیر جائزہ سال میں مینوفیکچرنگ نے پیداواری صلاحیت کا بھرپور اظہار کیا۔ پی وی سی کی پیداوار172 کے ٹی رہی، وی سی ایم کی پیداوار174 کے ٹی رہی جبکہ کاسٹک سوڈا کی سالانہ پیداوار103 کے ٹی دیکھی گئی۔

2016ء میں پی وی سی کی مقامی مارکیٹ میں 17 فیصد کی نمو دیکھی گئی۔ پی وی سی مارکیٹ میں پائپ اور فٹنگ کی طلب زیادہ رہی۔ پی وی سی پائپ اور فٹنگ تجارتی اور رہائشی عمارتوں کے لئے تیزی سے مقبول ہو رہے ہیں۔ حکومتی اور بڑی صنعتوں میں پی وی سی کی مضبوط طلب اور کھپت میں بڑھوتی کے پیشِ نظر مقامی فروخت 167.8 کے ٹی رہی، جبکہ گزشتہ سال مقامی فروخت 151.6 کے ٹی تھی۔ مقامی پی وی سی صرف اینگرو پولیمر ہی بناتی ہے جو اسے اپنے برانڈ 'سبز' کے نام سے مارکیٹ میں جانا پہچانا جاتا ہے۔ سبز کا مارکیٹ شیئر 80 فیصد ہے اور فروخت کے حجم میں زیر جائزہ سال میں بھرپور نمو ریکارڈ کی گئی ہے۔ اس کی وجہ مقامی مارکیٹ میں اچھی کوالٹی اور درآمدی پی وی سی کی قیمتوں میں فرق ہے۔ پی وی سی سکریپ مال کی درآمد سال 2016ء میں 4.8 کے ٹی رہی جو پچھلے سال کے مقابلے 20 فیصد کم ہے۔

زیر جائزہ سال میں مینوفیکچرنگ نے پیداواری صلاحیت کا بھرپور اظہار کیا۔ پی وی سی کی پیداوار172 کے ٹی رہی، وی سی ایم کی پیداوار174 کے ٹی رہی جبکہ کاسٹک سوڈا کی سالانہ پیداوار103 کے ٹی دیکھی گئی۔ پی وی سی اور وی سی ایم کی پیداوار بلند ترین سطح پر رہیں البتہ کاسٹک سوڈا کی پیداوار پاور پلانٹ کی مرمت کے باعث کم رہیں، تاہم اب پلانٹ کی مرمت کا کام مکمل کیا جا چکا ہے۔

کاسٹک سوڈا کے سیگمنٹ میں اینگرو پولیمر نے 83 کے ٹی کاسٹک سوڈا فروخت کی جو گزشتہ سال سے متوازن ہے۔ اس طرح کمپنی نے سال 2016ء میں اپنا مارکیٹ شیئر 32 فیصد پر برقرار رکھا۔ گو کہ مارکیٹ میں بھرپور مسابقت رہی لیکن پھر بھی اینگرو پولیمر کی مارکیٹ لیڈر کی پوزیشن مستحکم رہی۔

اینگرو پولیمر نے سال 2016ء کے اختتام پر 660 ملین روپے منافع بعد از ٹیکس کا اعلان کیا ہے۔ جبکہ پچھلے سال کمپنی نے 644 ملین روپے کا خسارہ بعد از ٹیکس پوسٹ کیا تھا۔ بہتر ہوتا سیلز کا حجم، اچھی کاروباری حکمت عملی، لاگت پر کنٹرول، وینائل پر اچھے مارجن کی بدولت کمپنی نے اِس سال مثبت نتائج ریکارڈ کئے۔



سندھ اینگرو کول مائننگ کمپنی

سال بھر کے دوران ایس ای سی ایم سی نے فنانشل معاہدوں کے تحت تمام شرائط کو بخوبی پورا کیا ہے اور 4 اپریل 2016ء کو منصوبے کا فنانشل کلوز حاصل کیا۔ نتیجتاً EPC کانٹریکٹرز کو (چائنا مشینری انجینئرنگ کارپوریشن اور چائنا ایسٹ ریسورسز امپورٹ اینڈ ایکسپورٹ) نوٹس برائے آغاز کا اجراء ہوا جو سائٹ پر پہلے سے ہی موجود ہیں۔

مئی سے سال کے اختتام تک دن رات کے حساب سے ترقیاتی کام جاری رہا اور فی الحال کام شیڈول سے آگے ہے۔ 31 دسمبر 2016ء تک 15 ایم، بی سی ایم مٹی ہٹائی جا چکی ہے۔ فنانشل کلوز حاصل کرنے سے پہلے بھی 4 ایم، بی سی ایم مٹی ہٹائی جا چکی تھی۔ پانی کو ہٹانے کے کام کو بھی بخوبی انجام دیا جا چکا ہے۔ اب تک 27 کُنویں خالی کئے جا چکے ہیں جس کی بدولت ایس ای سی ایم سی نے پانی کے تین جوہڑ خالی کئے۔ اس ضمن میں گورانو میں ڈسپوزل ریزروائر کی تعمیر جاری ہے اور یہ تقریباً 80 فیصد مکمل کیا جا چکا ہے۔

فیز I کے لئے 6,000 ایکڑ، فیز II کے لئے 5,400 ایکڑ اور گورانو ریزروائر کے لئے 530 ایکڑ زمین کے حصول کی کوششیں اس سال جاری رہیں۔ اس کے لئے ایس ای سی ایم سی نے 1,045 ملین روپے ریوینیو ڈیپارٹمنٹ میں جمع کروا دیئے ہیں اور 2,574 پرائیویٹ زمین کو حاصل کیا جا چکا ہے۔ بقیہ حصول 2017ء کے آخر تک ہو جانے کی توقع ہے۔ منصوبے کے فیز I کی لاگت کا تخمینہ تقریباً 845 ملین ڈالر لگایا گیا ہے جس میں سے 211 ملین ڈالر حصص کی فروخت سے حاصل کئے جائیں گے جبکہ 634 ملین کی فنانسنگ کروائی جائے گی۔

ہماری نئی حصص یافتگان کمپنی Huolinhe Open Pit Coal (HK)Investment- Company Limited (HOCIC) - کو منصوبے میں زیرِ جائزہ سال میں شامل کیا گیا اور 3 ملین ڈالر کی مالیت کے حصص HOCIC کو منتقل کئے گئے، جس سے کُل ایکویٹی 74 ملین ڈالر ہو گئی۔ 9.6 ملین ڈالر کی فنانسنگ اِس سال 2016ء میں حاصل کی گئی۔ ای پی سی کانٹریکٹ کے تحت چار قرض خواہ ہر سنگ میل پار ہونے پر فنڈز ریلیز کریں گے۔ اس کے علاوہ مقامی فنانسنگ کی سہولت بھی کمپنی کو حاصل ہے اور اس کے لئے تین قرض خواہوں نے کمپنی کو 11.4 ارب روپے کی فنانسنگ دی۔ مزید براں ان فنانسنگ کی مد میں شرح سود اور قسط کی ادائیگی بھی ہو چکی ہے۔

مقامی لوگوں کی آبادکاری کے فریم ورک کے تناظر میں سال کے دوران کئی اقدامات لئے گئے جس میں مویشیوں کے علاج معالجہ کے لئے کیمپ کا انعقاد، ماروی زچہ و بچہ کلینک کا قیام، آر او واٹر پلانٹس کا قیام اور ہنر فاؤنڈیشن کے تحت طالب علموں کے لئے وظیفے۔ ایس ای سی ایم سی نے لوگوں کی صلاحیتوں میں اضافے کے لئے بھی کئی منصوبوں کا اجراء کیا جیسے خوشحال تھر جہاں کئی سو مقامی لوگوں کو منصوبے کے حوالے سے ٹریننگ اور پھر روزگار دیا گیا۔ ان لوگوں کو کروائے جانے والے کورسز میں مزدور، اسکیفولڈنگ، فٹنگ، پلمبنگ، ڈمپر ڈرائیور، اسٹیل فکسنگ سمیت کئی کورسز شامل ہیں۔

اینگرو پاور جن تھر لمیٹڈ

سال 2016ء کے دوران اینگرو پاور جن تھر لمیٹڈ نے 4 اپریل کو فنانشل کلوز حاصل کر لیا نتیجتاً EPC کانٹریکٹرز (چائنا مشینری انجینئرنگ کارپوریشن اور چائنا ایسٹ ریسورسز امپورٹ اینڈ ایکسپورٹ) اور سپلائی اینڈ سروسز کانٹریکٹر (اینگرو پاور جن) کو نوٹس برائے آغاز کا اجراء ہوا اور جس کی بناہ پر سائٹ پر موبیلائزیشن کی اجازت ملی۔

نوٹس برائے آغاز کے ملنے سے ای پی ٹی ایل نے تمام ای پی سی فرنٹس پر قابل ذکر کامیابی حاصل کی ہے۔ منصوبے کی بنیادی انجینئرنگ کا کام مکمل کیا جا چکا ہے اور مکمل انجینئرنگ کا کام تیزی سے تکمیل کی جانب گامزن ہے۔ مکمل انجینئرنگ کو 2017ء کے درمیان میں مکمل کئے جانے کی توقع ہے۔

ای پی ٹی ایل نے شیڈول سے پہلے ہی زیادہ تر خریداری کے آرڈر کر رکھے ہیں تا کہ منصوبہ قلیل مدت میں مکمل کیا جا سکے۔ ای پی ٹی ایل کو دسمبر 2016ء میں بوائلر اسٹیل اسٹرکچر کی شپمنٹ پہلے ہی موصول ہو چکی ہے اور تمام تعمیراتی کام شیڈول سے آگے ہیں۔ ای پی ٹی ایل کے منصوبے کی کُل لاگت اندازے کے مطابق 1,108 ملین ڈالر ہے جس میں سے 831 ملین ڈالر کی فنانسنگ حاصل کی جائے گی اور 277 ملین ڈالر کے حصص ایکویٹی اور قرض کے تناسب 75:25 سے فروخت کے لئے پیش کئے جائیں گے۔ اینگرو پاور جن منصوبے میں 51 فیصد سے سب سے بڑا پارٹنر ہے۔ باقی ماندہ ایکویٹی CMEC تھر پاور انویسٹمنٹ لمیٹڈ اور دیگر سرمایہ کار جیسے حبیب بینک اور لبرٹی ملز کے پاس ہوگی۔

سال کے دوران ایکویٹی کی اسپانسرز میں تقسیم متناسب کی بنیادوں پر ہوگی۔ سال 2016ء کے اختتام پر کُل ایکویٹی 156.2 ملین ڈالر رہی۔ اسی مدت میں ای ٹی پی ایل نے ڈالر فنانسنگ سہولت کے تحت 114.5 ملین ڈالر حاصل کئے جبکہ روپیہ فیسلیٹی اگریمنٹ کے تحت نیشنل بینک آف پاکستان اور اسلام فیسلٹی اگریمنٹ کے تحت 153.3 ملین روپے کی فنانسنگ حاصل کی۔

ریونیو

(ملین روپے)

11,484

2016

اینگرو پاور جن

کمپنی نے 2016ء میں 100.3 فیصد کی شرح سے قابل وصول دستیابی (billable availability) کا مظاہرہ کیا جبکہ اس کے مقابلے میں گزشتہ سال یہ شرح 99.7 فیصد تھی۔

اینگرو پاور جن ہماری مکمل ملکیتی ماتحت کمپنی ہے جو بجلی کی پیداوار اور فروخت کے کاروبار کو شروع کرنے کے بنیادی مقصد کے ساتھ قائم کی گئی ہے۔ یہ اینگرو پاور جن قادر پور 217.3 میگاواٹ کمبائنڈ سائیکل پاور پلانٹ کی مالک ہے اور اسے آپریٹ کرتی ہے۔ اس کے علاوہ یہ تھر کوئلہ بجلی منصوبے میں بھی شامل ہے اور حکومتِ سندھ کے ساتھ منصوبے میں بڑی پارٹنر ہے۔ اس شراکت داری کی بنیاد پر سندھ اینگرو کول مائننگ کمپنی وجود میں آئی۔ مزید براں اینگرو پاور جن تھر لمیٹڈ کو 2014ء میں قائم کیا گیا تا کہ کوئلے سے چلنے والے 330 x 2 میگا واٹ کے منصوبے کا اجراء کیا جائے۔ اس کے علاوہ اینگرو پاور جن 45 فیصد سے GEL یوٹیلیٹی لمیٹڈ (GEL) کے حصص کی مالک ہے۔ یہ نائجیریا میں 72 میگا واٹ کا ٹرپل ریڈنڈینسی کیپٹیو پلانٹ قائم کرچکی ہے جو 2014ء سے کمرشل آپریشنز کررہا ہے۔

اینگرو پاور جن قادر پور

یہ ایک منفرد منصوبہ ہے کیونکہ یہ رساؤ والی گیس (Permeate) کم BTU اور گندھک کی وافر مقدار والی گیس کو درکار بجلی میں تبدیل کرتا ہے۔ اس سے پہلے یہ گیس شعلے کی نظر کردی جاتی تھی۔ پیدا کردہ بجلی پاور پرچیز ایگریمنٹ (PPA) کے تحت نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی (NTDC) منتقل کردی جاتی ہے۔ کمپنی نے سوئی ناردرن گیس پائپ لائن لمیٹڈ سے قادر پور گیس فیلڈ سے 75 ایم ایم سی ایف ڈی رساؤ والی گیس کی سپلائی کے لئے گیس سپلائی ایگریمنٹ (GSA) کررکھا ہے۔ فیول سپلائی کی منفرد نوعیت کی بدولت کمپنی کو گیس کی کمی کا نسبتاً کم خطرہ درپیش ہے اگرچہ پلانٹ کی عمر پوری ہونے تک گیس کی سپلائی کے موجودہ ماخذ قادر پور گیس فیلڈ میں گیس کے زرائع کم ہوسکتے ہیں تاہم کمپنی گیس میں کمی کے اثرات سے محفوظ ہے کیونکہ اس کا معاہدہ ملے جلے (comingle) فیول یعنی پلانٹ کو گیس اور ہائی اسپیڈ ڈیزل (HSD) دونوں پر چلانے کی اجازت دیتا ہے۔ مزید براں امپلی مینٹیشن ایگریمنٹ کے ضوابط کے تحت حکومت پاکستان کو گیس کنورژن کی لاگت واپس لوٹانے اور گیس کی کمی کے نتیجے میں متبادل ایندھن پر پلانٹ چلانے پر زرتلافی کی ادائیگی کی زمہ دار ہوگی۔ کمپنی نے ایک طویل المعیاد متبادل ایندھن کی تلاش کا کام شروع کردیا ہے۔

کمپنی نے 2016ء میں 100.3 فیصد کی شرح سے قابل وصول دستیابی (billable availability) کا مظاہرہ کیا جبکہ اس کے مقابلے میں گزشتہ سال یہ شرح 99.7 فیصد تھی۔ اس نے مجموعی طور پر 1,265GWh خالص پیدا شدہ بجلی نیشنل گرڈ کو بھیج کر 67.2 فیصد لوڈ فیکٹر کا مظاہرہ کیا جبکہ اس کے مقابلے میں گزشتہ سال یہ شرح 76.6 فیصد تھی۔ لوڈ فیکٹر میں کمی کی بنیادی وجہ بجلی کے خریدار کے گرڈ کی گنجائش سے جڑے معاملات تھے۔ 21 جنوری 2016ء کو NTDC کے آٹو ٹرانسفارمر میں آگ لگ گئی تھی اور یہ آپریشنل نہ رہا۔ جس کی وجہ سے بجلی کی تقسیم کا عمل پورے ریجن میں متاثر ہوا جہاں ہمارا پلانٹ آپریٹ کرتا ہے۔ پلانٹ اس واقعہ کے بعد سے پیش تیار (سٹینڈ بائی) موڈ پر رکھا گیا ہے تاہم کمپنی کیپسٹی پرچیز پیمنٹ (CPP) کی وصولی کا پورا حق رکھتی ہے کیونکہ اس تمام عرصے میں پلانٹ خریدار کو بجلی کی ترسیل کرنے لیے تیار رہا۔

زیر جائزہ مدت کے دوران فروخت آمدن 11,452 ملین روپے ریکارڈ کی گئی۔ گزشتہ مالیاتی سال میں کمپنی کی فروخت آمدن 13,354 ملین روپے تھی۔ فروخت آمدنی میں کمی کی بنیادی وجہ لوڈ فیکٹر میں کمی تھی جس کی وجہ اوپر بیان کی گئی ہے۔ اسی مدت کے دوران مجموعی نفع 1,788 ملین روپے رہا جبکہ پچھلے سال کمپنی کا مجموعی نفع 1,797 ملین روپے تھا۔

31 دسمبر، 2016ء تک این ٹی ڈی سی سے اوورڈیو وصولی 2,353 ملین روپے رہی جس کے مقابلے 31 دسمبر 2015ء پر اوورڈیو وصولی 1,691 ملین روپے تھی۔ اسی طرح SNGPL کو اوورڈیو واجب ادائیگی 31 دسمبر 2016ء پر 597 ملین روپے رہی جبکہ 31 دسمبر 2015 پر اوور ڈیو واجب ادائیگی 583 ملین روپے تھی۔

تینا گا جینیراسی ونڈ پاور (TenagaGenerasi Wind Power)

منصوبے کے مطابق ہوا سے چلنے والے پاور پلانٹ کی منظوری اس سال 2016ء میں ملی۔ اینگرو پاور جن اس منصوبے کی منیجر ہے اور مالک کی نمائندہ ہے۔ اور اب اس کو اثاثوں کی مینجمنٹ کا دوسال پر محیط کانٹریکٹ ملا ہے جو یہ O&M کانٹریکٹر کی حیثیت میں سنبھالے گی۔ اینگرو پاور جن نے تینا گا کی کامیابی سے ڈیلوری پر موقع سے فائدہ اٹھایا اور ایک اور پروجیکٹ مینجمنٹ کا کانٹریکٹ حاصل کرلیا۔ اس کے علاوہ بھی کمپنی ونڈ پاور میں اونرز انجینئر کا معاہدہ حاصل کرنے کے لئے مزاکرات میں مصروف ہے۔

جیل یوٹیلیٹی لمیٹڈ (GEL)

نومبر 2014ء میں جیل یوٹیلیٹی لمیٹڈ کے کمرشل آپریشنز کا کامیابی سے آغاز کردیا گیا۔ اینگرو کی O&M ٹیم نے فیسیلیٹی کا کنٹرول سنبھال لیا۔ سال 2016ء کے دوران کمپنی کی O&M ٹیم نے دوسال کامیابی سے مکمل کرلئے۔ اس منصوبے کی دستیابی کا تناسب 99.9 فیصد ہے۔

تھر کوئلہ منصوبہ

اینگرو نے ملک میں جاری توانائی کے بحران سے نبرد آزما ہونے کا بیڑا اٹھایا ہے اور اسی لئے تھر میں کوئلے کے زخائر پر کام شروع کردیا ہے۔ ایک اندازے کے مطابق تھر میں کوئلے کے 175 بلین ٹن زخائر موجود ہیں جو سعودیہ عرب اور ایران کے مشترکہ تیل کے زخائر سے بھی زیادہ ہیں۔ ان زخائر سے اگلے سو سالوں کے لئے 100,000 میگا واٹ بجلی پیدا کی جاسکتی ہے۔ اینگرو نے کوئلے کی کان کنی اور بجلی کی پیداوار کے دونوں منصوبوں کا کامیابی سے آغاز کیا ہے تا کہ ملک کو توانائی کے بحران سے نکالنے میں اپنا قومی فرض ادا کرے۔

اینگرو ایگزمپ زرعی مصنوعات

سال کے دوران بیورو ویریٹاز کی طرف سے ایکسٹرنل کوالٹی آڈٹ کیا گیا جو کامیابی سے مکمل کرلیا گیا۔ اس وجہ سے کمپنی کی ریٹنگ B سے بڑھ کر A ہوگئی۔ ہماری اس ماتحت کمپنی کے پاس اعلیٰ ترین کوالٹی سرٹیفکیٹس ہیں جو ہم عصروں کے پاس نہیں۔

اینگرو ایگزمپ نے سال 2016ء کے دوران 7,253 ٹن دھان کی چھانٹی اور 13,860 ٹن چاول پروسس کیئے۔ کمپنی نے زیر جائزہ سال کے دوران 8,970 ٹن چاول برآمد کیئے اور 3,577 ٹن برینڈڈ چاولوں کی فروخت بھی کی۔

اینگرو ایگزمپ نے سال 2016ء کے اختتام پر 478 ملین روپے کا خسارہ بعد از ٹیکس پوسٹ کیا ہے جبکہ گزشتہ سال 2015ء میں 4,517 ملین روپے کا خسارہ بعد از ٹیکس رہا تھا۔ 2015ء میں خسارے کی وجہ خرابی کی مد میں کی گئی چارجز کی ادائیگی 3,384 ملین روپے تھی جو چاول کے پراسیسنگ پلانٹ اور اسپئرز کی مد میں ادا ہوئی۔ البتہ اس سال خسارہ بہت کم ہے کیونکہ 2015ء میں لئے گئے کاروبار کی ری اسٹرکچرنگ کے فیصلوں، مقررہ لاگت میں کمی، آپریشنل استعداد کار اور کموڈیٹی کے نرخوں میں کمی کی وجہ سے اِس سال کارکردگی نسبتاً بہتر رہی۔

سال کے دوران بیورو ویریٹاز کی طرف سے ایکسٹرنل کوالٹی آڈٹ کیا گیا جو کامیابی سے مکمل کرلیا گیا۔ اس وجہ سے کمپنی کی ریٹنگ B سے بڑھ کر A ہوگئی۔ ہماری اس ماتحت کمپنی کے پاس اعلیٰ ترین کوالٹی سرٹیفکیٹس ہیں جو ہم عصروں کے پاس نہیں۔

ریونیو

(ملین روپے)

918

2016

اینگرو فوڈز

اولپرز برانڈ اپنی کیٹگری کا واحد پلیئر رہا جس میں منفرد SKUs تمام سائز میں ہیں اور توقع کی جا رہی ہے کہ آنے والے سالوں میں اس کی گروتھ مسلسل جاری رہے گی۔

2016ء مسابقت اور بجٹ تبدیلیوں کی وجہ سے ڈیری کی صنعت اور کمپنی کے لئے ایک چیلنجنگ سال ثابت ہوا۔ 2016-17 کے وفاقی بجٹ میں جی ایس ٹی کی شرح زیرو ریٹنگ سے مستثنٰی اور خشک پاوڈر دودھ کی درآمد پر 25 فیصد ریگولیٹری ڈیوٹی لاگو ہوجانے سے کاروبار کرنے کی لاگت میں اضافہ ہوا جس کی وجہ سے صنعت کی نمو کچھ عرصے کے لیے رُک گئی۔ اس کے علاوہ اس صنعت میں مسابقت بہت جارحانہ رہی اور نئے آنے والوں نے مارکیٹ میں کافی سرمایہ کاری کی۔

اسپیشلائزڈ ٹی کریمر کی کیٹگری میں موجودہ مسابقتی کمپنیوں کی بھاری ٹریڈ ڈسکاؤنٹ اور نئی کمپنی کی جانب سے کی گئی بھاری برانڈ سرمایہ کاری کی بدولت مارکیٹ شیئر کے لیے مسابقت دیکھی گئی۔ سال کی دوسری ششماہی میں متفرق محصولات میں بڑھوتی اور اِن کے باعث ترنگ کی قیمت میں اضافے کی وجہ سے ترنگ کی نمو کافی زیادہ متاثر ہوئی۔ ان چیلنجز سے نبرد آزما ہونے کے باوجود ترنگ مستحکم طور پر ترقی کی جانب گامزن رہا اور مارکیٹ لیڈر کی حیثیت برقرار رکھنے میں کامیاب رہا۔

اولپرز پورے سال متاثر کن کارکردگی کا مظاہرہ کرتا رہا باوجود کہ مسابقتی کمپنیوں کی طرف سے اپنے پروڈکٹس کے لیے جارحانہ حکمت عملی اختیار کیں گئیں۔ اینگرو فوڈز نے اولپر کی پوزیشن یعنی بچوں کے لئے بہترین چوائس کو برقرار رکھنے میں سرمایہ کاری جاری رکھی۔ اولپرز برانڈ اپنی کیٹگری کا واحد پلیئر رہا جس میں منفرد S K U s تمام سائز میں ہیں اور توقع کی جا رہی ہے کہ آنے والے سالوں میں اس کی گروتھ مسلسل جاری رہے گی۔

ڈیری اور مشروبات سیگمنٹ نے سال 2016ء میں 40.7 ارب روپے کا ٹاپ لائن کاروبار رپورٹ کیا جبکہ نمو کی شرح پچھلے سال کے مقابلے 13 فیصد کم رہی۔ سیگمنٹ نے اینگرو فوڈز کے مجموعی منافع میں اس سال 2,474 ملین روپے کا حصہ ڈالا جبکہ پچھلے سال میں اینگرو فوڈز کا نفع 3,227 ملین روپے تھا۔

آئس کریم اور منجمد ڈزرٹ سیگمنٹ

زیرِ جائزہ سال 2016ء کے دوران اینگرو فوڈز آئس کریم اور منجمد ڈزرٹ سیگمنٹ نے 2015ء میں ہونے والی کامیابی کے تسلسل کو برقرار رکھا۔ 2016ء میں کلیدی برانڈ اومور کی مخصوص پروموشن کی گئی تاکہ عوام الناس میں برانڈ کو ازسرنو پہچان دی جائے۔ 2016ء میں حاصل ہونے والی کامیابیوں میں جدت نے اہم کردار ادا کیا جس کی وجہ سے اینگرو فوڈز کئی برانڈ مارکیٹ میں مقبول ہوتے گئے۔ برانڈ پورٹ فولیو میں حجم کی بحالی اور نئی مصنوعات کی ڈویلپمنٹ جاری رہی۔ آئس کریم اور منجمد ڈیسرٹ بزنس سیگمنٹ نے 2016ء میں 3.66 ارب روپے کی آمدنی رپورٹ کی، گزشتہ سال کے مقابلے نمو میں 5 فی صد کا اضافہ ریکارڈ ہوا۔ بہتر کنٹرول اور کاروبار کی لاگت کم ہونے سے بھی سیگمنٹ کو بہت فائدہ ہوا اور سال 2016ء میں سیگمنٹ کا منافع 43 ملین روپے رہا جبکہ پچھلے سال اینگرو فوڈز کے اس سیگمنٹ میں 75 ملین روپے کا خسارہ ریکارڈ ہوا تھا۔

ڈیری فارم سیگمنٹ

کمپنی کا نارا ڈیری فارم پورے سال غذائیت سے بھرپور کوالٹی دودھ کی پیداوار کرتا رہا۔ فارم فی الوقت 44,608 لیٹر دودھ روزانہ کی بنیاد پر پیدا کر رہا ہے (2015:35,095)۔

5,626 جانوروں کے ریوڑ میں سے 2,895 مویشی دودھ دینے کی سائیکل کا حصہ ہیں۔ جانوروں کی بین الاقوامی مارکیٹ میں قیمتوں میں گراوٹ کی وجہ سے نارا ڈیری فارم کو ویلیویشن لاسز (Valuation Losses) کا سامنا کرنا پڑا جس کی وجہ سے سیگمنٹ نے پچھلے سال کے منافع 12.5 ملین روپے کے مقابلے اِس سال 2016ء میں 130 ملین روپے کا نقصان رپورٹ کیا ہے۔

2016ء میں اینگرو فوڈز نے 44.3 ارب روپے کی آمدنی رپورٹ کی جو پچھلے سال 2015ء میں 49.8 ارب روپے تھی، یہ آمدنی میں 20.7 فی صد کی کمی ہے اور اس کی وجوہات وفاقی بجٹ میں جی ایس ٹی کی شرح زیرو ریٹنگ سے مستثنٰی اور خشک پاوڈر دودھ کی درآمد پر 25 فیصد ریگولیٹری ڈیوٹی لاگو ہوجانا ہے۔ مجموعی طور پر اینگرو فوڈز کا نیٹ منافع 2016ء میں 2,387 ملین روپے رہا، جبکہ 2015ء میں 3,162 ملین روپے ریکارڈ کیا گیا تھا۔

ریونیو

(ملین روپے)

44,346

2016

ریونیو

(ملین روپے)

69,537

2016

اینگروفرٹیلائزرز

زیادہ رسد کے پس منظر میں فروخت کے اعدادوشمار گزشتہ سال کے مقابلے 12 فیصد کم ہیں(1,652 کے ٹی 2016ء بمقابلہ 1,879 کےٹی 2015ء) جس کی وجہ سے کمپنی کا مارکیٹ شیئر زیرجائزہ سال میں گھٹ کر 34 فیصد سے گھٹ کر 30 فیصد رہا۔

یوریا

اینگروفرٹیلائزر لمیٹڈ نے 2016ء میں 1,881 کے ٹی یوریا کی پیداوار کی جو 2015ء کی پیداوار 1,968 کے ٹی کے مقابلے 4 فیصد کم ہے۔ جس کی بنیادی وجہ پلانٹ میں ٹرن اوور کی پہلے سے کی گئی منصوبہ بندی ہے۔ زیادہ رسد کے پس منظر میں فروخت کے اعدادوشمار گزشتہ سال کے مقابلے 12 فیصد کم ہیں(1,652 کے ٹی 2016ء بمقابلہ 1,879 کے ٹی 2015ء) جس کی وجہ سے کمپنی کا مارکیٹ شیئر زیرجائزہ سال میں گھٹ کر 34 فیصد سے گھٹ کر 30 فیصد رہا۔ سال 2016ء میں ماتحت کمپنی کا پیداواری شیئر بھی پچھلے سال 2015ء کے 37 فیصد سے گھٹ کر 31 فیصد ہوگیا، اس کی وجہ دوسری فرٹیلائزر تیار کرنے والی کمپنیوں کی زیادہ پیداوار ہے کیونکہ سسٹم میں ایل این جی کے شامل ہونے سے سیکٹر میں گیس کی سپلائی بہتر ہوئی ہے۔

فاسفیٹس

اینگروفرٹیلائزر کمپنی نے 2016ء میں 534 کے ٹی (DAP) فروخت کیئے جو مارکیٹ شیئر کا 24 فیصد بنتے ہیں۔ گزشتہ سال ماتحت کمپنی نے 391 کے ٹی فروخت ریکارڈ کی تھی اور مارکیٹ شیئر 22 فیصد تھا۔ یہ سال بسال کی بنیاد پر 41 فیصد اضافہ ہے۔ سیلز میں یہ نمو DAP کی مانگ میں اضافے اور کمپنی کی جانب سے سیلز پر توجہ کا براہ راست نتیجہ ہے۔ مقامی صنعت سال 2015ء کی 1,814 کے ٹی کے مقابلے اِس سال 2016ء میں 2,225 کے ٹی تک جا پہنچی۔ اس کی وجہ فاسفیٹ پر سبسڈی اور بین الاقوامی مارکیٹ میں ڈی اے پی کی قیمت میں کمی رہی۔ سال کے آغاز میں ڈی اے پی کی قیمت بین الاقوامی سطح پر 400 ڈالر فی ٹن (CFR پاکستان) تھی جو سال کے دوران اوسطاً 345 ڈالر فی ٹن (CFR ماکستان) ہوگئی۔

زرخیز

اینگرو کی مرکب اور پوٹاش کھاد (زرخیز اور اینگرو MOP/SOP،NP) کی فروخت 2016ء میں سال بسال کی بنیاد پر 16 فیصد کمی کے ساتھ 114 کے ٹی رہی جبکہ گزشتہ سال 135 کے ٹی کی فروخت ریکارڈ کی گئی تھی۔ مقامی پوٹاش کی صنعت پر کوئی سبسڈی نہ ہونے کے باوجود 2016ء میں پوٹاش کی فروخت 27 کے ٹی رہی جو کہ پچھلے سال 25 کے ٹی تھی۔ SOP & MOP کی کم قیمتوں کی وجہ سے کسانوں نے زرخیز کے بجائے پوٹاش کھاد استعمال کی۔ نتیجتاً زرخیز کا مارکیٹ شیئر 47 فیصد سے گھٹ کر 38 فیصد ہوگیا۔ پوٹاش کا مارکیٹ شیئر سال 2016ء میں 48 فیصد رہا (49 فیصد 2015ء)

کھاد کے کاروبار میں سال 2016ء کے اختتام تک اینگروفرٹیلائزر کے مربوط ریونیو 19 فیصد کمی کے ساتھ 69,537 ملین روپے ریکارڈ کیئے گئے جبکہ پچھلے سال 85,421 ملین روپے تھے، فروخت آمدن میں کمی کی اہم وجہ کھاد کی کم قیمت اور فرٹیلائزر کی قیمت میں کمی ہے۔ مربوط نیٹ منافع بعد از ٹیکس 9,283 ملین روپے رہا، جبکہ گزشتہ سال یہ منافع 14,819 ملین روپے رہا تھا۔ کم منافع کی بڑی وجہ یوریا کی قیمتوں میں کٹوتی اور زائد سپلائی ہے۔ اس کے علاوہ ماتحت کمپنی کی مینجمنٹ نے سال بھر قرض خواہوں کے ساتھ مزاکرات جاری رکھے جس کی بدولت درمیان مدتی اور طویل مدتی قرضوں پر شرح سود کو کم کرلیا اور ماتحت کمپنی کے فنانشل چارجز کم ہوگئے۔

بزنس کا جائزہ

اینگرو کارپوریشن نے زیرِ جائزہ سال 2016ء میں 157,208 ملین روپے کی مربوط آمدن رپورٹ کی ہے جبکہ پچھلے سال 2015ء میں 181,652 ملین روپے کی مربوط آمدن حاصل کی تھی یہ پچھلے سال سے 13 فیصد تبدیلی ہے۔فروخت میں کمی کی بنیادی وجوہات ڈیری سیکٹر میں پرجوش مسابقت اور زراعت کے شعبے کی خراب کارکردگی ہے جس کی وجہ سے یوریا کی فروخت پر بھی منفی اثر پڑا۔اپنی اسٹریٹجک پورٹ فولیو مینجمنٹ کی حکمت عملی کے تحت جو حصص یافتگان کے لئے مستحکم طویل مدتی ویلیو بنانے پر مرکوز ہے، کمپنی نے زیرِ جائزہ سال 2016ء کے دوران درج زیل اقدامات اٹھائے:

- مئی 2016ء میں اینگرو کارپوریشن کی ایلنجی ٹرمینل پاکستان میں حصص داری 100 فیصد سے گھٹا کر 80 فیصد کردی گئی کیونکہ انٹرنیشنل فنانس کارپوریشن نے ایکویٹی پورشن دیا۔
- جون 2016ء میں کمپنی نے نجی پلیسمینٹ کے زریعے اینگرو فرٹیلائزر کے 297 ملین حصص مقامی اور غیر ملکی اداروں اور بڑے فردِ واحد خریداروں کو فروخت کیئے۔فی شیئر قیمت 65.47 روپے تھی اور انہیں نجی بُک بلڈنگ میکانزم کے تحت منتقل کیا گیا۔اب کمپنی کی اینگرو فرٹیلائزر میں حصے داری 56.5 فیصد ہے۔
- 2016ء کی پہلی ششماہی میں جنرل الیکٹرک اور اینگرو کارپوریشن نے صنعتوں کی ٹرانسفارمیشن کے لئے ڈیجیٹل انڈسٹریل الائنس کے معاہدے پر دستخط کیئے۔اس الائنس کی ابتدائی توجہ جنرل الیکٹرک کی ڈیجیٹل پاور پلانٹ سلوشنز کو پاکستان میں بجلی پیدا کرنے والے پلانٹس کو متعارف کروانا ہے۔اینگرو اس معاہدے کی رو سے جنرل الیکٹرک سے کلاؤڈ ٹیکنالوجی حاصل کرے گا۔یہ پاکستان میں بجلی پیدا کرنے والی کمپنیوں کو جدید ٹیکنالوجی سے ہم آہنگ کروانے کی ایک کاوش ہے۔
- 2015ء میں ایک کمپنی نے اینگرو کارپوریشن سے اینگرو پولیمر کے تمام آپریشنز خریدنے میں اپنی دلچسپی ظاہر کی تاہم 19 اگست 2016ء کو اُس کمپنی نے اپنی آفر واپس لے لی کیونکہ ٹائم فریم کی رو سے آفر از خود ختم ہو گئی تھی۔
- دسمبر 2016ء میں کمپنی نے اینگرو فوڈز کے 361 ملین شیئرز فریز لینڈ کمپینا پاکستان N.V.، (FCP) کو بیچ دیئے۔FCP، رائل فریز لینڈ کمپینا این وی (آر ایف سی) کی مکمل ملکیتی سبسڈری ہے، فی حصص کی قیمت 120.15 روپے رہی۔نتیجتاً اب اینگرو کارپوریشن اپنی ماتحت کمپنی اینگرو فوڈز کی 40 فیصد سے دوسری بڑی شیئر ہولڈر رہے، جبکہ 51 فیصد حصص آر ایف سی کی ملکیت ہیں۔

کمپنی نے زیرِ جائزہ سال 2016ء میں 69,107 ملین روپے کا منافع بعد از ٹیکس حاصل کیا ہے۔گزشتہ سال میں کمپنی کا منافع بعد از ٹیکس 13,784 ملین روپے تھا۔منافع میں اضافے کی بنیادی وجہ 58,680 ملین روپے کی آن آف وصولی ہے جو اینگرو فوڈز کے حصص کو فروخت کرنے پر کمپنی کو موصول ہوئے۔یہ ٹرانسیکشن بین الاقوامی مالی رپورٹنگ کے معیارات کے عین مطابق ہے۔

اینگرو فرٹیلائزر کے منافع کو سال 2016ء کی پہلی ششماہی میں کمی کا سامنا کرنا پڑا، اس کمی کی بنیادی وجہ کسان کی قوتِ خرید میں کمی، فصل کی گرتی ہوئی قیمتوں اور 2016 کے بجٹ میں ممکنہ طور پر ملنے والی یوریا سبسڈی رہیں۔البتہ سال 2016ء کی دوسری ششماہی کے دوران حجم میں بہتری دیکھنے میں آئی کیونکہ حکومتِ پاکستان نے مالی سال 17—2016 میں یوریا سبسڈی کا اعلان کیا جس کی وجہ سے نا صرف یوریا کی قیمتوں میں قابل زکر کمی آئی بلکہ کاٹن اور چاول کی کاشت کی وجہ سے کسانوں کی اقتصادی حالت میں بہتری ہوئی۔

اینگرو فوڈز کے منافع میں بھی سال 2016ء کے دوران کمی کا سامنا رہا کیونکہ ریگولیٹری اسٹرکچر میں تبدیلی ہو جانے سے کاروبار کرنے کی لاگت میں اضافہ ہوا اور مارکیٹ میں بھرپور مسابقت رہی۔

اینگرو ایلنجی ٹرمینل نے سال بھر میں مستحکم کارکردگی کا مظاہرہ کیا اور 99.4 فیصد عمومی یوٹیلائزیشن کے ساتھ 44 کارگو ہینڈل کیئے جبکہ گزشتہ برس صرف 17 کارگو ہینڈل کیئے گئے تھے۔پیٹرو کیمیکلز کاروبار نے بھی زائد پیداوار رپورٹ کی، فروخت کے حجم میں نمو حاصل کی اور لاگت کو کم کرنے کے اقدامات کے ساتھ ساتھ HSE اقدامات پر بھی توجہ مرکوز رکھی۔اس سال 660 ملین روپے کا منافع حاصل کیا جبکہ سال 2015ء میں ماتحت کمپنی کا منافع 644 ملین روپے ریکارڈ کیا گیا تھا۔

اینگرو فوڈز کے منافع میں بھی سال 2016ء کے دوران کمی کا سامنا رہا کیونکہ ریگولیٹری اسٹرکچر میں تبدیلی ہو جانے سے کاروبار کرنے کی لاگت میں اضافہ ہوا اور مارکیٹ میں بھرپور مسابقت رہی۔

ہمارے پاور سیکٹر کے اثاثوں میں قادر پور پلانٹ نے توقعات سے بڑھ کر کارکردگی کا مظاہرہ کیا۔مزید براں پاورجن بزنس فنانسنگ معاہدے کی تمام مطلوبہ شرائط پر پورا اُترا اور تھر کوئلہ منصوبے کا فنانشل کلوز 4 اپریل 2016ء کو حاصل کرنے میں کامیاب رہا۔تب سے سال کے آخر تک منصوبے نے قابل زکر ترقی کی ہے۔یہ منصوبہ ستمبر 2019ء سے کمرشل پیداوار کا آغاز کردے گا۔

اقتصادی رابطہ کمیٹی (ای سی سی) نے 2016 کی پہلی سہ ماہی میں 60 ایم ایم ایس سی ایف ڈی گیس مستقل بنیادوں پر فرٹیلائزر سیکٹر کے اصل الاٹیز کو الاٹ کردی تھی جس میں EFERT کا شیئر 12.5 ایم ایم ایس سی ایف ڈی ہے۔زیرِ جائزہ سال کے دوران کمپنی مسلسل سرپلس گیس کی ایلویکشن کے لئے مختلف متعلقہ فریقوں کے ساتھ مذاکرات میں مصروف عمل ہے تاکہ دونوں پلانٹس کے آپریشنز کو مسلسل جاری رکھا جاسکے۔مزید براں حال ہی میں ای سی سی نے 26 ایم ایم ایس سی ایف ڈی گیس کمپنی کو الاٹ کردی ہے۔یہ مختص گیس اور دیگر موجودہ گیس کی اسٹریم کمپنی کے دونوں پلانٹس کے لئے کافی ہیں۔

سال 2016ء کے دوران عدالت عالیہ سندھ نے جی آئی ڈی سی (GIDC) کو غیر قانونی قرار دیا جس پر وزارت نے معطّلی کا آرڈر لے لیا۔تاہم قانونی مشیروں کی طرف سے وضاحت کے بعد کمپنی اپنی سابقہ پوزیشن کا از سرِنو جائزہ لے رہی ہے۔اس قانونی چارہ جوئی کے علاوہ کمپنی کا فرٹیلائزر پالیسی کے تناظر میں رعایتی گیس کے حوالے سے ایک الگ کیس زیرِ سماعت ہے۔یوریا پلانٹ کو فراہم کی جانے والی رعایتی گیس پر جی آئی ڈی سی کسی بھی حوالے سے ادا نہیں کیا گیا کیونکہ رعایتی گیس پر جی آئی ڈی سی فرٹیلائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے۔جس کی بنیاد پر ہم نے اپنے یوریا مینوفیکچرنگ پلانٹ کو وسعت دینے کے لیے کئی اقدامات کیئے، ہم نے 1.1 ارب ڈالر کا سرمایہ کاری کی ہے۔

مجموعی ریونیو

(ملین روپے)

157,208

2016

مجموعی منافع بعد از ٹیکس*

(ملین روپے)

69,107

2016

*ہولڈنگ کمپنی کے مالکان سے منسوب

زیر جائزہ سال کی پہلی ششماہی میں مقامی طور پر تیار کھاد کی قیمتیں 1,760 فی تھیلا سے 1850 فی تھیلا رہیں۔ کسانوں کی آمدنی میں کمی اور اس سے پاکستان کی زرعی معیشت پر پڑنے والے منفی اثرات کو مدنظر رکھتے ہوئے حکومت پاکستان نے بجٹ 2016ء میں کھاد کی قیمتوں میں کمی کا اعلان کیا اور قیمت 1,790 روپے فی تھیلا سے کم کرکے 1,400 روپے فی تھیلا متعین کردی۔ یہ کمی جنرل سیلز ٹیکس کی شرح میں کمی، مینوفیکچررز کی جانب سے فی تھیلا 50 روپے کمی اور سبسڈی کے مجموعہ کے ذریعے کی گئی۔

زیرِ جائزہ سال 2016ء میں مقامی یوریا کی صنعتی طلب 2 فیصد کمی کے ساتھ 5,485 کے ٹی رہی جبکہ گزشتہ سال 5,582 کے ٹی ریکارڈ کی گئی تھی۔ اس کمی کی بنیادی وجہ کسان کی قوتِ خرید میں کمی، فصل کی گرتی ہوئی قیمتوں اور 2016 کے بجٹ میں ممکنہ طور پر ملنے والی یوریا سبسڈی رہیں۔ البتہ سال 2016ء کی دوسری ششماہی کے دوران حجم میں بہتری دیکھنے میں آئی کیونکہ حکومتِ پاکستان نے مالی سال 17-2016 میں یوریا سبسڈی کا اعلان کیا جس کی وجہ سے نا صرف یوریا کی قیمتوں میں قابل ذکر کمی آئی بلکہ کاٹن اور چاول کی کاشت کی وجہ سے کسانوں کی اقتصادی حالت میں بہتری ہوئی۔

مقامی صنعتی پروڈکشن سال 2016ء میں 13 فیصد اضافے کے ساتھ 5,998 کے ٹی رہی جبکہ سال 2015ء میں مقامی صنعتی پروڈکشن 5,290 کے ٹی رہی تھی۔ اس اضافے کی اہم وجہ مسلسل گیس کی فراہمی تھی بشمول درآمدی ایل این جی۔ گوکہ اس سال مجموعی طور پر انڈسٹری میں گراوٹ رہی لیکن مقامی طور پر تیار یوریا کا مارکیٹ شیئر پچھلے سال کے 91 فیصد سے بڑھ کر 100 فیصد ہوگیا۔ اس کی بنیادی وجہ مقامی اور درآمدی یوریا کی قیمتوں میں فرق اور کسانوں کا مقامی تیار یوریا کے استعمال کو فوقیت دینا ہے۔

توانائی کا منظر نامہ

پاکستان میں توانائی کے شعبے میں سال 2016ء کے دوران بہتری دکھائی دی تاہم توانائی کی مسلسل کمی کی وجہ سے اقتصادی نمو متاثر ہوئی اور غربت میں اضافہ ہوا۔ اس چیلنج سے نبرد آزما ہونے کے لئے پالیسی کی سطح پر، مطلوبہ قانون سازی متعارف کروانے اور ادارتی اصلاحات کرنے کی ضرورت ہے تاہم یہ گیس اور پاور سیکٹر سے مشروط ہے۔ اس وقت شعبے کی ایڈمنسٹریشن وفاقی وزارت برائے پیٹرولیم اور قدرتی وسائل اور وفاقی وزارت برائے پانی وبجلی کے درمیان تقسیم ہے۔ گوکہ حکومت پاکستان نے شعبے میں اصلاحات کا تہیہ کررکھا ہے تاہم بنیادی چیلنجز ہنوز قائم ہیں جیسے بجلی کا پیداواری شارٹ فال، توانائی کی زیادہ پیداواری لاگت، نقصانات سے بچاؤ کے لئے منصوبہ بندی، بجلی چوری کی روک تھام اور سیکٹر کا اپنی تمام لاگت کو فنانس کرنا ہے۔ سیکٹر اپنے سرمایہ کاری کے منصوبوں کو آگے بڑھانے کے لئے حکومت پر سبسڈی اور پبلک فنڈنگ کی شکل میں بھرپور انحصار کرتا ہے۔

اس وقت بجلی کی طلب اور رسد میں فرق بہت بڑھ گیا ہے جس کی وجہ سے لوڈ شیڈنگ کی جاتی ہے۔ لوڈ شیڈنگ کی بدولت ملکی صنعتی شعبے کو مشکلات کا سامنا ہے اور براہ راست اقتصادی نمو متاثر ہورہی ہے۔ حکومت پاکستان ترجیحی بنیادوں پر توانائی کے اس بحران پر قابو پانے کے لئے کوشاں ہے کیونکہ بحران ملک کی سماجی واقتصادی ترقی پر منفی طور پر اثر انداز ہورہا ہے۔ موجودہ 6000-5000 میگا واٹ کے بجلی کے طلب و رسد کے خسارے کو پورا کرنے اور مستقبل میں توانائی کی اضافی طلب کے پیش نظر حکومتِ پاکستان شمالی پنجاب میں فاسٹ ٹریک بنیادوں پر آر ایل این جی منصوبے اور سندھ میں کوئلے سے بجلی پیدا کرنے والے منصوبوں پر کام کررہی ہے۔ یہ توقع کی جارہی ہے کہ ان منصوبوں میں زیادہ تر اگلے دو سے تین سال میں آن لائن آجائیں گے۔ ایک اور اہم چیلنج موجودہ انفراسٹرکچر کو اضافی بجلی کی ترسیل کیلئے اپ گریڈ کرنا ہے۔ اِس چیلنج سے نبرد آزما ہونے کے لئے NTDC موجودہ ٹرانسمیشن کے نیٹ ورک کو اپ گریڈ کرنے کے علاوہ نئے سرکٹس بھی متعارف کروا رہی ہے۔ اس کے علاوہ حکومت پاکستان مقامی اور غیر ملکی سرمایہ کاروں کو ٹرانسمیشن لائنز کے شعبے میں سرمایہ کاری کے حوالے سے سہولیات فراہم کررہی ہے۔

گردشی قرضے توانائی کے سیکٹر میں ایک مستقل مسئلہ ہے جو توانائی پیدا کرنے والے آئی پی پیز کے لئے تشویش کا باعث بن رہا ہے تاہم حکومتِ پاکستان نے اس ضمن میں خاطر خواہ اقدامات کیئے ہیں جس سے آئی پی پیز کو درپیش لیکیوڈیٹی کے مسئلے میں کافی حد تک بہتری ہوئی ہے۔ زیر جائزہ مدت کے دوران گزشتہ سالوں کے مقابلے گردشی قرضوں میں تیل کی عالمی قیمتوں میں کمی کی بدولت کمی دیکھی گئی جس سے تیل سے چلنے والے آئی پی پیز کو فائدہ پہنچا۔ جہاں آئی پی پیز کے پرنسپل واجب الادا کی ادائیگی کے حوالے سے حکومت نے کئی اقدامات لئے وہیں متعدد وعدوں کے باوجود واجب الادا سود کی ادائیگی میں کوئی بہتری دیکھنے میں نہیں آئی۔ گردشی قرضے کے بڑھنے کی ایک وجہ مہنگا جنریشن مکس اور ٹرانسمیشن و ڈسپیچ لاسز ہیں۔ خدشہ ہے کہ عالمی سطح پر تیل کی قیمتوں میں مسلسل اتار چڑھاؤ کی وجہ سے گردشی قرضہ حکومت اور انرجی سیکٹر کے لئے چیلنج بنا رہے گا اس لئے ضرورت اس امر کی ہے کہ اس ضمن میں پالیسی کی سطح پر ٹھوس اقدامات اُٹھائے جائیں۔

کلورو ینائل کا منظر نامہ

PVC (پی وی سی)

پوری دنیا میں پی وی سی کی طلب سال 2016ء میں 42 ملین میٹرک ٹن کے قریب رہی۔ زیرِ جائزہ سال کے دوران پی وی سی مارکیٹ میں زیادہ سپلائی جاری رہی جس کا تناسب 14 ملین میٹرک ٹن سے زائد رہا۔ پروڈیوسرز کو مناسب قیمتوں کے تحت مارکیٹ میں زیادہ سپلائی کا مقابلہ کرنے جیسے چیلنج کا سامنا رہا۔ 2016ء میں آپریٹنگ ریٹ 75 فیصد رہا جو انڈسٹری کے تناظر میں کم ریٹ ہے۔ پائپ اور فٹنگ کی طلب نسبتاً بہتر رہی اس سیگمنٹ میں کھپت پی وی سی ریزن سیکٹر کے مجموعے کا 44 فیصد رہی، فلمز اور شیٹس کا تناسب 18 فیصد تھا اور پروفائلز اور ٹیوبز کا تناسب 17 فیصد رہا۔

کھپت کے تناظر میں عالمی طلب میں ایشیائی طلب کا حصہ 66 فیصد ریکارڈ کیا گیا جس میں زیادہ طلب شمال مشرقی ایشیا میں دیکھی گئی۔ شمال مشرقی ایشیا کی طلب میں اہم کردار چینی معیشت کا ہے جس کی وجہ سے مقامی طلب اور رسد میں تیزی برقرار رہتی ہے تاہم گزشتہ دو سالوں سے چینی مقامی طلب جمود کا شکار ہے، کم اقتصادی نمو اور سپلائی میں کمی کے پیش نظر شمال مشرقی ایشیا کی مجموعی طلب میں کمی دیکھی جارہی ہے۔ لیکن اس امر کے باوجود 85 فیصد طلب کی بناہ پر علاقائی طلب کی وجہ سے نمو کی وجہ رہیگا۔

پاکستان کے کاسٹک سوڈا مارکیٹ کا سائز سال 2016ء میں 265 کے ٹی رہا۔ ٹیکسٹائل اور صابن کی صنعت طلب میں اضافے کا باعث بنیں۔ ٹیکسٹائل سیکٹر کی طلب مستقل رہی جبکہ ڈینم کے سیکٹر میں نمو ریکارڈ کی گئی ہے اور اون کی کھپت میں کمی دیکھی گئی۔

پاکستان کی علاقائی سطح پر پی وی سی ریزن کی کھپت فی کس بنیادوں پر سب سے کم ہے یعنی 1.03 کلوگرام، صرف بنگلادیش کی کھپت (0.85 کلوگرام) سے آگے۔ پاکستان میں پی وی سی کی کھپت میں اضافہ تعمیرات کی سرگرمیوں میں اضافے سے ممکن ہے۔

2016ء میں پی وی سی کی قیمتیں 720 ڈالر میٹرک ٹن اور 970 ڈالر میٹرک ٹن کے درمیان ٹریڈ ہوتی رہیں۔ علاوہ چین، دیگر ترقی یافتہ مما لک میں مضبوط نمو دیکھنے میں آئی۔ پی وی سی کی قیمتوں میں مثبت رجحان پورے سال جاری رہا کیونکہ سپلائی مستحکم رہی۔ البتہ پی وی سی کی طلب میں کچھ عرصے کے لئے کمی رہی کیونکہ بھارتی کرنسی تبدیل ہوئی تاہم علاقائی سطح پر قیمتوں کو استحکام ملتا رہا۔

ایتھلائین کی بین الاقوامی قیمتیں سال 2016ء کے دوران نسبتاً مستحکم رہی البتہ کچھ عرصے کے لئے تھوڑی بہت کمی آئی جس سے خریداروں کو ریلیف ملا۔ تیل کے نرخوں میں کمی، ایتھلائین کی ایشیا سے باہر سے درآمد کی وجہ سے پورے سال قیمتوں میں استحکام دیکھا گیا۔ سال 2016ء میں ایتھلائین کی قیمت 868 ڈالر میٹرک ٹن اور 1,160 ڈالر میٹرک ٹن کے درمیان رہیں۔

کاسٹک اور الائیڈ پروڈکٹس

زیر جائزہ سال 2016ء میں کاسٹک سوڈا کی عالمی مانگ 73 میٹرک ٹن تک جا پہنچی، CAGR کی بناہ پر 3 فیصد بڑھوتی۔ کلورالکلی کی طلب اقتصادی نمو کا فنکشن ہے۔ ترقی پزیر معیشتیں طلب کی نمو کی براہ راست زمہ دار ہیں۔ ایشیائی خطہ کھپت کے اعتبار سے 62 فیصد کھپت کے ساتھ مارکیٹ لیڈر کی پوزیشن پر براجمان رہا۔ زائد سپلائی سال بھر میں بنیاد رمظہر رہی۔

کاسٹک سوڈا کی پیداوار کا بڑا حصہ الومینا، ان آرگینک کیمیکلز، پلپ اور پیپر، آرگینک کیمیکلز، ٹیکسٹائل اور ڈٹرجنٹ کی تیاری میں کھپا۔ کاسٹک سوڈا کی 2016ء میں عالمی کھپت فی کس 10 کلوگرام کے قریب رہی جو 2015ء کے اعداد وشمار کے آس پاس ہی ہے۔ البتہ کاسٹک سوڈا کی بین الاقوامی قیمتیں پچھلے سال کے مقابل زیر جائزہ سال 2016ء میں اوپر گئیں جس کی وجہ الومینا سیکٹر کی طرف سے زائد طلب ہے۔ جنوب مشرقی ایشیا کی مارکیٹ میں قیمتیں 333 ڈالر میٹرک ٹن اور 465 ڈالر میٹرک ٹن کے درمیان رہیں۔

پاکستان کے کاسٹک سوڈا مارکیٹ کا سائز سال 2016ء میں 265 کے ٹی رہا۔ ٹیکسٹائل اور صابن کی صنعت طلب میں اضافے کا باعث بنیں۔ ٹیکسٹائل سیکٹر کی طلب مستقل رہی جبکہ ڈینم کے سیکٹر میں نمو ریکارڈ کی گئی ہے اور اون کی کھپت میں کمی دیکھی گئی۔ صابن اور ڈٹرجنٹ سیگمنٹ میں 3 فیصد نمو رہی۔ صحت، صفائی اور ستھرائی پر فوکس ہونے سے آنے والے وقت میں کھپت کے بڑھنے کے مواقع موجود ہیں۔

پنجاب میں گیس کی صنعتوں کو مسلسل فراہمی کی بناہ پر ملک میں توانائی کی صورتحال میں بہتری ہوئی اور یہی امر مارکیٹ میں مسابقت کا باعث بنا جب کلیدی پروڈیوسرز نے سپلائی مزید بڑھائی۔

ڈائریکٹرز رپورٹ

اینگرو کارپوریشن کے بورڈ آف ڈائریکٹرز کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے برائے اختتام سال، 31 دسمبر 2016ء مسرت سے پیش کررہے ہیں۔

اہم سرگرمیاں:

کمپنی کی اہم سرگرمیوں میں ماتحت کمپنیوں میں سرمایہ کاری کو منظّم کرنا اور فرٹیلائزر کی پیداوار اور تجارت، PVC ریزن کی پیداوار اور مارکیٹنگ، فوڈ، توانائی، وسائل کی دریافت، LNG اور زیادہ تعداد میں کیمیکل کی لین دین اور اسٹوریج کے کاروبار شامل ہیں۔

اقتصادی ماحول

عالمی منظرنامہ

عالمی بینک کے مطابق عالمی تجارت میں جمود، کم ہوتی سرمایہ کاری اور بڑھتی ہوئی پالیسی سطح کی غیر یقینی صورت حال کی بدولت سال 2016ء عالمی معیشت کے لئے مشکل سال ثابت ہوا۔ عالمی نمو جو پہلے ہی سال 2014ء کی 2.6 فیصد کے تناسب کے مقابلے سال 2015ء میں 2.4 فیصد کم رہی تھی اس سال مزید 2.3 فیصد گراوٹ کا شکار ہوئی۔ یہ عالمی مالیاتی بحران 2007-2008ء کے بعد سب سے خراب کارکردگی ہے۔ تاہم سال 2017ء کے دوران عالمی نمو میں 2.7 فیصد بہتری متوقع ہے اس امر کی ممکنہ وجوہات میں اُبھرتی ہوئی اور ترقی پزیر معیشتوں کی اچھی کارکردگی، کموڈیٹیز کی طلب اور برآمد میں ممکنہ اضافہ ہے۔ تاہم سرمایہ کاری میں کمی اور پیداواری نمو ترقی پزیر ممالک کی درمیانی مدتی ترجیحات پر منحصر ہیں۔ عالمی نمو کو ترقی یافتہ معیشتوں میں پالیسی کی سطح پر غیر یقینی صورتحال، مالیاتی مارکیٹ میں خلل اور ممکنہ نمو میں کمی کا سامنا ہے۔ البتہ بڑی معیشتوں بالخصوص ریاست ہائے متحدہ میں مالی مستحکم سرگرمیاں اور نمو کو بڑھانے والی پالیسیوں کو اختیار کئے جانے سے عالمی معیشت میں تیزی پیدا ہوسکتی ہے جو عالمی منظرنامے پر مثبت اثرات مرتب کرے گی۔ عالمی معیشت کلیاتی سطح پر مزید منفی رجحان کی متحمل نہیں ہوسکتی اس لئے پوٹینشل نمو حاصل کرنے کیلئے اسٹرکچل اصلاحات اولین ترجیح ہیں۔ تمام ترقی پزیر ممالک اور اُبھرتی ہوئی معیشتوں میں انسانی اور فزیکل وسائل میں سرمایہ کاری کرنے سے صلاحیتوں اور انفراسٹرکچر کو طویل مدتی بنیادوں پر ترقی دینے میں مدد ملے گی۔ کمزوریوں اور خامیوں پر قابو پانے، پالیسی کی ازسرِنو تعمیر اور تجارت و فارن ڈائریکٹ انویسٹمنٹ کو فروغ دینے سے مستحکم اور بہتر نمو کے مواقع میسر آئیں گے۔

برطانیہ کے یورپین یونین سے نکلنے کے اثرات توقعات سے کم رہے اور یورپ اور شمالی امریکہ کے مرکزی بینکوں کی جانب سے پالیسی کو منظّم رکھنے پر مالیاتی مارکیٹ میں کوئی قابل ذکر اثر مختصر مدت میں دیکھنے میں نہیں آیا۔ گو کہ بریکزٹ ووٹ جون 2016ء میں ہوا تھا، تاہم یوروزون کے اقتصادی اعتماد میں کوئی کمی ریکارڈ نہیں ہوئی۔ ریاست ہائے متحدہ میں ہونے والے صدارتی عام انتخابات کے نتائج نے البتہ میکرواکنامک شماریات کو غیر یقینی صورت حال کی جانب دھکیلا ہے۔ کارپوریٹ اور زاتی آمدن پر لاگو ٹیکس میں چھوٹ کی تجاویز، انفراسٹرکچر میں سرمایہ کاری، ساتھ ساتھ تجارت، امیگریشن اور ریگولیشن کی پالیسیوں میں تبدیلیاں نا صرف امریکہ بلکہ دنیا میں اچھا خاصا اثر برپا کریں گی۔

ترقی یافتہ معیشتوں میں کمزور نمو سال 2016ء میں برقرار رہی، امریکی معیشت میں گروتھ 2015ء کے تناسب 2.6 فیصد کے مقابلے 2016ء میں 1.6 فیصد رہی۔ اقتصادی منظرنامے میں مزید سست روی دیکھی گئی جس کی وجہ چین کی معاشی ری بیلنسنگ، کموڈیٹیوں کی اوسط قیمتوں میں کمی، سرمایہ کاری کے اخراجات میں سست روی، ترقی یافتہ ممالک کے درآمدی حجم میں نمایاں کمی اور سرمائے کا ترقی پزیر ممالک کی جانب کم جانا ہے۔ ان معاشی مسائل کی وجہ سے غیر یقینی صورتحال دیکھی گئی جو کمزور نمو کی وجہ بنی۔ ترقی پزیر ممالک کی نمو سال 2016ء میں امید کے مطابق 3.4 فیصد رہی۔

علاقائی منظرنامہ

علاقائی اقتصادی سرگرمی میں سال 2016ء میں 6.8 فیصد نمو دیکھی گئی جس کی وجہ مقامی مانگ میں اضافہ رہا۔ جنوبی ایشیا اس وقت ترقی پزیر خطے میں سب سے تیزی سے ترقی کرنے والا خطہ ہے۔ 2013ء سے اِس خطے کی طویل مدتی نمو اوسطاً 6 فیصد سے بڑھ رہی ہے، اس مستحکم نمو میں کموڈیٹی کی کم قیمتیں، انفراسٹرکچر میں سرمایا کاری اور کاروبار دوست مانیٹری اور فسکل پالیسیاں کا اہم کردار ہے۔ لمیٹڈ عالمی انضمام کی وجہ سے بھی بین الاقوامی مالیاتی بحران کا جنوبی ایشیا پر کم اثر پڑا ہے۔ بھارت تیل کے نرخوں میں کمی اور اسٹرکچل اصلاحات کے بل بوتے پر مضبوط نمو اور اقتصادی کارکردگی کا مظاہرہ کرتا رہا۔ علاوہ بھارت کے، خطے کی اقتصادی نمو سال 2016ء میں 5.3 فیصد رہی تاہم سیکیورٹی خدشات، مقامی پالیسی کی بنیاد پر اختلافات اور ترسیلات پر انحصار ہنوز قائم رہے۔ اختیار کی گئی مثبت پالیسیوں اور مقامی طلب میں بڑھتا اضافہ خوش آئند ہے اور توقع کی جارہی ہے کہ اس بنیاد پر 2017-19ء کی ممکنہ نمو 7.3 فیصد تک رہے گی۔ تاہم جنوبی ایشیا کی بڑی خریدار معیشتوں کی ریکوری، پرائیویٹ سرمایہ کاری میں کمی، باہمی تعلقات میں سردمہری اور سیکیورٹی معاملات بہرحال ایک چیلنج ہے۔ سیاسی رسہ کشی، اصلاحات میں غیر یقینی صورتحال اور فنانسنگ پر کنٹرول کی وجہ سے جنوبی ایشیا کے اقتصادی منظرنامے کو رسک کا سامنا ہے۔ اگر اسٹرکچل اصلاحات اور کاروبار دوست میکرواکنامک پالیسیاں اختیار کی جائیں تو اِن لاحق عوامل میں سے کچھ کم کئے جاسکتے ہیں اور ریجن کی نمو کو طویل مدتی بنیادوں پر مزید بڑھایا جاسکتا ہے۔

پاکستان

پاکستان کی معاشی صورتحال کے لئے زیرِ جائزہ سال 2016ء بہت بہتر ثابت ہوا۔ پاکستان کی جی ڈی پی گروتھ مثبت ٹریک پر گامزن رہی اور اس سال 4.7 فیصد کا اضافہ دیکھا گیا جو گزشتہ آٹھ سالوں سے بہتر ہے۔ مالی سال 2017ء میں نمو میں 5.2 فیصد اضافے کی توقع کی جارہی ہے۔ ملک کے تمام اقتصادی اور معاشی انڈیکیٹرز بہتری کی نشاندہی کررہے ہیں۔ ملک کا مالی خسارہ جی ڈی پی کا 3.4 فیصد رہا جبکہ گزشتہ سال یہ 3.8 فیصد تھا۔ اس کامیابی کے ساتھ ساتھ ملک کی آمدن میں بھی 10.4 فیصد اضافہ ریکارڈ کیا گیا اور محصولات آمدن میں بھی 20.2 فیصد بڑھوتی ہوئی۔ زرمبادلہ کے زخائر بھی ملکی تاریخ کی سب سے اونچی سطح 18 بلین ڈالر تک پہنچ گئے۔ معاشی سرگرمیوں کو جاری رکھنے کے لئے مانیٹری پالیسی میں مزید 25 پوائنٹس کی کمی گئی اور اس طرح شرح سود سال 2016ء میں 6.25 فیصد ہوگئی۔ ملک میں براہ راست غیر ملکی سرمایہ کاری میں 38.8 فیصد کا قابل ذکر اضافہ ہوا، جس میں زیادہ سرمایہ کاری چین اور ہالینڈ کی جانب سے کی گئی۔ اقتصادی حالات میں بہتری، عمدہ معاشی اور مانیٹری مینجمنٹ، افراطِ زر میں کمی، زرمبادلہ کے زخائر میں اضافہ، معاشی خسارے میں کمی اور صنعتی اور سروسز سیکٹرز میں شاندار نمو کی بدولت ممکن ہوئی۔ اس کے ساتھ ساتھ تیل کے عالمی نرخوں میں کمی بھی ان اسباب میں سے ایک ہے جو گزشتہ 44 سال کے سب سے کم سطح تک پہنچی۔ تاہم توانائی کا بحران، زراعت کے شعبے میں کمی، سیاسی عدم استحکام، اور کم برآمد ملک کی اقتصادی اور معاشی ترقی کی راہ میں رکاوٹ بنی رہیں۔

پاکستان کی جی ڈی پی نمو مالی سال 2017ء میں 5.2 فیصد رہنے کی توقع ہے، جو مالی سال 2019-20ء میں 5.8 فیصد تک بڑھ جائے گی۔ اس متوقع گروتھ کے پیچھے زراعت، انفراسٹرکچر اور توانائی کے شعبے میں بہتری کے عوامل کارفرما ہونگے۔

سال 2016ء میں پاکستان اسٹاک ایکسچینج میں بھی بھرپور تیزی دیکھی گئی اور متعدد بار KSE-100 نے بلند ترین نفسیاتی حد کو توڑا۔ 30 دسمبر 2016ء کو KSE-100 تاریخ کی بلند ترین سطح 47,806 تک پہنچ گئی۔ پاکستان اسٹاک ایکسچینج میں MSCI انڈیکس کے شامل ہوجانے سے کئی ممالک کی کمپنیاں پاکستان میں سرمایہ کاری کرنے میں دلچسپی کا اظہار کررہی ہیں بالخصوص پاور، انرجی، آئل اور گیس، آٹوموبائلز اور ٹیکسٹائل سیکٹرز میں۔ یہ توقع کی جارہی ہے کہ پرائیویٹ سیکٹر میں ہونے والی سرمایہ کاری، پاک چین اقتصادی راہداری اور ملک میں سیکیورٹی کی صورتحال بہتر ہوجانے سے مستحکم ترقی اور نمو جاری رہے گی۔

پاکستان کی جی ڈی پی نمو مالی سال 2017ء میں 5.2 فیصد رہنے کی توقع ہے، جو مالی سال 2019-20ء میں 5.8 فیصد تک بڑھ جائے گی۔ اس متوقع گروتھ کے پیچھے زراعت، انفراسٹرکچر اور توانائی کے شعبے میں بہتری کے عوامل کارفرما ہونگے۔ 2017ء میں خانکی بیراج کی تعمیر مکمل ہوجائے گی۔ اس بیراج کی تعمیر سے ایک ملین ہیکٹرز زمین سیراب کی جاسکے گی جس سے زراعت کے شعبے میں بھرپور نمو ہوگی۔ ایران سے گیس اور بجلی کی درآمد کے منصوبے پر پیش رفت ہوئی ہے یہ بھی ملک میں جاری توانائی کے بحران پر قابو پانے میں مدد ملے گی۔ پاک چین اقتصادی راہداری میں کئی درمیانی مدت کے منصوبے قائم کئے جانے کی توقع ہے، یہ بھی ایک اچھا شگون ہے۔

زراعت اور ڈیری سیکٹرز

ریاست ہائے متحدہ کے ڈیپارٹمنٹ برائے زراعت کے مطابق گندم کی عالمی پیداوار 2016-17ء میں 752.7 ملین میٹرک ٹن (MT) رہنے کی توقع ہے اس کے مقابلے گزشتہ سال 2015-16ء میں گندم کی عالمی پیداوار 735.4 ملین میٹرک ٹن رہی تھی جبکہ چاول کی پیداوار ایک اندازے کے مطابق 480 ملین میٹرک ٹن تک ہوگی جو 1.5 ملین میٹرک ٹن سے کم ضرور ہوگی لیکن پھر بھی بلند ترین سطح تک ہوگی۔ اس کے علاوہ دودھ کی عالمی پیداوار زیرِ جائزہ سال 2016ء میں 212.5 بلین پاؤنڈز رہی جو گزشتہ سال 2015ء کے مقابلے 2 فیصد زیادہ ہے اور یہی نمو 2017ء میں بھی برقرار رہنے کی امید کی جارہی ہے۔ ڈیری کی عالمی قیمتیں 2016ء کی نچلی ترین سطح کو چھونے کے بعد ریکوری کی جانب گامزن ہیں۔ سال کے دوران دیگر ترقی پزیر ممالک کی طرح زراعت کے شعبے کا جی ڈی پی میں شیئر سال 2016ء میں 19.8 فیصد سے کم ہوا ہے۔ زراعت کا شعبہ تبدیلیوں سے گزر رہا ہے اور اب لائیو سیکٹر زراعتی جی ڈی پی کا 56 فیصد ہوگیا ہے اور اہم فصلیں 37 فیصد ہوگئی ہیں۔ چار بڑی فصلیں گندم کپاس چاول اور گنا زیرِ کاشت ایریا میں دو تہائی کاشت کی جاتی ہیں۔ البتہ غیر فصلی سیکٹرز پاکستان کے زراعت کے شعبے میں اچھی کارکردگی کی وجہ سے نمایاں رہے لیکن اس کے باوجود زیرِ جائزہ سال 2016ء میں زراعت کے شعبے کی کارکردگی مجموعی طور پر مایوس کن رہی اور منفی نمو 0.19 فیصد ریکارڈ کی گئی جبکہ گزشتہ سال 2015ء میں نمو 2.5 فیصد رہی تھی۔ فصلوں کی نمو میں سال 2016ء کے دوران 6.3 فیصد کمی دیکھی گئی، کپاس اور چاول کی پیداوار میں بالترتیب 27 فیصد اور 3 فیصد کمی رہی تاہم زراعت کے الگ متفرق شعبہ جات جیسے لائیو اسٹاک، جنگلات اور ماہی گیری میں بالترتیب 3.6 فیصد، 8.8 فیصد اور 3.3 فیصد مثبت نمو ریکارڈ کی گئی۔

کیڑوں کے متواتر حملوں کی وجہ سے کپاس کی فصل کی پیداوار بہت کم رہی۔ اس کے ساتھ ساتھ کم قیمت کی وجہ سے بھی کسانوں نے فرٹیلائزر اور کیڑے مار ادویات خریدنے سے اجتناب کیا جس کے نتیجے میں کپاس کی کاشت میں 27 فیصد کمی رہی۔ چاول کی پیداوار میں کمی کا بنیادی محرک چاول کی بین الاقوامی قیمتوں میں کمی تھی۔ چار بڑی فصلوں کی پیداوار کی نمو میں نوے کی دہائی سے منفی رجحان پایا جارہا ہے۔ ٹوٹل فیکٹر پروڈکٹیویٹی (TFP) بھی پیداواری کمی کی ایک وجہ ہے۔ ٹی ایف پی گروتھ کی وجہ سے آوٹ پُٹ گروتھ چار عوامل کی وجہ سے بڑھ گئی ہے (فرٹیلائزر، لیبر، کیمیکلز اور مشینری کا استعمال) اس کے علاوہ ورائٹی اور اچھے بیجوں کی بدولت کاشت کو مزید بڑھایا جاسکتا ہے۔ تاہم زراعت کی ترقی میں رکاوٹیں حائل ہیں جیسے ریسرچ پر کم سرمایہ کاری اور بیج اور دانش ملکیت حقوق کے قوانین جو پرائیویٹ سیکٹر کو زراعت کے شعبے میں سرمایہ کاری سے روک رہے ہیں۔

بجٹ میں ہونے والی تبدیلیوں اور سخت مسابقتی ماحول کی وجہ سے مقامی ڈیری صنعت کے لئے یہ سال چیلینجنگ ثابت ہوا۔ وفاقی بجٹ 2016/17ء میں جی ایس ٹی زیرو ریٹنگ سے مستثنیٰ کردی گئی اور ریگولیٹری ڈیوٹی کی مد میں خشک دودھ پر 25 فیصد ڈیوٹی لاگو کردی گئی جس کی وجہ سے کاروبار کرنے کی لاگت میں اضافہ ہوا اور انڈسٹری کی نمو کچھ عرصے کے لئے رُک گئی۔

فرٹیلائزر

سال کے دوران بین الاقوامی مارکیٹ میں کموڈیٹیز بشمول تیل میں گراوٹ کی وجہ سے قیمتیں مسلسل دباؤ کا شکار رہیں۔ کھاد کی قیمتیں ربی سیزن میں 193 ڈالر فی ٹن (CFR Karachi) جو کہ 1,300 روپے فی بیگ بنتی ہے کے برابر کی نچلی ترین سطح تک جا پہنچیں۔ تاہم سال کے آخر میں قیمتوں میں چڑھاؤ دیکھا گیا اور قیمت 240 ڈالر فی ٹن (CFR Karachi) (1,560 روپے فی تھیلا کے برابر) پر مستحکم ہوئی۔ تاہم درآمدی کھاد کو 156 روپے فی تھیلا کی سبسڈی کی سہولت میسر نہیں یہ سہولت صرف مقامی طور پر تیار کردا کھاد کو دی گئی ہے جو سال بھر کے دوران 1,200 روپے سے 1,300 روپے بغیر سبسڈی فروخت ہوتی رہی۔