engro polymer & chemicals

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WWF GREEN OFFICE
A WWF INITIATIVE TO REDUCE ECOLOGICAL FOOTPRINT

engro polymer & chemicals

REDISCOVERING POTENTIAL

2016
ANNUAL REPORT

engro polymer & chemicals

Annual Report 2016

Engro Polymer & Chemicals is proud to present its Annual Report for the year 2016. This report focuses on Stakeholder Information, Corporate Governance, the Directors' Report and Financial Statements for the year ended December 31, 2016.

For any feedback, suggestions or queries kindly contact the following:

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This report is also available on our website:
www.engropolymer.com

Rediscovering Potential

Polyvinyl Chloride (PVC) is said to be one of the most versatile plastics in the world. Its unique properties and unparalleled adaptability makes it a material of choice for several applications ranging from construction to automobile and from sports to household items. PVC has played an instrumental role towards advancement and modernisation of products. At EPCL, we remain committed towards development of PVC sector in the country and are working extensively on new developments with an aim to make lives better for people around us.

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Table of Content

OUR MISSION

Our mission is to achieve innovative growth which creates value for our stakeholders, customers and employees. Our Commitment is to maintain the highest standards of ethics, safety and environmental responsibility.

Corporate Objectives

- Maintain health and safety standards as per the DuPont framework
- Adhere to global environmental standards based on British Safety Council standards
- Ensure site reliability and product availability
- Execute PVC & VCM Plant debottlenecking
- Enhance penetration in domestic Vinyls market and accelerate new product development initiatives
- Pursue development of pipes & fittings standards through PSQCA
- Acquire, retain & develop talent and enhance workforce diversity

OUR CORE VALUES

Our core values define every aspect of our way of doing business.

ETHICS & INTEGRITY

We do care how results are achieved and will demonstrate honest and ethical behaviour in all of 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 the commitment to engage with key stakeholders in the community and society.

HEALTH, SAFETY & ENVIRONMENT

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

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 organisational 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, acknowledging the fact that not all risks will result in success.

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 organisational environment in which individuals are fairly treated, encouraged and empowered to contribute, and can grow and develop themselves and help to develop each other. We do not tolerate any form of harassment or discrimination.

Our Statement of Best Practices

- Overall, work towards creating an environment which promotes the realisation of our Vision and Values, by focusing on behavioural modification and systematic changes.
- Challenge the status quo by, experimenting and taking reasonable and calculated risk.
- Think EPCL, by placing Company interest above individual, sectional, departmental and achieving these before implementing.
- Collectively develop clear, concise and realistic goals, also agreeing on the process of achieving these before implementing.
- Balance task, team and individual needs, by keeping the helicopter view.
- Work through teams, by valuing all ideas and effectively committing people through consensus building and active involvement.
- Remind each other on the importance of using participatory processes, just as much as emphasising attention on safety, quality and continuous improvement.
- Recognise individual needs and help fulfill them.
- Trust each other by delegating authority and decision making to the lowest possible level.
- Encourage sharing a clear, consistent and timely feedback for learning and growth.
- Give everyone a chance by listening patiently and thinking before speaking.
- Recognise team and individual efforts to change by celebrating both lessons and successes.

Our Statement of Business Ethics

The policy of EPCL is one of the strict observance of all laws applicable to its business. Our policy does not stop there. Even where the law is permissive, EPCL chooses the course of highest integrity. Local customs, traditions and mores differ from place to place, and this must be recognised. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralising and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless Company asset.

An overly-ambitious employee might have the mistaken idea that we do not care how results are obtained, as long as they gets results. They might think it best not to tell higher management all that they are doing, not to record all transactions accurately in their books and records, and to deceive the Company's internal and external auditors. They would be wrong on all counts.

We do care how we get results. We expect compliance with our standards of integrity throughout the organisation. We will not tolerate an employee who achieves results at the cost of violation of laws or unscrupulous dealing. By the same token, we support and we expect you to support, an employee who passes up an opportunity or advantage which can only be secured at the sacrifice of principle.

Equally important, we expect candor from managers at all levels and compliance with accounting rules and controls. We don't want employees to misrepresent facts, whether they are misrepresenting in a mistaken effort to protect us or to make themselves look good.

One of the kinds of harm which result when a manager conceals information from higher management and the auditors is that subordinates within his organisation think they are being given a signal that Company policies and rules, including accounting and control rules, can be ignored whenever inconvenient. This can result in corruption and demoralisation of an organisation. Our system of management will not work without honesty, including honest book-keeping, honest budget proposals and honest economic evaluation of projects.

It has been and continues to be EPCL's policy that all transactions shall be accurately reflected in its books and records. This, of course, means that falsification of its books and records and any off-the-record bank accounts are strictly prohibited.

Our Approach Towards Creating Meaningful Value

Our Board of Directors is representative of our shareholders' interests and works with the President & CEO in deciding the overall strategic vision and direction of the Company.

Two principal Board Committees assist the Board in making decisions related to business management and compensation. Furthermore, there are numerous Functional Committees acting at the operational level in an advisory capacity to the President & CEO, providing suggestions and recommendations related to business, environment and employee matters.

Functional Heads provide advice and recommendations in their own capacities and concerning their respective business areas. These include Health and Safety, Technical Matters Relating to the Plants, Marketing and Sales, Finance, Employee Matters, Supply Chain, Information Technology and Logistics.

The Senior Management of the Company considers feedback a significant contributor for the review of objectives and for the development of future plans and strategies. The Company gathers information through various stakeholders, including the government, shareholders and community, which ensure an efficient flow of information, both in and out of the Company.

Engaging Stakeholders

Engro Polymer & Chemicals Limited understands the importance of stakeholder engagement and recognises that there is no better way to ensure that our Company remains a responsible corporate citizen, having a positive impact on all of our stakeholders. We engage with our stakeholders both formally and informally, periodically and regularly.

EPCL's stakeholders include:

Media

Our engagement with print & visual media takes place through regular press releases on key achievements and activities as well as through informal conversations on Company news and updates throughout the year.

Investors, Lenders and Shareholders

Investors and shareholders look forward to our Annual General Meeting as well as Corporate Reports (Annual and Sustainability Reports), which include comprehensive information on both financial and non-financial matters related to the organisation. Furthermore, analyst briefings are conducted on quarterly basis, while disclosures to the stock exchanges on strategic events are made as and when required.

Suppliers and Customers

Our suppliers and customers are engaged through periodic formal and informal meetings / conferences. We regularly provide them with technical assistance related to their businesses, to benefit both the industry and the economy in which we operate.

Host Communities (local to our facilities and throughout Pakistan)

We consider ourselves responsible for our host communities and hold regular interaction in order to understand how we can improve our relation. The Company is extremely active in health, education, livelihood and environmental projects for the betterment of these communities.

Employees

EPCL concentrates on employee engagement as it is key to performance. A survey is carried out every year to assess the levels of engagement and motivation at the workplace, and based on feedback areas of weakness are improved and strengths held stable.

Regulators

The Company complies with all regulatory requirements and in this regard maintains close coordination with relevant regulators including the stock exchange, tax authorities and Securities and Exchange Commission of Pakistan (SECP).

STAKEHOLDERS' INFORMATION

Reinforcing Resilience

For every company it is essential to remember its roots and the vision it began with. Over the years, EPCL has won many accolades for its hard work and resilience and it wouldn't have been possible without the leadership and defined goals set by our stakeholders.

Company Information

Board of Directors
Mr. Ghias Khan
Mr. Imran Anwer
Mr. Shoichi Ogiwara
Mr. Shahzada Dawood
Mr. Kimihide Ando
Mr. Asad Said Jafar
Mr. Zafar Hadi
Mr. Feroz Rizvi

Company Secretary
Schaane Ansari

Bankers
Allied Bank Ltd
Askari Bank Ltd
Bank Alfalah Ltd
Bank Al Habib Ltd
Bank Islami Pakistan Ltd
Burj Bank Ltd
Citi N.A.
Deutsche Bank AG
Faysal Bank Ltd
Habib Bank Ltd
Industrial & Commercial Bank of China Ltd
MCB Bank Ltd
Meezan Bank Ltd
National Bank of Pakistan
NIB Bank Ltd
Standard Chartered Bank Ltd
Summit Bank Ltd
The Bank of Punjab
United 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

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PABX : +92-21-35293871-85
Fax : +92-21-35293886
UAN : 111 411 411
E-mail : epcl-info@engro.com

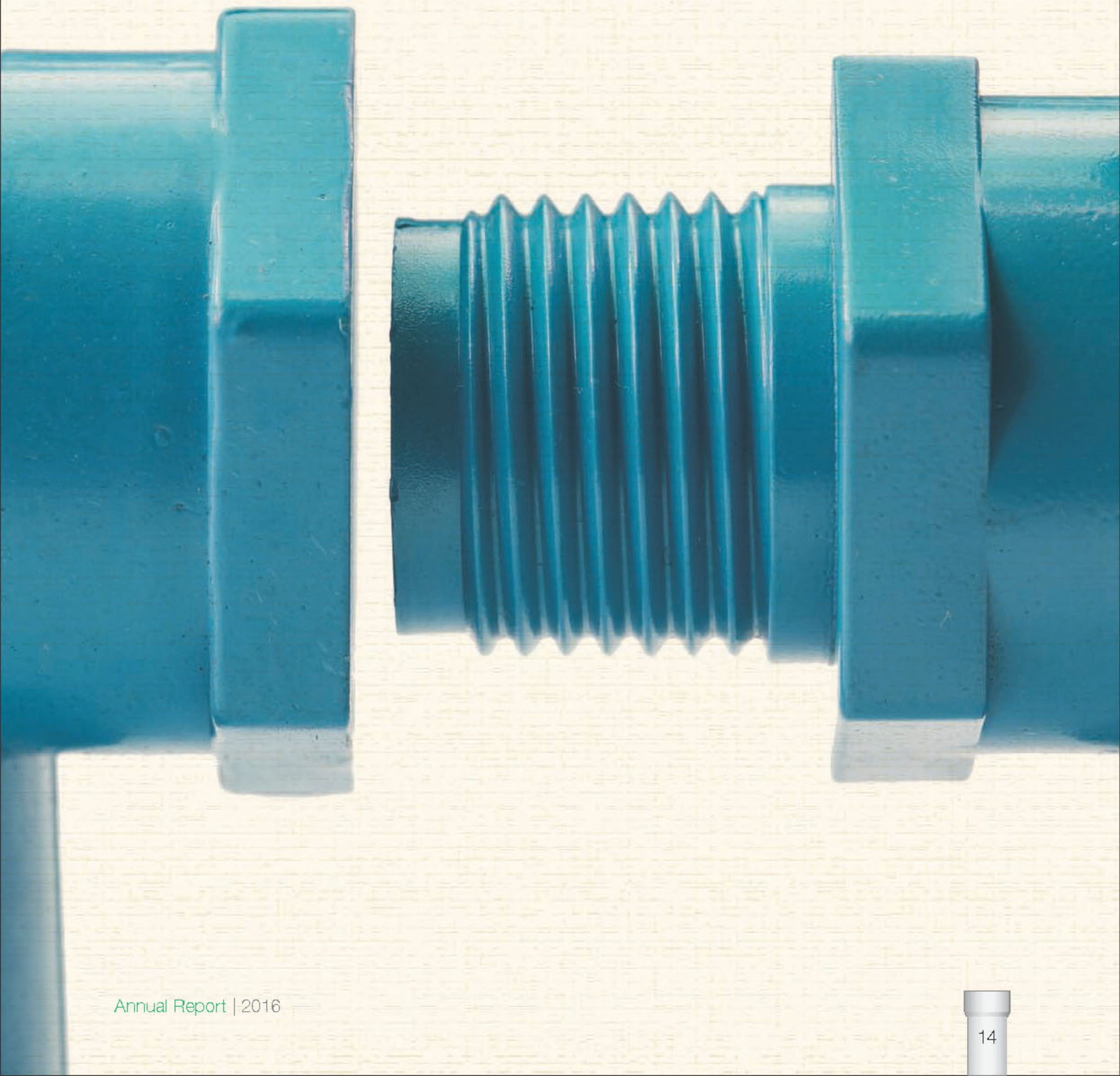
Share Registrar
M/s. FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran, Block-6, PECHS, Shahrah-e-Faisal
Karachi – Pakistan
Tel: +92(21) 3438 0104-5, 3438 4621-3
Fax +92(21) 3438 0106

Plant
EZ/1/P-ii-1, Eastern Zone, Bin Qasim, Karachi

Website
www.engropolymer.com

Business at a Glance

Engro Polymer & Chemicals Limited (EPCL) was incorporated in 1997 and is the only fully integrated Chlor-Vinyl Chemical Complex in Pakistan. It is involved in the manufacturing, marketing and distribution of PVC and Chlor-Vinyl Allied Products.



Poly Vinyl Chloride (PVC)

Importing Countries

- Ethylene: UAE, Italy, USA and Singapore
- Ethylene Di Chloride (EDC): Saudi Arabia, Qatar, Indonesia and Germany

Exporting Countries

- Poly Vinyl Chloride : India

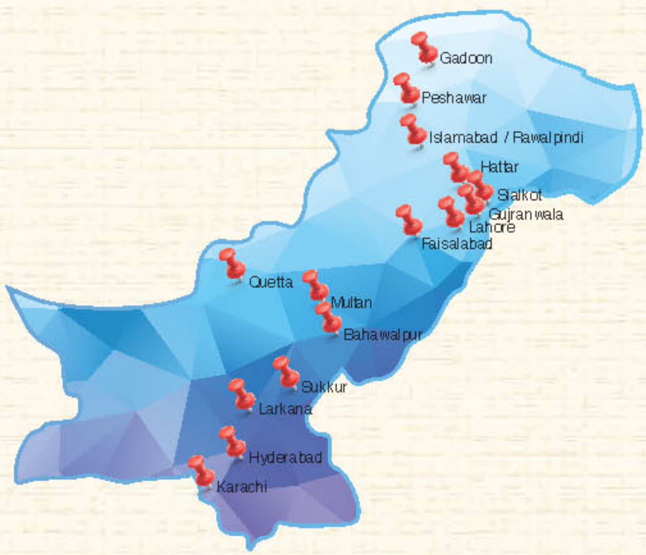
PVC

The Company manufactures and markets four grades of PVC under the brand name 'SABZ', echoing its commitment to environment and in line with its core values

PVC

- Karachi
- Larkana
- Multan
- Faisalabad
- Lahore
- Sukkur
- Bahawalpur
- Gujranwala
- Hattar
- Islamabad / Rawalpindi
- Peshawar
- Gadoon
- Hyderabad
- Quetta
- Sialkot

Domestic Market



AU 67 S:
Soft sheet & garden hose

AU 72:
Artificial leather, wire coating & Geomembrane

AU 67 R:
Pipe, soft sheet & window profiles

AU 60:
Rigid sheet & pipe fittings

PVC PLANT INFORMATION

Capacities:

- PVC – 178 KTA as of December 31, 2016
- EC – 127 KTA
- VCM – 204 KTA

Caustic & Allied Chemicals

Raw Material

Salt is our primary raw material for Caustic and Allied Chemicals

Production Design Capacities

- PVC Plant – 178 KTA
- VCM – 204 KTA
- EDC – 127 KTA
- Caustic – 106 KTA
- Hypo – 20 KTA
- HCL – 60 KTA
- Hydrogen – 3 KTA

Domestic Market

CAUSTIC SODA
- KARACHI
- HUB
- HYDERABAD
- MULTAN
- RAHIM YAR KHAN
- FAISALABAD
- LAHORE
- DAHARKI
- GUJRANWALA

SODIUM HYPOCHLORITE
- KARACHI
- HYDERABAD
- HUB
- GHOTKI
- SADIQABAD
- DAHARKI

HYDROCHLORIC ACID
- KARACHI
- HUB
- HYDERABAD

HYDROGEN
- KARACHI

Caustic & Allied Chemical

Caustic Soda:
Dyeing and mercerizing in textile, FFA removal from edible oil & ghee, soap and water purification

Sodium Hypochlorite:
Water treatment, detergents, denim bleaching and paper bleaching

Hydrochloric Acid:
Pickling, oil well acidizing, water treatment, cleaning, food processing and medicine

Hydrogen:
Used in the manufacturing of terephthalic acid

SWOT Analysis

Strengths

- Sole PVC producer in Pakistan
- Integrated production facility capable of operating at high capacity utilisation
- Established brand name and diversified product portfolio
- Strong human resource base and unique technical expertise in Chlor Vinyls
- Established domestic presence and access to global export markets
- Sole supplier of Caustic in South enabling dominance

Weaknesses

- Increased exposure due to volatility in international commodity prices / currency movements limiting pricing power
- Dependence on specialised raw material, which is subject to erratic supply
- Over supplied Caustic market
- Limited scope for value addition due to commodity nature of products
- Increasing gas prices, which can't be passed through due to independent international prices of PVC

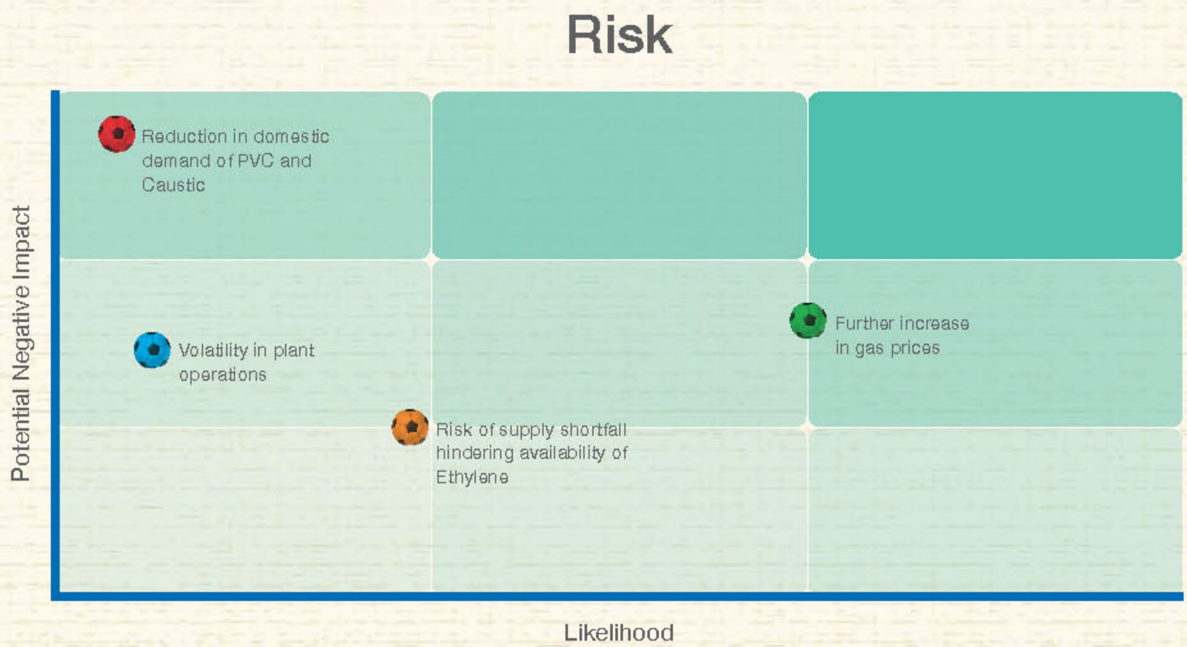
Opportunities

- Low per capita PVC consumption in the country
- Anti-dumping imposition on dumping countries
- Uptick in PVC demand with increased construction activity, infrastructural projects and spending on Public Sector development
- Uptick in economic activity through CPEC
- Diversified downstream integration and new market development
- Alternate Energy Projects
- Opportunity for low-cost debottlenecking

Threats

- Changes in tarrif
- Rise in gas prices in Pakistan
- Dumped imports of PVC

Risk & Opportunity Report



Reduction in domestic demand of PVC & Caustic

Risk – The decrease in demand of PVC & Caustic Soda will heavily impact the financial health of the Company.
Mitigating Risk – Pakistan remains a country with one of the lowest PVC consumption per capita. EPCL believes in partnering with its customers to improve the existing product to cater the landscape.
Risk Source – Commodity demand is a function of domestic economic conditions and commodity price fluctuations.

Volatility in Plant Operations

Risk – Plant operations remain imperative for EPCL to maintain its position as key supplier to domestic market. Disruptions in plant operations will compromise the current position of EPCL.
Mitigating Risk – Ensure sustainable operations via continuously monitoring plant operations. Identify potential impediments and terminate at budding stage.
Risk Source – Plant maintenance is important for a functioning plant in terms of maintenance and capacity enhancements.

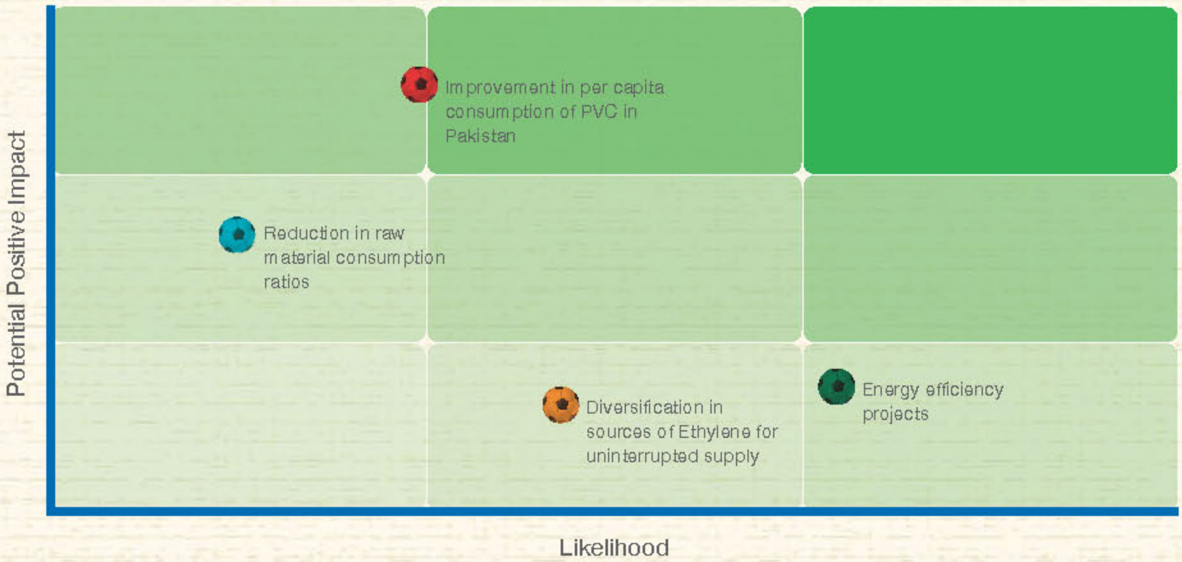
Risk of supply shortfall hindering supply of key raw material

Risk – Plant operations are dependent on Ethylene and thereby the supply of PVC to local customer as well.
Mitigating Risk – The Company has entered into contracts with multiple traders and is continuously on the watch out for expanding and diversifying its supplier base.
Risk Source – Supply dynamics within the region.

Further increase in gas prices

Risk – Gas is essential to plant operations and changes in gas prices are directly linked to profitability of the Company.
Mitigating Risk – EPCL is implementing energy efficiency projects to minimise the impact of increase in gas prices.
Risk Source – Regulatory decision to increase prices.

Opportunity



Reduction in raw material consumption ratio

Opportunity – The profitability of the Company is heavily reliant on the consumption of key raw materials. A decrease in consumption will positively impact the economic health of the Company.

Improvement in per Capita consumption of PVC in Pakistan

Opportunity – Pakistan is one of the countries with the lowest PVC consumption per capita. An increase in consumption will translate in increased revenues of the Company.

Diversification in sources of Ethylene for uninterrupted supply

Opportunity – Plant operations and product availability depends on uninterrupted supply of Ethylene. The Company engages with different parties to avail opportunities to save in raw material procurement.

Energy efficiency projects

Opportunity – Decrease in energy consumption will positively impact the bottom line of the Company and will also help achieve the long term goal of a sustainable and green environment.

Key Figures

	2015	2016
Sales Revenue (Rs. in thousands)	22,263,742	22,854,024
Earnings / (Loss) Per Share	(0.97)	0.99
Profit / (Loss) After Tax (Rs. in thousands)	(644,124)	659,933
Capital Expenditure (Rs. in thousands)	660,708	644,657

	2015	2016
Total Assets (Rs. in thousands)	24,211,764	24,420,761
Market Capitalisation (Rs. in thousands)	6,926,614	12,247,634
Share Price (In Rupees)	10.44	18.46
Total Equity (Rs. in thousands)	5,333,728	6,004,179

Key Highlights and Major Achievements

- Highest ever **PVC** production at **172KT**
- Highest ever **VCM** production at **174KT**
- Highest **OHIH** rating at **3.7**
- Highest ever **Hypochlorite sales** of **2200 MT**
- Highest ever **PVC sales** of **167 KT**
- Highest ever **Employee Engagement Index** at **63%**
- **First ever Ethylene** cargo from **USA**
- Over **1700 volunteer** hours achieved
- **9 million safe man hours** were achieved without lost workday injury
- Approval of capacity **debottlenecking project – EPEX 195**
- Lowest ever **Fleet Accident Frequency Rate** i.e. **2.5**

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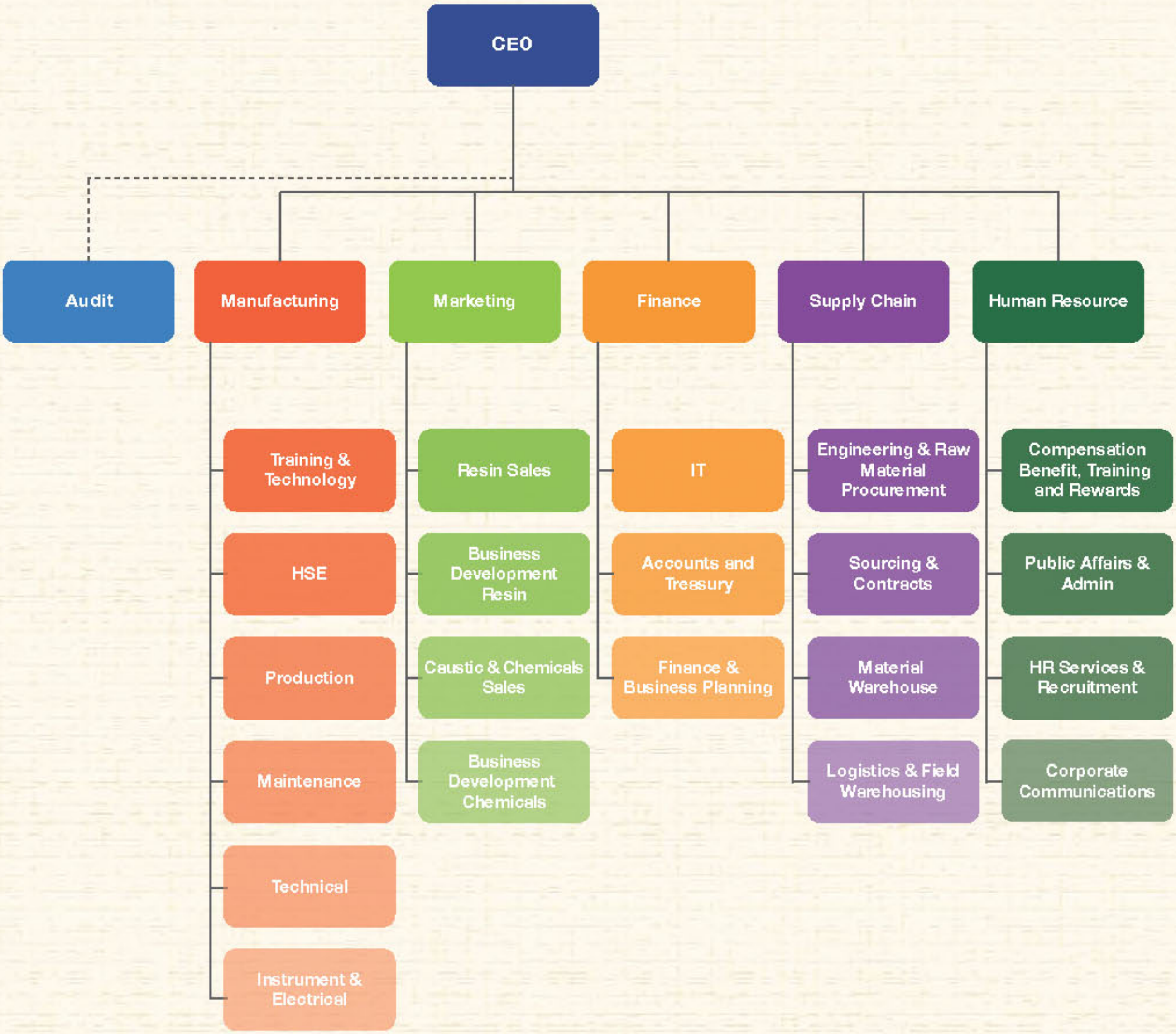
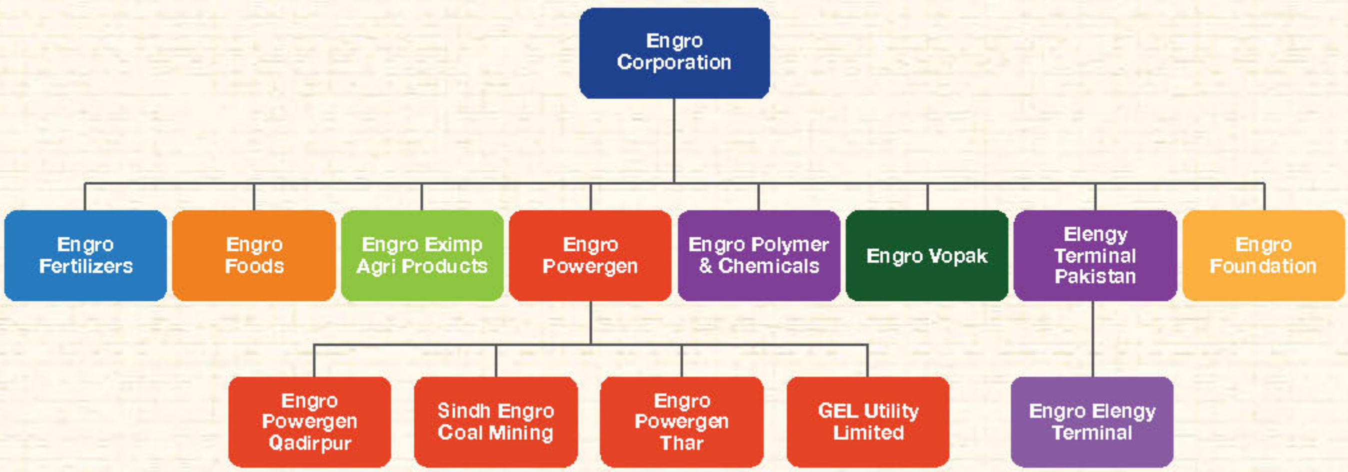
Organisational Structure



Engro Corporation – Conglomerate Organogram



Awards, Achievements & Accreditations

Certifications:

DuPont Certification
DuPont PSM / PSRM system covers the Personnel as well as Process Safety & Risk Management aspects. It encompasses every safety system and procedure including, but not limited to, Safe Work Procedures, Management of Change, Quality Assurance, Hazard Analysis, Risk Management and Driving Safety of Highly Hazardous Chemicals in a way that is in accordance with Occupational Safety & Health Administration (OSHA) standards.

DuPont assesses various safety system of an organisation on a scale of 01 (basic systems in place) to 05 (sustained world class performance). In 2013, the Company took a major step with the implementation of the Occupational Health & Industrial Hygiene program.

In January 2015, an external audit was conducted by DuPont, and EPCL achieved a PSRM (Process Safety Risk Management) rating of 4.0 and PSM (Personnel Safety Management) rating of 4.2. The DuPont Operation Excellence Program was also initiated at the Plant site and in this regard Audit of the Company was done in April, 2015. In the year 2016, the Company achieved an OHIH external audit rating of 3.7.

Integrated Management Systems
Engro Polymer is an Integrated Management System, ISO-14001, ISO-9001 & OHSAS-18001 certified by SGS, an external auditor. In 2016, recertification of IMS was achieved.

EMS – ISO 14001 Certification
The Company is ISO-14001 (Environment Management System) certified by a credible third party (SGS). Accordingly, the organisation has amplified its focus on Health, Safety and Environmental Policies. In 2013, the British Safety Council 5 Star Audit Program for environment management system was implemented and a second party audit rating of 3 Star (83%) was achieved. In 2013, initiative on Green Office Certification by WWF was taken. Since then, 10 buildings have been WWF Green office certified by 2016.

QMS – ISO 9001 Certification
The Company has been ISO-9001 (Quality Management System) certified since 1999, which meant increased customer satisfaction via documented systems and procedures. In 2016, the Company was able to get ISO-9001-2008 re-certification on revised standards for PVC Manufacturing and Marketing by SGS. During the surveillance audits, no major non-conformity was reported.

OHSAS – ISO 18001 Certification
The Company has implemented OHSAS ISO-18001 (Occupational Health & Safety Administrative Series) and was certified by SGS in 2013. During the surveillance audits, no major non-conformity was reported. In order to receive updates on the latest developments in HSE and for networking purposes, EPCL has obtained memberships of the following world renowned organisations as well:

- Center of Chemical Process Safety (CCPS)
- DuPont
- National Safety Council (NSC)
- British Safety Council (BSC)

Green Office Certification:
The Administration Building at the Plant has been certified by WWF as a Green Office. The audit was carried out in December 2013 and 3 indicators were audited: Paper Reduction, Energy Conservation and Waste Reduction, which were all found to be satisfactory by WWF. The Head Office has been WWF Green Office certified since 2012. In 2016, WWF Green Office Programme awarded Certification of 2 new buildings at the plant site and re – certification of 8 buildings.

Credibility:

PACRA Rating
In 2016, Pakistan Credit Rating Agency Limited (PACRA) awarded EPCL with longterm and short-term entity ratings of "A-"(Single A minus) and "A2" (A Two) respectively. The ratings reflect low expectation of credit risk based on strong capacity of the Company to meet its financial commitments timely. These ratings will enable the Company to explore new avenues to raise capital, optimise capital structure and weighted average cost of capital.

Best Corporate Report Awards
For three consecutive years from 2009 to 2011, EPCL was nominated for the 'Best Corporate Report' award. The Company secured second position for its 2009 and 2010 reports and was awarded the first prize for the 'Best Corporate Report' in the Chemical Sector for its Annual Report 2013 by the Joint Evaluation Committee of ICAP-ICMAP. Similarly, Annual Report was awarded 1st and 2nd prize at ICAP / ICMAP Award Ceremony for the year 2013 and 2015, respectively.

CORPORATE GOVERNANCE

Reinventing Culture

The culture of a company is fashioned through the years with the help of governance that sets the framework. However with time it reinvests itself to mould with the new cultures.

Governance Framework

Our Governance Framework is designed to ensure that the Company embodies its Core Values and Principles, institutionalising excellence in everything that we do. Driven by the highest standards of integrity, transparency and zeal to protect stakeholders' value, EPCL has ordinated its Governance Framework on the industry's best practices. The Board of Directors and Senior Management place a significant emphasis on internal controls, which trickles down to each and every employee in the Company.

Our Corporate Governance is grounded on the basis of proper Management policies and the Organisation conforms to accepted guidelines of all the stock exchanges of Pakistan as well as the Securities and Exchange Commission of Pakistan (SECP). The Board of Directors is committed to honest, ethical, knowledgeable and comprehensive management and to implement good Corporate Governance as a means of accomplishing maximum success and effectiveness. For the Company, Corporate Governance is a tool for enhancing and reinforcing our values and sustainable growth. Developing good Corporate Governance is an iterative process and aims to incorporate standards that are universally practiced and appreciated.

The Internal Environment

The Organisation is structured in a way that corresponds well to its business plan and responsibilities are clearly assigned to each department. High quality personnel are hired and given continuous opportunities to develop knowledge and competencies, and represent the Company's commitment to ethical, professional business standards. The Organisation also encourages employees to participate as well as understand their work, while instilling in them the responsibility of reducing risk. Work is consistently being upgraded, improved and fashioned in such a way that internal controls form an integral part of operations. Various operating manuals have been produced to ensure efficiency of operations and avoid the duplication of effort.

Internal Control Framework

Responsibility

The Board is ultimately responsible for EPCL's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure in achieving Business Objectives and provides reasonable assurance against material misstatements or losses that the Company could possibly face.
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 Officer.

Framework

An established control framework is maintained by the Organisation, constituting clear structures, authority limits and accountabilities. All Policies and Standard Operating Procedures are properly documented in operating manuals. Both Corporate Strategy and the Company's Business Objectives are established by the Board, after which they are integrated by Divisional Management into business strategies with supporting Financial Objectives.

Risk Assessment

EPCL conducts its operations with a constant view of the risks involved and has instituted measures to control risk and ensure that it remains manageable. In this way, damage due to risk is minimised and stability is ensured. Long-term and annual plans are designed ensuring that concrete measures of success can be obtained. Auditing operations and insurance measures are also continuously improved with the help of various tools in the effort to reduce risk.

Control Activities

The Company has determined a number of control activities that are in accordance with the nature of business operations and has assigned responsibilities in such a way that mutual supervision is in effect.

Information Systems' Governance Framework and Safety of Accounting Records

Technology supports all business processes performed across the Organisation and is fundamental to Engro Corp Limited's continued growth and success. Technology is, therefore, considered a principal risk, requiring an appropriate level of control across the Company to ensure that it is effectively managed. The Information Systems, Governance Framework sets minimum control requirements for Information Systems that must be met by all businesses across EPCL. It also lays down the various policies related to the Management, usage and protection of EPCL's Information Systems provisions. The framework is aligned to the industry's standard Control Objectives for Information and Related Technology (COBIT) ISO 27001 and ITIL v3.

EPCL maintains a robust system for the maintenance of its books of accounts, including detailed contingency plans for their safekeeping and recovery in the event of a disaster. The Company fully complies with the regulatory requirements envisaged in the Companies Ordinance 1984, the listing regulations and the relevant pronouncements thereunder.

Conflict of Interest Policy

At Engro Polymer & Chemicals Limited, every employee, director and executive has a duty to avoid direct or indirect interests, which might conflict with the interests of the Company especially when dealing with customers, suppliers, contractors, competitors or any person or organisation doing or seeking to do business with the Company.

Additionally, in the event of such conflicts arising in the conduct of employees', executives' or directors' personal affairs, including transactions in securities of the Company, of any affiliate, or of any unaffiliated company having a business relationship with Company interests, full compliance to the restrictions and set of disclosures requirements laid down by the Management should be ensured. Moreover, to warrant that Company resources are utilised in the shareholders' best interest, a robust mechanism to report exceptions, if any, has been established within the Company.

Investor Relations Policy

Engro Polymer & Chemicals Limited strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. It recognises the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor, group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments.

- The Company will ensure that a Shares Registry or Customer Call Centre exists to handle shareholders / other investors' complaints and tackle any problems that they may be facing with regard to their investments or access to relevant Corporate Communications.

- The Company will disclose all material information in a fair and transparent manner in compliance with legal requirements and listing regulations of the stock exchanges where it is listed.

- It may also disclose, through designated spokespersons, other financial or non-financial information that it considers useful for enhancing stakeholders understanding. This may be done through analyst briefings, press releases, television programs or postings on the Company's website.

- Where it makes any forward-looking statements / projections based upon information available at the time of disclosure or assumptions of future events. It will qualify such statements by disclosing the factors that could cause actual results to materially differ from those being implied in such statements.

- To prevent information leaks and maintain fairness in disclosure the Company will observe a "quiet period" prior to the announcement of quarterly / annual results, during which it will decline to respond to inquiries about its business performance and related matters.

HSE Policy

"To be recognised as a world class performer in the field of Health, Safety & Environmental Management"

Engro Polymer will:

- Conduct its business in a manner that protects the health and safety of employees, contractors, others involved in our operations and the community in which we operate.
- Continuously improve environmental performance to achieve sustainable development.
- Strengthen its business by making Health, Safety & Environment (HSE) considerations an integral part of all business activities.
- Comply with all laws and regulations.
- Practice transparent public reporting of the HSE performance.
- Ensure that HSE is a major responsibility of appropriately Trained, Empowered and Accountable Employees & Management.
- Promote a culture of learning & practicing HSE Management among employees and contractors.
- Encourage off the Job HSE awareness among employees and families.

Imran Anwer
President and CEO
Engro Polymer and Chemicals Limited

To achieve these objectives, Engro Polymer shall:

Health

- Identify and evaluate health risks related to its operations that potentially affect its employees, contractors or the public.
- Implement programs and appropriate protective measures to control such risks, including appropriate monitoring of its potentially affected employees. Carry out pre-employment and periodic medical check-up of its employees.
- Provide or arrange for medical services necessary for the treatment of employee occupational illness or injuries and for handling medical emergencies.

Safety

- Implement a rigorous system of Process Safety Risk Management.
- Institutionalise behavioural safety practices using the Personnel Safety Management System.
- Keep abreast of the latest international codes, standards and practices and adopting the same where applicable.

Environment

- Comply with all applicable environmental laws, regulations and apply responsible standards where laws and regulations do not exist.

- Conserve natural resources & energy by continuously improving our processes and measuring performance.
- Continuously improve our processes to minimise pollution and waste.

Cardinal Rules

- Mandatory to report all "On the job" unsafe act / condition, near miss and incident.
- Mandatory to follow Company Policies, Safety Rules and Laws.
- Work with a valid work permit.
- Wear mandatory PPEs in designated areas.
- Bypassing Safety Critical device without authorisation is prohibited.
- Lighting a flame without authorisation is prohibited.
- Walking under a suspended load is prohibited.
- Engaging in or provoking horseplay or fighting within Company premises is prohibited.
- Damaging Company property intentionally is prohibited.
- Sleeping & carrying mobile phones in Plant operating areas is prohibited.
- Bringing weapon or intoxicant on site is prohibited.

Not following the above rules will be treated as Misconduct.

Jahangir Waheed
Vice President Manufacturing
Engro Polymer and Chemical Limited

Driving Safety Policy

The safety and wellbeing of our employees & contractors is of foremost importance to the Organisation. We, therefore, have a responsibility of not only safeguarding ourselves when on the road, but also to play our part to protect those around us.

It is incumbent on all company employees, whether permanent or on contract, when driving or being driven, on company business, to consistently apply & follow driving safety rules as below:

- Be in possession of valid driving license while driving.
- Wear seat belts on front seats in cars and on designated seats in other vehicles being used for company business.
- Wearing of crash helmets for both motor cycle drivers and pillion riders. Texting or using cell phone while driving is

illegal in Pakistan. In case of dire need, stop the vehicle in a safe area to text or use the cell phone, or have a passenger operate it.

- Use of alcohol and drugs is prohibited. Use of other substances, including certain cold or allergy medications which may cause drowsiness and impair driving ability, should be used with caution.

- Follow driving laws and regulations for road safety such as adherence to posted speed limits, directional signs, use of turn of signals and adopt defensive driving techniques.

- Promptly report any road accident to his / her supervisor in accordance with established procedures of incident reporting.

Imran Anwer
President and CEO
Engro Polymer and Chemicals Limited

Review

The Board meets at least once every quarter to consider the Organisation's financial performance, financial and operating budgets and forecasts, business growth and development plans, investment plans and other Key Performance Indicators. Post completion reviews are performed on all material investment expenditures.

Responsibilities of the Chairman

At EPCL, as per Code of Corporate Governance, Chairman along with other Board members play a major role in ensuring that the statutory and fiduciary duties of Directors are properly carried out and the Board, as a whole, functions effectively in deciding the Corporate Policy, while CEO and his Senior Executives devise the long-term and short-term operational plans for the Company.

Formal Orientation

The Human Resource department chalks out a formal orientation plan, which is followed at the induction of a new Board member. The orientation plan is devised to familiarise the new member with the business. Each Divisional Head of the Company takes them through a presentation pertaining to their own divisions and macro-level policies are discussed. Plant site and Head office visits are a part of this orientation plan.

Training Program for Directors

The Directors Training program has been completed by Ghias Khan, Imran Anwer, Asad Said Jafar, Shahzada Dawood, Kimihide Ando and Feroz Rizvi during the preceding years, from recognised institutions of Pakistan, approved by the SECP.

Performance

- Has clarity on Company Beliefs, Values and Strategic / Business plans

- Board meetings are conducted in a manner that ensures open communication, meaningful participation and timely resolution of issues

- Quality material is received by Directors, for Board meetings

- Board members receive timely meeting notices along with advance written agendas
- Clear and concise background material for the meetings is provided
- Minutes of the meeting are accurately documented
- Board receives timely reports on finances / budgets / compensation and other important matters
- Board members respect the difference between the Board's policy making role and CEO's management role
- Board goals, expectations, and concerns are communicated to the CEO
- Overall rating for the performance of the Board

Succession Planning

Every year at Engro Polymer & Chemicals Limited "Talent Review Sessions' are conducted. Main objective of talent review process is to map the succession plan of a department with the capacity, potential and career development needs of employees in order to develop a comprehensive Talent Management Plan. Talent review process is a series of structured, facilitated process where employees (direct reports) are reviewed in terms of their key strengths, career goals, stage of readiness, areas for development and development actions plans. Outcome of these sessions has helped the Company in increasing the rate of internal moves / replacements. We currently have four distinct training programs to cater different needs of the Organisation.

Whistleblower Policy

Speak out – the Whistleblowing policy is an integral part of governance at EPCL as it acts as an additional measure to promote and strengthen high standards of governance and business conduct; supported and sponsored by the CEO and the Board. EPCL expects all stakeholders to abide by the Company's Code of Business Conduct and encourages all to speak out any concerns they have regarding malpractice & wrongdoings, business ethics including corruption, financial mismanagement, health & safety, environmental performance, harassment, employment related matters or other possible breaches of compliance. The complaints and concerns can be reported directly or via divisional and department heads to the Corporate Audit Department and Chairman Audit Committee. EPCL provides opportunity for open and candid communication. In 2016, eight incidents were reported and dealt under the policy.

Internal Audit

At EPCL, Internal Audit is an independent department functionally reporting to the Board Audit Committee and administratively to the CEO.

The Internal Audit department is responsible for impartially assessing the key risks of the Organisation appraising and reporting on the adequacy and effectiveness of EPCL's Risk Management and Internal Controls in financial, information systems and other business and operational areas to develop and improve the effectiveness of the Company's Risk Management Control and Governance Processes and Strategies. The role of Internal Audit Function continues to change in reaction to events, risk & regulation affecting the Company.

Internal Audit is also responsible for monitoring and reporting ethical issues and updates the Audit Committee on any significant allegations in relation to breach of the Company's Code of Business Conduct, bribery, fraud and Whistleblowing policies. These incidents and issues are thoroughly investigated by Internal Audit in cooperation with management and where required, subsequently reported to the Audit Committee.

It works in collaboration with the Business by taking up coaching responsibilities, driving performance improvement initiatives and closing internal control gaps. Internal Audit at EPCL provides recommendations which are taken up by Management to remediate control lapses. The observations are shared on a quarterly basis with Board Audit Committee, Chief Executive Officer and the concerned Divisional Management.

Being integrated with the business – while maintaining strict independence – is very important at EPCL.

Salient features of Internal Audit Charter

Internal Audit provides independent, objective assurance and advisory services to evaluate and improve the effectiveness of the control environment, risk management and compliance processes and assesses whether these are adequate and functioning appropriately as intended to ensure:

- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Significant statutory or regulatory issues impacting the Company are recognised and addressed appropriately;
- Resources are acquired economically, used efficiently, and protected adequately;
- Quality and continuous improvement are fostered in the Company's control process;
- Risks are appropriately identified and managed; and
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

Audit Report Ratings

During the year EPCL had 26% (compared to 8% in 2015) of its Internal Audit Reports rated as Management Attention Required (MARs) against a restrictive threshold of 10% set for all Engro Group Companies. There were no 'unsatisfactory' rated reports in 2016.

Report of the Audit Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the Audit Committee Report for the financial year ended 31st December, 2016. Our key focus was to assist the Board of Directors in fulfilling their governance and stewardship responsibilities ensuring integrity of financial reporting and robustness of internal controls and risk management process at Engro Polymer & Chemicals Limited.

Audit Committee meetings take place ahead of Board meetings and the Audit Committee Chairman provides an update of the key issues discussed to the Board at each meeting. Minutes of Audit Committee meetings are provided to the Board and the External Auditor.

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance and the Head of Internal Audit acts as the Secretary of the committee. The Audit Committee met five times during the year 2016. The CFO and other departmental Heads were invited on a need basis for matters pertaining to their areas. As required by the Code, the Committee also independently met external and internal auditors during the year.

The Internal Audit plan was continually evaluated by the Committee which ensured that all major critical areas were covered by the plan.

The relationship with the External Auditor worked well and the Audit Committee remained satisfied with its independence and effectiveness. The Audit Committee monitored the rotation of the lead Audit Partner, who rotates every five years in accordance with best practice standards. The current lead Audit Partner completed his five-year term.

During 2016, the following key responsibilities were satisfactorily carried out by the Audit Committee:

- Ensuring compliance with the Code of Corporate Governance 2012 and applicable statutory regulations;
- Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on major judgmental areas, financial estimates, going concern assumption, compliance of accounting standards, local regulations and other statutory / regulatory requirements;
- Review of Related Party Transactions, ensuring that the pricing methods used were on terms equivalent to those that prevail on arm's length basis;

- Ensuring that proper, accurate and adequate accounting records have been maintained by the Company;

- Recommend on the appointment of the external auditors to the Board to be confirmed by the Company shareholders in the Annual General Meeting; and

- Review of Management Letter issued by external auditors and Management's response / actions plans.

Over and above its core responsibilities, the Committee performed the following activities during 2016:

- Review of the rebranded irregularities process, now known as "Learn Share Improve (LSI)" under the Control Group Forum umbrella. This process aims at enhancing the culture of self-reporting of policy / procedure / control lapses and sharing learnings;

- Review of new policies / modifications to existing policies and Management's compliance with all Company's policies, procedures and guidelines;

- Review of the Enterprise Risk Management (ERM), register to ascertain that business risks are well identified and adequate action plans for mitigating risks are developed and implemented; and

- Review the Learn Share Improve (LSI) Reports (previously irregularities) and Whistleblower complaints lodged during the year.

The Committee members possess extensive experience of Finance, Accounting, Engineering and Manufacturing industries and I am grateful for their contribution throughout the year. The Committee also appreciated the enthusiastic support of Management. The Committee will continue over the coming year to support and work with the Board to identify, monitor and mitigate potential risks through robust and appropriate control procedures and good standards of Governance.

The Committee assessed the 2016 Annual Report and Financial Statements as fair balanced and understandable and that it provided sufficient information to enable the shareholders to assess the performance.

Chairman of the Audit Committee
Mr. Feroz Rizvi

Directors

As at December 31, 2016 the Board comprises of one Executive Director, three independent Directors, four Non-Executive Directors, one of whom is an Executive Director in another Engro Group company, who have the collective responsibility for ensuring that the affairs of Engro Polymer and Chemicals Limited are managed competently and with integrity.

A Non-Executive Director, Mr. Ghias Khan, chairs the Board and the Chief Executive Officer is Mr. Imran Anwer. Biographical details of the Directors are given later in this section.

A Board of Directors' meeting calendar is issued annually that schedules the matters reserved for discussion and approval. The full Board met 6 times this year and discussed matters relating to inter alia, long-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.

Board Evaluation

Code of Corporate Governance 2012, mandatorily requires evaluation of the Board of Directors as a whole, its Committees and the contribution of each Director to the strategic direction and steerage of the Company. In this regard, a comprehensive range of self-evaluation surveys were conducted in EPCL with respect to the performance of its Board of Directors and Principal Board Committees. Purposive feedback from all Board members was solicited on areas of strategic clarity & beliefs, direction of business plan and functional adequacy of its role. Equally emphasised, the individual contribution of each Director was assessed and evaluated during the year by both Chairman of the Board and CEOs of the respective companies - highlighting significant areas of development for them.

Evaluation Criteria of Board Performance

- Has clarity on Company beliefs, values and strategic / business plans
- Board meetings are conducted in a manner that ensures open communication, meaningful participation and timely resolution of issues
- Quality material is received by Directors, for Board meetings
- Board Members receive timely meeting notices along with advance written agendas
- Clear and concise background material for the meetings is provided
- Minutes of the Meeting are accurately documented
- Board receives timely reports on finances / budgets / compensation and other important matters
- Board Members respect the difference between the Board's policy making role and CEO's management role
- Board goals, expectations, and concerns are communicated to the CEO
- Overall rating for the performance of the Board

Board Meetings And Attendance

In 2016, the Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Mr. Imran Anwer	6
Mr. Kimihide Ando	5
Mr. Shahzada Dawood	3
Mr. Zafar Hadi	6
Mr. Asad Said Jafar	4
Mr. Shoichi Ogiwara	5
Mr. Feroz Rizvi	6
*Mr. Omar Yaqoob Sheikh	1
**Ms. Naz Khan	4
***Mr. Khalid S. Subhani	5
****Mr. Ghias Khan	1

*Mr. Omar Yaqoob Sheikh resigned October 08, 2016
**Ms Naz Khan resigned November 07, 2016
***Mr. Khalid Siraj Subhani resigned November 30, 2016
****Mr. Ghias Khan appointed December 09, 2016

Governance Performance

Enterprise Risk Management

Engro Polymer & Chemicals Limited launched the Lean Enterprise Risk Management (ERM) in 2011. It is the policy of Engro Polymer & Chemicals Limited 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. Operating in a highly dynamic environment mandates assessment of the Organisation's strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the Organisation. It is a continuous cycle led by the Chief Risk Officer (CRO), endorsed by the Board of Directors and Management, with the objective of proactively managing risks across the Company over the years.

Business Risks & Challenges

Risk – 1

Reduction in domestic demand of PVC and Caustic

Impact

EPCL is the sole manufacturer of PVC in Pakistan with annual production capacity of 178 kilo tons. Considering that Pakistan has the lowest Per Capita consumption of PVC in the world, there exists opportunity for market to develop. The reduction in demand of these products is governed by many international factors such as the commodity market fluctuation, general economic sentiment. Reduction in demand will cause a dent to the financial position of the Company.

Strategy

PVC: Debottlenecking measures have a stream of analysis as a base to support PVC demand persistence in Pakistan. Moreover, EPCL believes in partnering with its customers for improving the existing product and also developing innovative products for the landscape. The implementation of such strategy will stimulate demand for PVC and help the Company increase domestic share.
Caustic: Continual focus on customer satisfaction by leveraging dedicated and superior supply chain system, quality assurance, timeliness. The Company will focus on developing strong customer relations to address and identify potential opportunities. EPCL entered the caustic soda industry in 2009 and penetrated the market in a short span of time. Through its strategy the company holds leadership position in South along decent foothold in mid country and Northern region.

Risk – 2

Supply shortfall hindering availability of primary raw material

Impact

The Company has an integrated Chlor - Alkali facility and is primarily dependent on ethylene for uninterrupted plant operations. The plant operations are contingent on ethylene and thereby the supply of PVC to the local customer as well.

Strategy

Ethylene: The Company has not only entered into contracts with its principal supplier but has also developed strong relations with other traders. EPCL is continuously on the watch out for potentially expanding, and diversifying its supplier base for ensuring smooth procurement. The Company also identifies different regions with product availability.

Risk – 3
Further increase in gas prices

Impact

Gas is essential for plant operations and changes in gas prices are directly linked to profitability of the Company.

Strategy

Gas: EPCL is implementing energy efficiency projects to minimise the impact of increase in gas prices. Further the Company has also initiated study on alternative fuel options to contain its cost of production in the event of hefty increase in gas price.

Risk – 4
Volatility in plant operations

Impact

Plant operations are imperative for EPCL to maintain its position as key supplier to domestic market. Disruptions in plant operations compromise the current position of EPCL.

Strategy

Plant Operations: Ensure sustainable operations via continuously monitoring plant operations. Identifying potential impediments in plant operations and terminate at budding stage. The Company has ensured sustainable operations at VCM & PVC and achieved highest production it is now looking ahead to its debottlenecking activities to fortify plant stability. Maintenance activities for the plant are carried throughout the year to augment plant reliability.

Treasury Management

During the year, the Board has approved a Financial Risk Management policy for the Company following guidelines issued across all Engro Group companies. The objective of this document is to enforce a harmonised systematic basis for identifying, prioritising, measuring, managing and reporting risks emanating from routine business operations.

Liquidity Risk Management:

Liquidity Management is a crucial aspect of our business owing to a combination of various external factors including volatility in international commodity prices, currency exchange rates and gas prices. The Company diligently monitors current and future cash position of the Company. Frequent cash forecasting enables the Company to determine capital requirements, with a clear distinction between short-term and long-term funding. Long-term cash requirements are measured in our Corporate Planning Cycle over a 5 year horizon. Peak cash cycles are mitigated using approved lines of credit. Excess cash is placed in instrument to earn the best possible returns which include government securities and mutual funds units. Overall working capital cycle in days of the Company, remains positive as our sales are mostly based on cash while we enjoy credit from our raw material suppliers.

Foreign Exchange Risk Management:

EPCL's revenues, import liabilities and foreign currency borrowings are subject to risk of foreign exchange volatility. PVC revenue is determined in US Dollars with reference to international PVC pricing. The effect of USD / PKR fluctuation on the Company's US Dollar denominated liabilities provides a partial natural hedge against the effect of USD / PKR volatility on the Company's revenues. Furthermore, the Company frequently monitors its Net Foreign Currency liabilities exposure and accordingly takes decisions to restrict the downside from currency devaluation by booking forward contracts on usance import LCs.

Interest Rate Risk Management:

The Company's capital structure involves sizeable leverage exposing EPCL to Interest Rate Risk. As of December 31, 2016, outstanding KIBOR based borrowings stood at Rs. 9,164 Million. Further, Rs. 417 Million (USD 4 Million) is related to LIBOR based foreign currency loan. The Company has hedged a portion of its Interest Rate Risk by entering into floating-to-fixed interest rate swaps on its foreign currency borrowings. The Company tends to evaluate various derivatives from time to time to hedge against interest rate risk.

Credit Risk Management:

The Company diligently monitors and manages the credit quality of its financial assets. Exposure to credit risk is minimal as unsecured receivables from customers and advances to vendors are restricted. The majority of trade debt is secured by bank guarantees and letters of credit, accepted only through financial institutions with credit ratings as approved by the Board. Credit risk with regard to investments is limited, as the Company places its idle funds with institution approved by the Board or with institutions possessing minimum credit ratings as approved by the Board.

Board of Directors

GHIAS KHAN

IMRAN ANWER

FEROZ RIZVI

SHOICHI OGIWARA

ZAFAR HADI

ASAD S. JAFAR

KIMIHIDE ANDO

SHAHZADA DAWOOD

Profile of Directors

Ghias Khan
Chairman – Non-Executive Director

Ghias Khan is the President and Chief Executive Officer of Engro Corporation Limited. Before being appointed President and CEO on December 1, 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 number of 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.

Imran Anwer
President & Chief Executive

Imran is a Chartered Accountant with over 21 years of experience. Before becoming the CEO of Engro Polymers in 2015, he was VP Business Development and Finance at Engro Foods since 2005, prior to which he worked for PwC Karachi and Deloitte Jeddah.

Zafar Hadi

Independent Director

Zafar Hadi is a graduate in engineering from NED Karachi with more than 38 years of experience in process and fertiliser industry. His wide ranging experience includes project planning and management, managing FFC fertilizer plants and their debottlenecking. He was the group leader of FFC for takeover of the NFC PakSaudi plant at Mirpur Mathelo after privatisation. As Project Director of the joint venture between Fauji group and OCP Morocco, he was leader of the team to set up a phosphoric acid plant in Morocco. Prior to his retirement he was heading the business development group of Fauji Fertilizer Company.

Asad S. Jafar

Independent Director

Asad was named the Chairman and CEO of Philips Pakistan Limited in January 2009. His professional journey with Philips spans over seventeen years and he has held various senior positions in Pakistan, Indonesia, Thailand and Singapore during this period. Besides managing his responsibilities in his current role at Philips Pakistan, Asad is also involved in various other initiatives. He was the President of Overseas Investors Chamber of Commerce and Industry (OICCI) for the year 2014. He presently serves on the Board of Directors of Pakistan Institute of Corporate Governance (PICG). He is a member of the Institute of Business Administration (IBA) Corporate Leaders Advisory Board (ICLAB) and also mentors MBA students as part of the Karachi School of Business & Leadership (KSBL) CEO Mentorship program. He holds a Bachelor's degree in Electrical Engineering from NED University, Karachi and an MBA degree from the Imperial College Business School, London, UK where he studied as a Britannia Chevening scholar.

Feroz Rizvi
Independent Director

Mr. Rizvi qualified as a Chartered Accountant from England and Wales. On return to Pakistan, he joined ICI Pakistan Limited and moved through various business on function including a period of secondment to ICI Head Office in London, retired from the company as Finance Director. Mr. Rizvi has vast experience in the field of Corporate Finance, Strategy Corporate Restructuring merge and acquisition. He has worked in Pakistan, UK and Saudi Arabia.

Mr. Shoichi Ogiwara
Non-Executive Director

Mr. Shoichi Ogiwara has joined Mitsubishi Corporation in 1988 and has held several positions during this time. He is currently the General Manager of Mitsubishi Corporation's Chlor-Alkali Department and has a degree in Law from Tokyo University in Japan. He joined the EPCL Board in 2015.

Kimihide Ando
Non-Executive Director

Kimihide Ando was posted as General Manager for Pakistan, Mitsubishi Corporation in April 2010. This is his second assignment to Pakistan, the first of which was during 1998 – 2003. He has a Bachelor of Liberal Arts degree from the International Christian University, Tokyo and joined Mitsubishi Corporation, Japan in 1982. He has spent most of his career in the Chemical Group. During his tenure, other than Pakistan he was assigned to Egypt, Iraq, Saudi Arabia, Malaysia and Indonesia, and has diverse experience in Marketing, Chemicals, HRD and Manufacturing. He is also Director of Tri-Pack Films Limited. Moreover, he is Vice Chairman of PJBF (Pakistan Japan Business Forum) and is also a President of OICCI (Overseas Investors Chamber of Commerce and Industry) and Trustee of FDSK (the Foundation for Diffusion of Scientific Knowledge). He joined the Board in 2010.

Shahzada Dawood
Non-Executive Director

Shahzada Dawood serves as a Director on the Boards of Dawood Hercules Corporation Limited, Engro Corporation Limited, DH Fertilizers Limited, Dawood Corporation (Pvt) Limited, Engro Foods Limited, Engro Powergen Limited, Engro Powergen Qadirpur Limited, Engro Vopak Terminal Limited, Pebbles (Pvt) Limited, Patek (Pvt) Limited, Sirius (Pvt) Limited and Tenaga Generasi Limited He also serves as a Director of Dawood Lawrencepur Limited and Engro Fertilizers Limited. 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). Mr. Dawood is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, an LLB from Buckingham University, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

Principal Board Committees

The Board has established two committees to oversee essential aspects of the organisation

Board Audit Committee (BAC)

The Board Audit Committee meets at minimum once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of Internal Control, Risk Management and the Audit Processes. The BAC has the power to call for information from the Management and to consult directly with external auditors or their advisors as considered appropriate.
The Chief Financial Officer and the Head of Internal Audit regularly attend BAC meetings by invitation to discuss matters relating to financial statements and audits. The Committee also frequently meets with external auditors independently. The Committee met 5 times during 2016.

Members

Feroz Rizvi (Chairman)
Kimihide Ando (Director)
Naz Khan* (Director)
Zafar Hadi (Director)

Secretary

Muneeza Kassim

Board Compensation Committee (BCC)

The Board Compensation Committee meets with the aim of reviewing and recommending all elements of the compensation system, as well as the Organisation and employee development policies relating to Senior Executives including Members of the Management Committee. It reviews the key human resource initiatives and the organisational structure of the Company.

The President attends BCC meetings by invitation, and the Committee met twice during 2016. The Members of the Committee are as follows:

Members

Khalid Subhani (Chairman)**
Kimihide Ando (Director)
Shahzada Dawood (Director)
Asad Said Jafar (Director)

Secretary

Shmaz Mir

*Naz Khan resigned from the EPCL Board on 7th November, 2016
**Khalid Subhani resiged from the EPCL Board on 30th November, 2016

Functional Committees

HSE Committee

Meeting Frequency – Monthly

Chairman	Mr. Syed Ali Akbar
Secretary	Mr. Muhammad Hassan Azwar
Member	Mr. Farrukh Iqbal Qureshi
Member	Mr. Abdul Qayoom Shaikh
Member	Mr. Muhammad Imran Khalil
Member	Mrs. Muneeza Kassim
Member	Mr. Shmaz Mir

Compensation Organisation & Employee Development (COED)

Mr. Imran Anwer	Chairman
Mr. Jahangir Waheed	Member
Mr. Abdul Qayoom Sheikh	Member
Mr. M. Imran Khalil	Member
Mr. Syed Ali Akbar	Member
Mr. Shmaz Mir	Member / Secretary

Salary & Compensation Committee (SCC)

Mr. Jahangir Waheed	Chairman
Mr. M. Imran Khalil	Member
Mr. Aneeq Ahmed	Member
Mr. Rizwan Ahmed Taqi	Member
Mr. Shmaz Mir	Member
Mr. Imran Baloch	Member
Ms. Fatima Zehra	Secretary

Lean Six Sigma Executive Council

Mr. Imran Anwer	Chairman
Mr. Jahangir Waheed	Member
Mr. M Imran Khalil	Member
Mr. Syed Ali Akbar	Member
Mr. Shmaz Mir	Member
Mr. Tauseef Ali	Secretary

Inquiry Committee
(Harassment of Women at the Workplace Act 2010)

Mr. Jahangir Waheed	Chairman
Mr. Syed Ali Akbar	Member
Mr. Abdul Qayoom Sheikh	Member
Ms. Muneeza Kassim	Member / Secretary

Management Committee

Imran Anwer
Chief Executive Officer / Chairman of MC

Imran is a Chartered Accountant with over 21 years of experience. Before becoming the CEO of Engro Polymers in 2015, he was VP Business Development and Finance at Engro Foods since 2005, prior to which he worked for PwC Karachi and Deloitte, Jeddah.

Jahangir Waheed
Vice President Manufacturing

Jahangir Waheed is Vice President Manufacturing at Engro Polymer & Chemicals. He brings with him almost 31 years of manufacturing experience, and has held key positions at Engro Fertilizer, Engro Powergen and SAFCO KSA. Jahangir completed his Master's in Chemical Engineering with specialisation in Research in Industrial Computerised Control from King Fahad University KSA in 1987.

Muhammad Imran Khalil
Chief Financial Officer

Imran is a Chartered Accountant by profession with over 14 years of post qualification experience in finance and audit. Prior to joining EPCL in 2015, he was associated with Engro Foods as General Manager Internal Audit. He has also held various other senior positions including Chief Financial Officer at UBL Funds and KASB Funds.

Management Committee

Syed Ali Akbar
General Manager Supply Chain

Ali has been associated with EPCL since 1998. He has held several positions in the Company including Services and Training Manager, Operations Manager and Commissioning and Startup Manager. He is currently heading the Supply Chain department. He has a Bachelor's degree in Chemical Engineering from Dawood College of Engineering and Technology.

Shmaz Mir
Manager Human Resource

Shmaz is working as Manager Human Resources and Corporate Services Group since 2014. He has diversified experience of operations management, business consultancy, human resources, IR and corporate communications.

Abdul Qayoom Shaikh
General Manager Marketing

Abdul Qayoom Sheikh started his career at Engro Polymer and Chemicals as a graduate trainee engineer in 2001. He has spent the last fifteen years in different key positions at EPCL. He was previously heading the Operations department and took over as Technical Manager in 2015. He is currently heading the Marketing division as General Manager. He has a Bachelor's degree in Chemical Engineering from NED University.

Management Committee

Aneeq Ahmed
Manager Maintenance

Aneeq Ahmed started his career at Engro Polymer and Chemicals and is currently heading Maintenance Department at EPCL. He has 15+ years of professional experience, and has held several key positions in Maintenance and Projects. He also played a pivotal role in the VCM plant relocation from USA. He has a Bachelor's degree in Mechanical Engineering from N.E.D University and Master's degree in Business Administration from IBA.

PRESIDENT'S REVIEW

President's Review

In 2016, Engro Polymer and Chemicals paved way through multiple challenges facing its business dynamic and successfully achieved economic prosperity. Primary drivers of profitability were improved Vinyl Chain margins, PVC sales volume growth of 12% against 2015, reassessment of economic benefit from manufacturing facility, business efficiencies, operational optimisation and the unwavering commitment of its people.

EPCL continued to follow stringent systems and policies to inculcate strong consideration for Health, Safety and Environment in its operational and nonoperational fronts. During the year, several milestones were achieved in this account. The Company undertook an OHIH 2nd party audit and achieved highest ever rating of 3.7. The focus on human safety led to 8.6 million safe man-hours without any loss workday injury. The Company continued its focus on the preservation of environment and successfully attained recertification from WWF. Furthermore, several other initiatives on preservation of environment and operational safety took place.

On the Operational front, the Company achieved highest ever PVC & VCM production. A maintained emphasis on operational efficiencies resulted in smooth plant operation. Caustic Soda production improved against last year after repair measures successfully rehabilitated the Chlor-Alkali unit. Furthermore, continued focus was maintained on the Plant site during the year to ensure sustainable and safe operations.

The domestic market for PVC exhibited a remarkable growth of ~ 17%. The Company achieved significant volumetric growth in PVC sales and captured 80% of market share. The volumetric growth was mainly driven by increased penetration and scrap import substitution. Increase in core margins on the Vinyl Chain supported the Company's bottom line. PVC prices showed positive trajectory in fourth quarter of the year, on account of relative tightness in supply as against previous years. Ethylene prices maintained a fairly stable trend through the year on the back of supply rationalisation. The Company increased its focus on diversifying supply base for key raw material and for the first time successfully procured Ethylene from the USA. The Company continued to channelise efforts to further enhance PVC demand in the country and has also begun focusing on opportunities that are yet to enter the domestic market. The Company will continue to focus on adding value through the chain by maintaining focus on market development activities and identifying spaces of opportunity in the current landscape.

The Caustic Soda market remained competitive throughout the year but EPCL maintained its leading position in South market. The Company preserved focus on ensuring market share and maintained 32% share.

The Company successfully attained economic prosperity in the year 2016. The Company achieved profit after tax of Rs. 660 Mn as compared to loss after tax of Rs. 644 Mn in 2015. Focus on diversifying sources for raw material procurement, streamlining plant operations, efficient fund management system, reassessment of plant useful life and a firmer grip on cost cutting were the main drivers of economic profitability. Management's efforts led to success in getting revision in import duty on EDC, which reduced to 4% as compared to 6% pre-revision.

During the year, the Company remained committed in efforts to re-profile debt. The Company managed to raise Rs. 5.75 Bn long-term debt, used to re-profile its existing long-term and payoff short-term debt. The tenor of these loans is generally 7 years with a grace period of 2 years that provides the Company fiscal space to focus on its expansion and other projects. Repayments are spread out in a prudent manner proportionate to expected future earnings that are expected to not exert any undue pressures on cash flows. The new long-term debt also carries an attractive mark-up spread of 0.8% and softer terms of covenants.

In 2016, IT maintained focus on consolidation of SAP System to ensure smooth operations. Various enhancement exercises were carried out to improve the implemented processes further.

On the front of CSR, employees showed ample involvement in giving back to the community under Envision - the employee volunteer program. The volunteers from the Company carried out various developmental activities in the surrounding communities of Port Qasim throughout the year. Furthermore, donation money raised internally among the employees was used in activities that benefit schools and hospitals in the low income communities.

On the HR front, the Company placed key focus on increasing employee engagement and motivation level. To achieve this target, a number of formal and informal sessions were held by the Human Resource department to identify opportunity areas and capitalise on them. Human Resource efforts bore fruit, as the employee engagement index improved by 16%, against the last survey, to stand at a remarkable 63%.

In pursuit of quality talent induction, the assessment tool by the name 'Professional Learning Indicator' is used as an entry filter since 2013. In 2016, 59 technical Trainees were employed specifically to address long-term needs of technical side of the organisation.

Envision volunteers from the EPCL plant organised an Iftar at Allah Bakhsh Goth, in Al Mustafa educational academy. A carnival was held at Indus hospital to raise funds for free treatment of patients. Volunteers from Engro Polymer and Chemicals Limited took part in organising and raising funds. Extensive work was also done for local Thalassemia patients with HWIT in terms of awareness building and a blood donation drive.

Forward Looking Statement

Looking forward, the demand outlook for PVC, strong demand in the construction sector, planned investments under infrastructure projects, spending of Public Sector Development Program (PSDP) and agreement with Chinese government to establish China-Pakistan Economic Corridor (CPEC) will most likely serve as catalysts for growth. Caustic Soda will continue to remain stable. The Management will continue to focus on safe and stable Plant operations coupled with operational efficiencies across all aspects of business, so as to achieve the objective of reaping optimal economic benefits. However, economic value creation of the Company remains largely linked to uncontrollable factors such as Vinyl Chain prices, energy prices and currency volatility.

With an optimistic view on the domestic economy and a promising outlook for PVC demand, the Company will increase plant capabilities by debottlenecking measures. Plant debottlenecking activities will be the highlight of the year 2017, increasing production capacity to 195 Kilotons. Engro Polymer will strive to serve the domestic market by ensuring delivering volumes and ensuring quality to create a sustainable value chain for each stakeholder. I would like to express my gratitude to our employees, suppliers, customers, business partners and stakeholders for standing with us during challenging and benefiting times. I look forward to our valuable business partnership in upcoming years.

DIRECTORS' REPORT

Refuelling Passion

Passion is an emotion which needs to be fuelled with the encouragement of the governing body that makes sure that all the resources are put to the good use and relations are built stronger.

Directors' Report

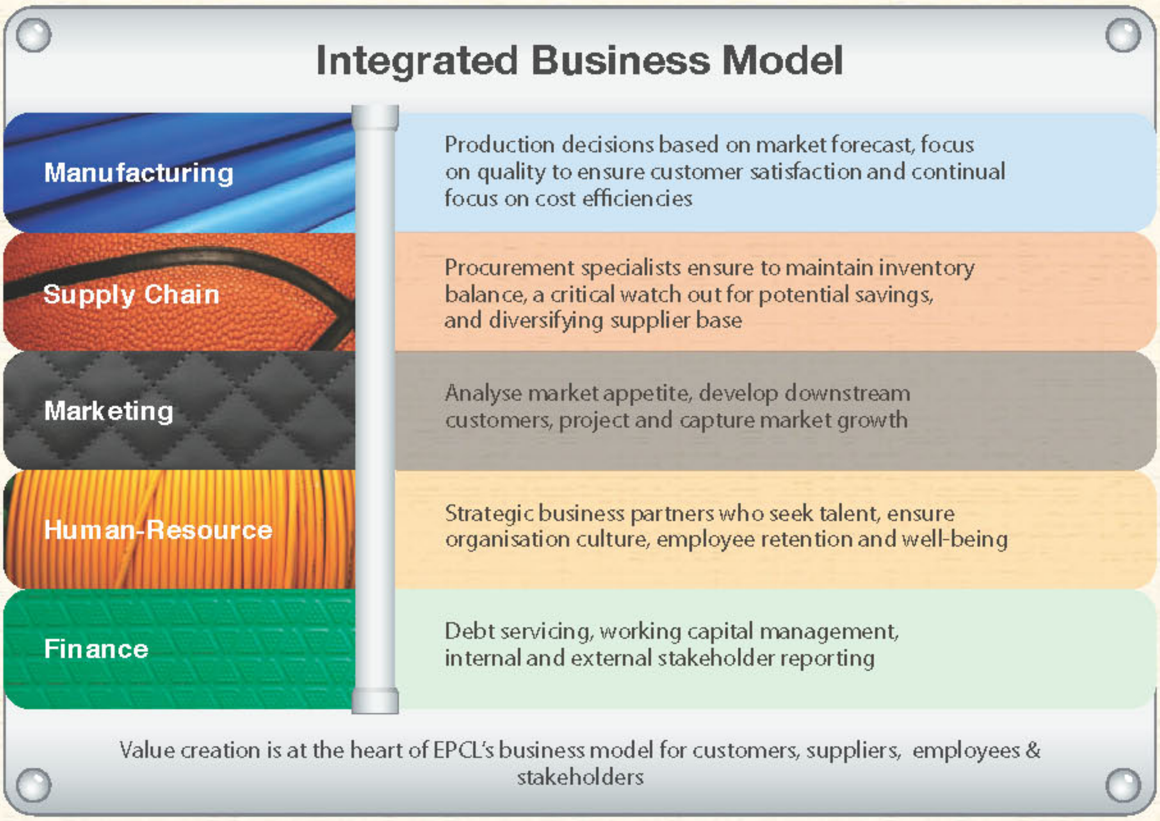
The Directors of Engro Polymer & Chemicals Limited are pleased to submit the Annual Report and audited accounts for the year ended December 31, 2016. The period under review was marked by highest ever production, strong volumetric growth in sales, and cost efficiency measures, while maintaining our focus on HSE measures. This translated into an economic benefit for the Company.

Principal Activities

Engro Polymer & Chemicals Limited ("EPCL" or "The Company") is a subsidiary of Engro Corporation Limited ("ECL" or "The Holding Company of EPCL"), which is a subsidiary of Dawood Hercules Corporation Limited ("DH Corp" or "The Holding Company of ECL"). EPCL was incorporated in 1997 as a Public Limited Company under the Companies' Ordinance 1984 and commenced commercial operations in 1997. Shares of the Company are listed on Pakistan Stock Exchange. The principal activity of the Company is to produce and market Chlor-Vinyl products which include Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic Soda, Hydrochloric Acid and Sodium Hypochlorite. The Company's flagship brand 'SABZ' has become synonymous to quality PVC in the country. EPCL strongly endorses its triple bottom line philosophy – People, Planet and Profit.

Nature of Business & Business Model

Engro Polymer & Chemicals Limited operates in the Chlor-Vinyl segment; its growth is influenced by the overall macro-economic scenario of the country while profitability is determined by growth in domestic demand, international vinyl chain prices, energy price, competition in Chlor-Alkali market, operational efficiencies, and currency fluctuations. The Company has implemented a multi-tier strategy focusing on expansion of the domestic PVC market, enhanced plant capacity and improved operating efficiencies but is still susceptible to volatility in international commodity prices, competition in Chlor-Alkali market and energy prices.



Organisational Review

The Company posted a profit after tax of Rs. 660 Mn translating into Earnings Per Share of Rs. 0.99 in 2016 as compared to a loss after tax of Rs. 644 Mn and negative Earning Per Share of Rs. 0.97 in 2015. Improved PVC sale volume, better business efficiencies, strict cost controlling measures, reassessment of plant useful life coupled with healthier core margins on Vinyl Chain translated into positive earnings for the Company, despite compressed margins at Caustic Soda due to competitive market dynamics.

Objectives, Indicators & Strategy

In 2016, the Company was successful in achieving all its primary objectives. Going forward, the broad objectives of the Company remain intact, while the Management has simultaneously devised a comprehensive strategy to sustain economic prosperity for the Company. To summarise, the Company plans to sustain profitability regime by maintaining focus on operational strength, increasing production capabilities via debottlenecking, cost optimisation and assigning further emphasis on the marketing frontier. In this regard, the objectives have been set and a detailed strategy has been crafted to achieve them. The Company will continue to keep key focus on the HSE policy and ensure all measures uphold the objectives.

Health, Safety & Environment

Objectives	Critical Performance Indicators	Strategy
Ensure safe work environment	Measured against Total Recordable Incident Rate (TRIR), Fleet Accident Frequency Rate (FAFR) targets and DuPont best practices ratings System	Close inspection of key variables identified by DuPont and maintain HSE committees to detect blind-spots
Minimise environmental impact	Performance is measured against several benchmark ratings and is also verified by external authorities	Global outreach to develop clean technology knowledge base

Impact

Health, Safety & Environment (HSE) is our Core Value, we take pride in our practices and will continue to seek excellence on an organisational scale for the health and safety of our people and community

Manufacturing

Objectives	Critical Performance Indicators	Strategy
Maintain optimal production levels	Targets of production and quality are set for all products	Monitor the production facility closely, identify and eliminate bottlenecks
Maintain raw material / energy consumption ratio	All major ratios for raw material consumption and energy consumption	Ratio targets set for the Management team
Enhance plant reliability and efficiency	Critical equipment, reliability, efficiency, timely and routine inspections	Inspection of critical equipment is planned periodically

Impact

Manufacturing ability is the backbone of commodity business, strong production profile will further facilitate the Company's ability to capitalise rising price trends and ensure product availability in the domestic market.

Marketing

Objectives	Critical Performance Indicators	Strategy
Penetrate domestic market and optimise sales mix for Chlor-Alkali segment	Volume growth, segment growth and overall industry growth	Develop indicators and deploy resources to identify and capture market growth
New application development	Introduce new PVC applications and equip the market with cost effective and quality substitute	Thorough R&D to identify areas of opportunity

Impact

Domestic market expansion is the key towards economic consolidation; these measures will enhance product offtake and optimise resource utilisation

Human Resource

Objectives	Critical Performance Indicators	Strategy
Develop & retain talent, and increase workforce diversity	HR matrices monitor attrition and succession readiness level on a regular basis	Develop a culture for employees to grow and harness their potential
Improve employee engagement	Employee engagement monitored-key HR sessions feedback mapped	Conduct an employee engagement survey and target improvement areas

Impact
Human Resource is an integral part of organisational success, we engage with employees to ensure a motivated workforce

Finance

Objectives	Critical Performance Indicators	Strategy
Streamline cash flow management and optimise capital structure	Key financial ratios, credit rating and cash flow management	Closely monitor key financial ratios and effective working capital management

Impact
Financial management plays a key role in rotating the wheel of business activity. We ensure smooth operations with continual focus on working capital requirements and actively monitor key ratios

Performance Measurement

EPCL continues to uphold the significance placed on performance and more importantly the course utilised to achieving objectives. The performance of the Management is assessed against specific Critical Performance Indicators. The comprehensive objective measurement system in place acts as a benchmark for the Company's performance and reliably keeps the trajectory intact. Organisational results are meticulously monitored against the Critical Performance Indicators on a weekly basis by the Management Committee. Strategies are constantly evaluated, enhanced and cemented to work towards achieving the benchmark targets. Every quarter, the Company conducts a companywide stewardship meeting to monitor annual objectives, analyse departmental performance and setting the tone for the upcoming challenges.

The Company, also engages external bodies such as DuPont Safety Management Systems, British Safety Council, ISO-14001 Environment Management System and ISO-9001 Quality Management System to measure performance.

Macro-Economic Environment

The fiscal year 2016, proved to be a year of economic prosperity for Pakistan. GDP growth continued its positive trajectory and posted growth of 4.71%, which is the highest in eight years. GDP posted a reasonable growth despite a setback in the agriculture sector, on account of massive decline in the cotton production. This was compensated by remarkable growth in industrial and services sector as both outperformed expectations by crossing growth targets.

Going forward, economic growth of the country will be driven by improving Law & Order situation, resolving energy crisis and creating opportunities to boost socio-economic condition. Continuing Public Sector Development Programme (PSDP) and launch of China-Pakistan Economic Corridor (CPEC) will most likely create new opportunities for economic development of the country. Implementation of infrastructure development and energy projects under CPEC are expected to yield benefits for the country in multiple dimensions.

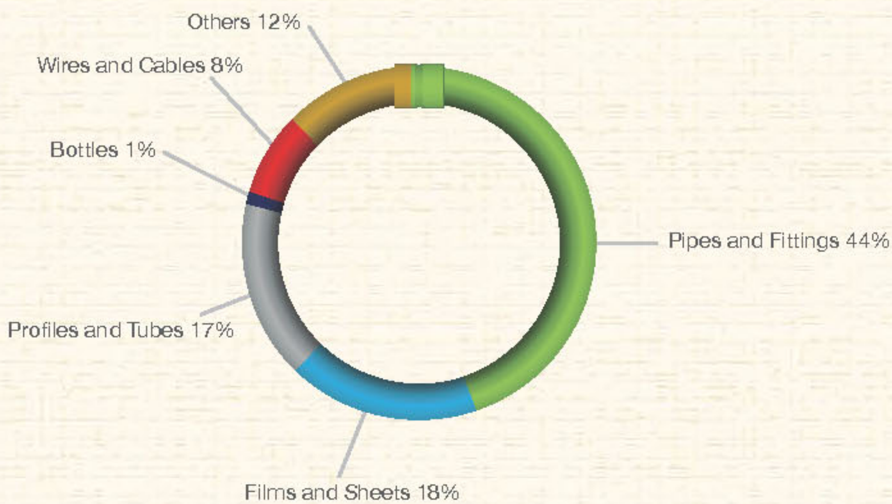
Business Overview

PVC & Allied Products

Global PVC downstream demand stood close to 42 Mn Metric Tons in 2016. PVC market continued to be oversupplied in 2016 with cumulative overcapacity slightly declining to 14 Mn Metric Tons. 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, pipes & Fittings was the bedrock of demand for PVC resin. Pipes and Fittings segment accounted for approximately 44% of consumption, Films & Sheets was 18% and Profiles & Tubes was 17%.

Global PVC Demand Supply Scenario

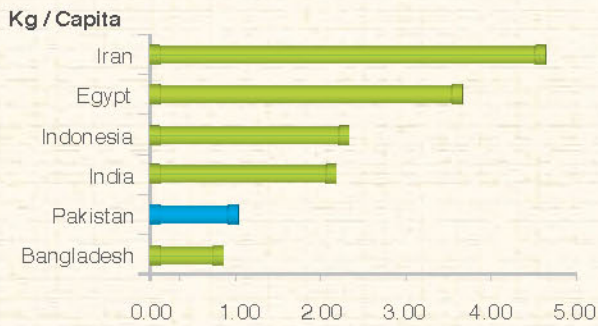
Product Wise Application



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. Stagnant Chinese domestic demand over the last two years, amid lower economic growth and supply in downstream sectors, has curtailed Northeast Asia's 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.

Demand in Asia

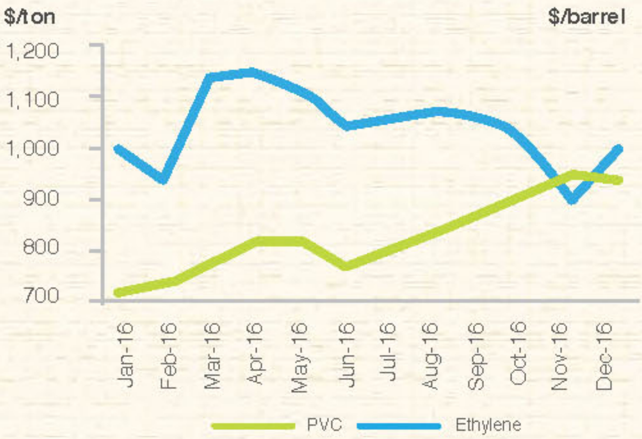
Consumption Pattern - Peer Group



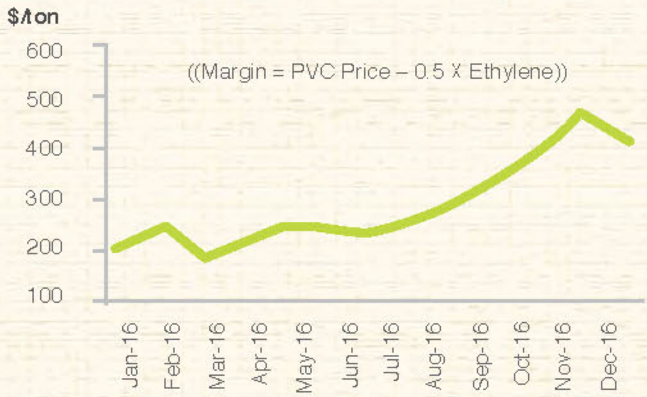
In terms of consumption, Pakistan has one of the lowest PVC resin consumption per capita in the region i.e. 1.03 kg ahead of Bangladesh which is at 0.85 kg. PVC consumption in Pakistan is likely to be supported by the increasing construction activity and the above per capita consumption indicates that there remains significant potential for growth.

In 2016, international PVC prices ranged between \$720/ton to \$970/ton. 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 demonetisation of Indian currency, however, supply constraints within the region maintained price support.

Internatioanal PVC & Ethylene Price Trend 2016



International PVC Margins

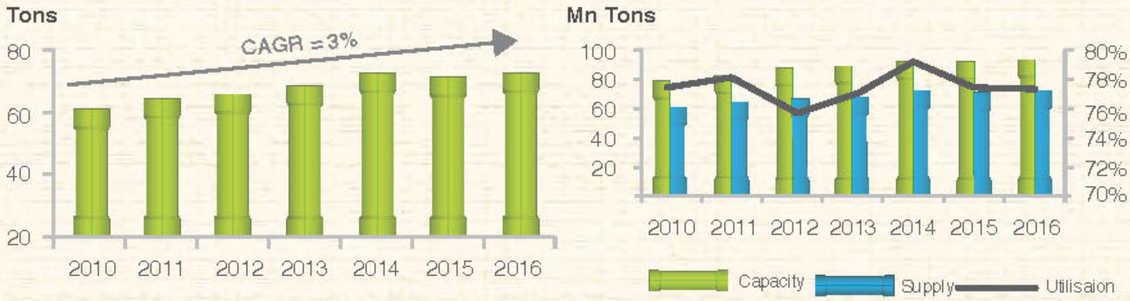


Ethylene prices remained stable to moderately soft through the year 2016, thereby, providing a relief to downstream consumers. Low crude oil prices, influx of Ethylene from outside Asia, return of major crackers online maintained prices stable throughout the year. Ethylene prices hovered between \$868/MT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

Caustic & Allied Products

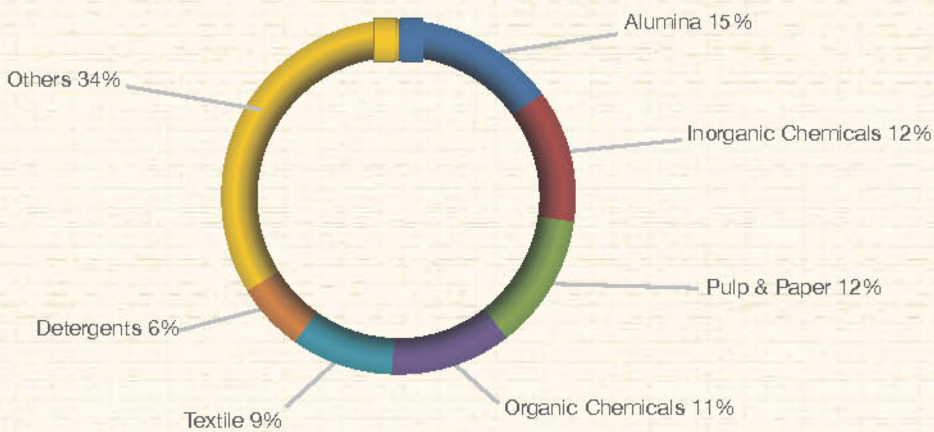
In 2016, global Caustic Soda demand reached ~ 73 Mn tons growing at a CAGR of 3%. Global Chlor-Alkali demand is a function of economic growth. Developing economies were the main drivers of demand growth. Region wise, Asia retained its position as global leader accounting for approximately 62% of consumption.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

Global Caustic Demand Supply Scenario

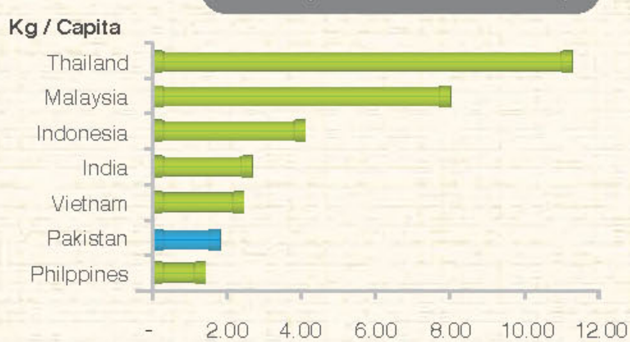


The majority of Caustic Soda production was consumed in Alumina, Inorganic Chemicals, Pulp & Paper, Organic Chemicals, Textile and Detergents. The global Caustic Soda consumption per capita in 2016 was estimated to be around 10 kg.

Global Caustic Application



Consumption Pattern - Peer Group



Global Caustic Soda prices depicted an increase against previous years from strong demand from the Alumina sector; price range for Southeast Asian market was $333/MT to $465/MT.

Global operating rates were lower than general historical levels, due to the excess capacity added in the recent years, with capacity utilisation rates hovering around 78% to meet market demand. Moving ahead, it is anticipated that developed countries will exhibit slower economic growth compared to the developing countries. These areas are anticipated to be the main driving factors behind the demand growth for Caustic Soda.

Domestic Market Overview

PVC & Allied Products

In 2016, domestic PVC market posted a healthy growth of ~ 17%. The Company captured substantial volumetric growth in sales. The growth was primarily driven by increased penetration in the domestic market and import substitution. Domestic PVC is manufactured solely by Engro Polymer & Chemicals Limited which sells under the brand name of “SABZ”. In 2016, EPCL’s market share stood at ~ 80%. The Company consistently evaluates its sales mix to gauge market needs and assess possible opportunities.

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 EPCL sales in the domestic market.

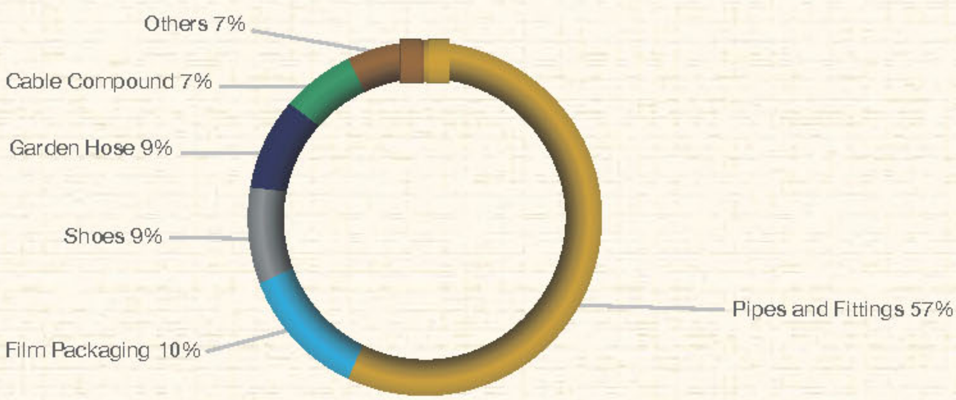
In 2016, Pipes and Fittings continued to dominate the PVC market. PVC Pipes and Fittings are gaining rapid acceptance in residential and commercial construction projects. Strong demand from the Construction Sector combined with increased consumption of PVC pipes in government and large scale infrastructure projects contributed towards significant growth in EPCL sales.

The Company continues to channelise 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. EPCL will strengthen its efforts towards helping downstream consumers identify superior value of PVC relative to other thermoplastics and competing material. The Company is pursuing an aggressive marketing strategy and is working extensively with its customers, government agencies, architects and construction consultants for PVC market development and to increase domestic sales of the Company. The Company is hopeful that these efforts will continue to bear fruit for the stakeholders in times to come.

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.

On the production front, we remained steadfast to our strategy of converting maximum VCM to PVC and meeting all our PVC production requirements through in house VCM. In 2016, we produced the highest level of PVC i.e. 172 Kilotons.

Domestic PVC Application - EPCL



PVC and VCM Production

Market Development Activities

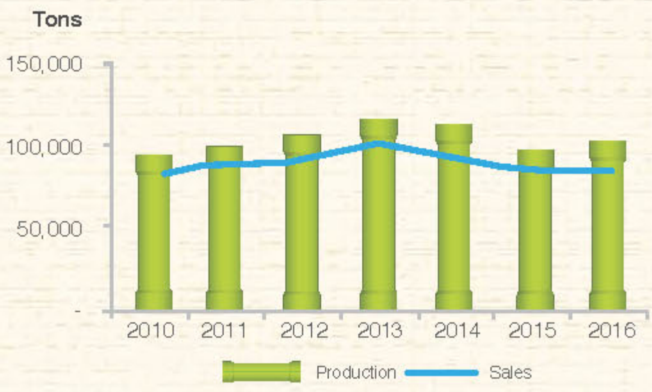
In terms of PVC consumption, Pakistan is the 6th largest population in the world and has one of lowest per capita PVC consumption in the region, providing a great market potential. At present, our sales mix is dominated by Pipes and Fittings segment, we are committed to bring in innovation and technological advancement in the sector and aim to ensure that the domestic market remains abreast with global advancements. Along with Pipes and Fittings, we have also channelised our efforts towards the development of new PVC applications for Pakistan. In this regard, we have deployed a dedicated team working on technical and market feasibilities for new PVC products in Pakistan.

Caustic & Allied Products

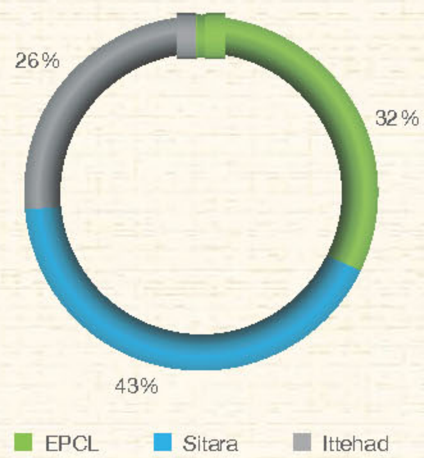
The Caustic Soda market size in 2016 remained at 265 KT. EPCL sold 83 KT in domestic market compared to same figures last year, with a market share of 32%. Focus on energy efficiencies and sustainable plant operations steered the industry theme for the year.

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.

Caustic Sales and Production



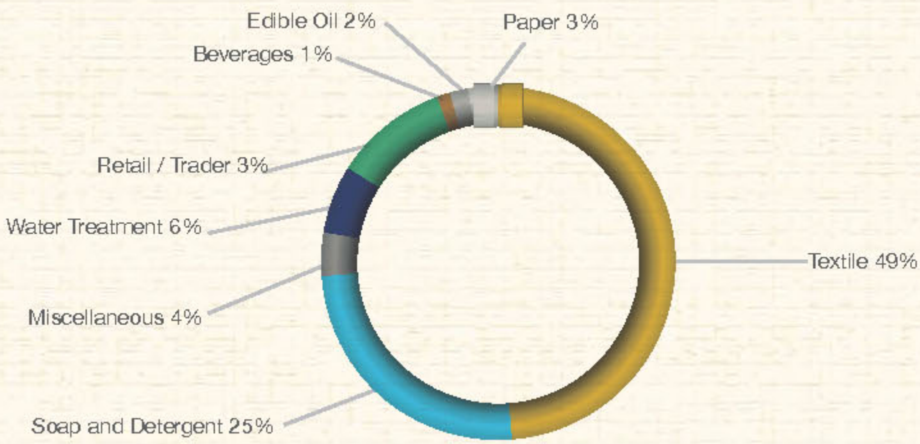
Caustic Market Share in 2016 *



* Market Share and product application have not been verified by an independent source and is based on company's estimate

Main demand drivers for Caustic remained the Textile and Soap industry. Textile demand remained consistent, while denim segment posted some growth which was offset by lower consumption from woven sector. Soap and 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.

Domestic Caustic Application - EPCL



Operational Overview – 2016

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 produced were the highest ever, however, Caustic Soda production was lower than plan due to a major repair at the Power Plant, which has now been concluded.

Extensive work was put in to reduce the Safety Vulnerabilities at the Plant site, keeping in view the hazards associated with working at a Petro-Chemical facility. Major replacements and additional inspections of the facility were completed which has significantly reduced the HSE risks at site.

Efficiency initiatives taken in 2016, include dedicated investment projects: OXY Grid modification, Hydrogenator & Chlorination projects would not only manifest higher efficiencies, but also ensure more sustainable site operation. Multiple Lean Six Sigma workouts were executed focusing on reduction of conversion cost, improving efficiency thereof.

On the reliability front, in-house overhaul of both gas turbines was completed safely, successful rehabilitation of the cooling towers was performed for the first time, replacement of vulnerable furnace tubes and plant heat exchangers were attended, improving the sustainability of operation. Plant turnaround scope was executed successfully and safely in May 2016.

To keep ourselves abreast with the growing demand of PVC in Pakistan, substantial work was carried out for the study on debottlenecking of PVC & VCM plants. Product quality was meticulously monitored and maintained at superior levels for customer satisfaction.

The basic theme for 2017 is maintaining the current level of excellence attained in process and personnel safety, maximise VCM conversion to PVC resin and sustain Chlor-Alkali operations to keep pace with market demands. Moving forth, the challenge would be to successfully execute the debottlenecking project to enhance PVC production and ensure consistent performance at VCM plant for availability of in-house VCM. Furthermore, optimisation of Plant operations, keeping raw material conversion ratios on a downward trend, and capitalising all possible avenues of Energy & Resource conservation, are also on the slate for 2017.

Financial Overview & Management

During 2016, the Company achieved profit after tax of Rs. 660 Mn as compared to loss after tax of Rs. 644 Mn in 2015. The Company's focus on diversifying sources for raw material procurement, streamlining plant operations, efficient fund management and firmer grip on cost cutting, played a significant role in performance of the Company. The international dynamics of the PVC industry also recovered after a turbulent and subdued year of 2015, providing financial relief to the Company. Efficiency in plant operations and the Management's vision to reach out global procurement solutions defined the tune for the year 2016. Despite competitive landscape in the Chlor-Alkali segment, the Company maintained its share in the primary market while also outperforming its previous records in the Vinyl segment, achieving the highest ever PVC sales in 2016.

Profitability

In revenue terms, the Company witnessed 3% increase in the top line due to an increase in PVC prices and volumes compared to last year. A drop in Chlor-Alkali margins exerted a pressure on Company's profitability, however stability in natural gas prices and uptick in Vinyl margins provided considerable support to the bottom line thereby offsetting the dent from the chemical segment. On the tax frontier, Management decided to write-off deferred tax amounting to Rs. 153 Mn approximately.

During the year, Management reassessed the estimates of useful life of plant assets based on the belief that the Company can derive future economic benefits from its existing assets for number of years greater than the current assessed useful life. The Company therefore acquired the services of a renowned consultant, and assessed the physical condition, wear-and-tear and usability of its plant assets. The designated team recommended revising the useful life estimate of the plants which led to a positive post-tax adjustment of ~ Rs. 297 Mn in depreciation expense

Liquidity & Cash flows

The financial performance of the Company restored healthy cash generation from its operations. Additionally, efficient cash management enabled the Company to sustain operations without compromising on required CAPEX and debt obligations. The Company successfully recapitalised its balance sheet by re-profiling debt, creating a smooth ecosystem for operations.

Aggressive marketing strategy allowed the Company to achieve significant growth in volume, and strict cost cutting measures resulted in effective management of working capital. Efficient plant operations, and development of supply chain network also augmented cash management. On the tax front, resourceful utilisation of tax credits led to hefty savings in outflow.

Financing

During the year, the Company remained committed in efforts to re-profile debt. The Company has managed to raise Rs. 5.75 Bn long-term debt, used to re-profile its existing long-term and short-term debt. The tenor of these loans is generally 7 years with a grace period of 2 years that provides the Company fiscal space to focus on its expansion and other projects. Repayments are spread out in a prudent manner proportionate to expected future earnings that are expected to not exert any undue pressures on cash flows. The new long-term debt also carries an attractive mark-up spread of 0.8% and softer terms of covenants.

Throughout the year, the Company has also maintained focus on driving down its working capital costs. Utilisation of Export Refinance Facility and Money Market Loans has helped in building cost efficiencies on running finance needs. Trade finance has also been structured during the year to bring efficiencies on LC related costs.

The Company has already identified further initiatives to drive finance costs further downward that will be focused on in 2017.

Capital Structure

The assets of the Company are financed by debt and equity in the ratio of 40:60 as compared to 50:50 in 2015, while our interest cover was 2.25 in 2016 as compared to negative 0.7 in 2015.

Risk Management Framework

Engro Polymer & Chemicals Limited launched the Lean Enterprise Risk Management framework in 2011. It is the policy of Engro Polymer & Chemicals Limited 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.

We recognise that we are operating in a complex business context; the Company mandates assessment of the Organisation's strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the Organisation. EPCL entrusts accountability at all levels and requires monitoring, communicating and reporting changes in the Risk Environment and the effectiveness of actions taken to manage identified risks on an ongoing basis.

Risks are identified from across the Organisation and are ranked based on their impact and probability. Upon identification of risks, a strategy is devised to mitigate its impact which is regularly monitored by the Management Committee. Risk Management process is led by Chief Risk Officer (CRO) and endorsed by the Board Audit Committee (BAC).

The key risks identified are as follows along with the outcome:

Strategic Risk

Volatility in plant operations

Strategy

Implemented prudent maintenance & inspection strategy, addressed known vulnerabilities during turnarounds, established licensing agreements with international consultants to address technical issues, and replaced critical assets ahead of time to ensure smooth operations

Result

The strategy yielded consistent production runs as the Company sustained high VCM production endorsing plant reliability and achieved highest ever PVC production

Given stable production profiles & potential for improved output at VCM & PVC plants, Board has approved debottlenecking project to increase production capacity by 20k with optimum investment – the project will help the Company to expand its market coverage and enhance Vinyl margins

Commercial / Operational Risk

Imposition of duty on primary raw material

Strategy
Engaging with relevant government authorities for rationalisation of Vinyl Chain duty structure and availing DTRE for raw material used in exports

Result
Management's efforts led to success in getting revision in import duty on EDC, which reduced to 4% as compared to 6% earlier

International commodity prices

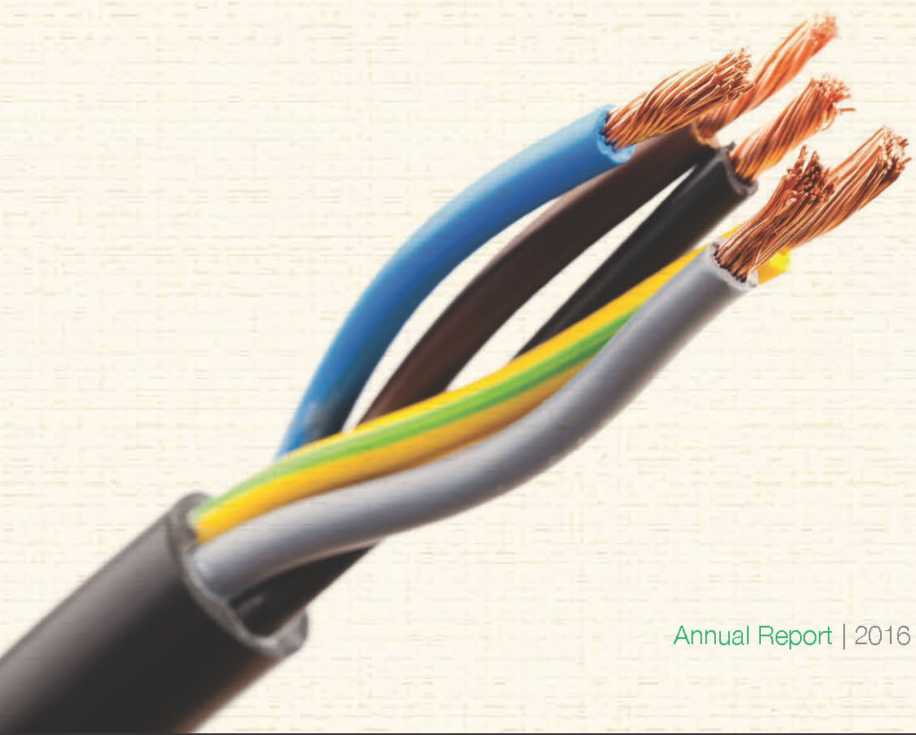
Strategy
Developed in-house business intelligence, established network with international olefins analysts to have better insight of international price trend and fundamentals defining market dynamics

Result
Management reviews Core Margins on a weekly basis to determine go-to-market strategy with a view to better forecast price trends and capitalise on market arbitrage opportunities

Energy prices

Strategy
Implemented energy conservation projects and devised a strategy for different price levels of natural gas

Result
The impact of increase in gas price is being managed through efficiency enhancement but the Company remains vulnerable to hefty increase in gas price, therefore, study on alternative fuel options such as Coal / LNG has been initiated



Financial Risk

Liquidity Risk / Balance sheet profile

Strategy
Developed strategy for equity injection and balance sheet re-profiling, arranged financing by Holding Company and enhanced running finance lines to bridge the gap in cash flow requirement of the Company

Result
Enabled the Company to re-capitalise balance sheet by Rs 6 Bn. and enhanced short-term borrowing facilities to create short-term operational liquidity

Foreign Exchange Risk

Strategy
Closely collaborated with banks and kept monitoring key economic indicators to hedge foreign exchange exposure on liabilities using forward contracts

Result
Reduced the Company's vulnerability to sudden exchange rate movements, but the cost of mitigation is that it limits ability to capitalise occasional favourable movement; also, implementation of this strategy is dependent on availability of "forwards" in the market

Business Continuity Plan

Engro Polymer & Chemicals Limited recognises its responsibility to operate and ascertain protection of business operations from any sort of disruption. With this vision and intent, the Company initiated the Business Continuity Plan in 2013. The plan ensures smooth functioning of critical business processes in the event of an unforeseen disaster and has the following objectives:

- To provide a framework for building resilience and the capability for an effective response that safeguard the interests of key stakeholders, reputation, brand and value creating activities
- To assess the risks to our operations and to understand the impact of the risks should they materialise whilst considering business priorities and organisational interdependency
- To manage the response to and aftermath of any potential disruption, in an effective and appropriate manner to minimise impact
- To recover business operations as quickly as possible, should an incident result in disruption to our critical business operations or support services
- To test and review at regular intervals and revise as required, the plans supporting the Business Continuity

The plan encompasses EPCL's response strategy, minimum operating requirements, BCP team organisation, damage assessment, and primary site restoration activities. It ensures preservation of critical data by mapping out key elements of the process of disaster recovery. The Management evaluates the threats to its business & infrastructure and has developed a strategy to adequately respond to any unpredictable challenges it might face.

Responsible Citizenship

Engro Polymer & Chemicals Limited recognises its responsibility towards the environment and society; in this regard, we ensure that our actions are in line with best practices.

Treatment of Effluents & Chemical Discharge

Chlor-Vinyl plants use chemically active substances on site; we realise our responsibility to ensure safe handling of such chemicals. The Company is well equipped with incineration plant, air strippers and evaporation pond to ensure safe handling and disposal of emissions and effluents. Environmental performance and parameters are voluntarily reported to Environment Protection Agency (EPA), Sindh at a defined frequency.

Quality Assurance & Testing

The Company has a dedicated team that is working to elevate quality standards in PVC downstream industry. In this regard, EPCL, has developed coherence with Pakistan Standards and Quality Control Authority (PSQCA) aiming towards standardisation and enforcement of quality standards for the Pipe Industry and PVC Geomembrane initially. PSQCA invites different stakeholders of PVC Spiral Pipe & PVC Geomembrane including manufacturers, consumers, consultants and specialists to review and approve the standards. The Spiral Pipe's and Geomembrane's product life cycle's adherence to standards will enhance the confidence level of the consumers.

EPCL aims to deliver the highest quality standards not only to its primary customers but also to the end user. It was noted that inability to test for impurities in pipes was allowing penetration of sub-standard material especially in public sector projects.

The Company established a pipe quality testing lab at the department of Housing and Urban Development (HUD) and Public Health Engineering (PHE), Lahore, which is fully equipped to test the product for impurities in-house. The initiative will enable Public sector departments to ensure installation of quality material in public municipalities. In addition to this, our mobile testing labs have been offering on-site testing to facilitate project owners and end users to test for impurities in pipes.

Business Ethics & Anti-Corruption

Business Ethics is our fundamental value and lies at the heart of what we do at Engro Polymer & Chemicals Limited. The Board of Directors of the Company has univocally set down the acceptable business practices and behaviours in the "Code of Conduct" to ensure that all our business dealings are undertaken whilst maintaining highest standards of ethical values. We uphold a "Zero Tolerance" policy against all sorts of unethical practices, no matter how adverse the outcome. This is ascertained through implementation of effectively designed and executed audit plans and assurance procedures which prescribe all sorts of unethical behaviours and highlight matters causing concerns in respect of business conduct. In addition, thereto, multiple channels are available to our Stakeholders to speak-up and identify practices and behaviours that are unacceptable to our Fundamental and Core Values.

Corporate Governance affects the way we direct our Company and the relationship we have with interested parties. Management has placed due emphasis on transparency and ethical practices which play a fundamental role in developing our employees and those dealing with us in the capacity of vendors and customers as responsible professionals and corporate citizens.

Energy Management – Conservation

Energy is crucial to our operations; the Company is self-sustainable in terms of electricity but is dependent on gas for electricity production and is exposed to fluctuations in gas price. In this regard, the Company has benchmarked energy consumption for each unit of production and performance is measured against it. We will continue to analyse and undertake energy conservation projects.

Contribution to National Exchequer

Engro Polymer & Chemicals Limited is a significant contributor to the national exchequer. In 2016, the Company contributed approximately Rs. 4.9 Bn on account of Sales & Income tax.

Corporate Social Responsibility

The CSR program of the Company is consolidated under the umbrella of Engro Foundation, together with all Engro subsidiaries, with an aim to create a greater impact on the society.

Community Investment & Welfare Schemes

Our employees showed ample involvement in giving back to the community under Envision, the employee volunteer program. The volunteers from the Company carry out various developmental activities in the surrounding communities of Port Qasim throughout the year. The donations money is usually raised among the employees and used in activities that benefit the schools and hospitals in the low income communities.

Envision, volunteers from the EPCL plant organised an Iftar at Allah Bakhsh Goth, in Al Mustafa educational academy. Indus Hospital held a carnival to raise funds for its free treatment of patients and volunteers from Engro Polymer and Chemicals Limited took part in organising and raising funds for this event. A lot of work was also done for the local Thalassemia patients with HWIT. Awareness sessions about the disease were carried out by volunteers in local communities and a blood donation drive was organised at the Engro Polymer & Chemicals Limited plant, where employees donated blood for this cause.

Rural Development and Donations

The Company signed an MOU with The Citizens Foundation in December 2013 to set up a school in Ghaghar Phatak. This school has been operational since April, 2015. Children from the surrounding small villages and communities have access to quality education, because of this campus. Each year, various educational and informative sessions are carried out in the campus by volunteers from EPCL. In 2016, the Marketing Department celebrated 25th of December, Quaid-e-Azam day, at the school. The students took part in various patriotic competitions and were distributed prizes. A tree plantation activity also took place.

Health Safety and Environment

Health, Safety and Environment is amongst the significant Core Values of the Company. EPCL follows stringent policies, procedures and systems to ensure that HSE considerations become a part of our routine business. We believe in Safety Culture where employees conduct self-audits to minimise the distress and disruption caused by an incident, injury or work related illness.

The Company conducts all of its business in a manner that protects the Health & Safety of employees, contractors, community and all involved in its operations. Safety is an integral part of all of the Company's business decisions and the employees achieve business goals in- line with the Company's HSE Policies & Principles .

In 2016, there was no Lost Time injury. Total Recordable Injury Rate (TRIR) of the Company stood at 0.12; which is a world class personnel safety performance. The Company is fully committed for achieving ''Goal Zero'' – Zero Injuries, Incidents & Environment Excursions.

Safety was taken to a new paradigm, by aligning our DuPont Process and Personnel Safety System with the revised 22 Element Process Safety Model. Innovations on the Risk Assessment & Hazard Analysis front continued by conducting Safety Integrity Level (SIL) and Layer of Pprotection Analysis (LOPA) of PVC Plant. Successful testing of IHS Sphera (The new Safety Management Information System) concluded and is progressing as per plan.

A second party assessment on Occupational Health & Industrial Hygiene Management has been conducted and a rating of 3.7 has been awarded to the Company. This rating depicts that EPCL has excelled in OSHA compliance of OHIH by adopting DuPont best practices.

The Company has been excelling as per The British Safety Council 5-Star Program and WWF Green Office. This initiative intends to elevate the Environmental Program beyond minimum compliance of ISO-14001 (Environment Management System). During the year, 2 new buildings became Green Office Certified and 8 buildings were recertified as Green Offices by WWF.

Engro Polymer & Chemicals Limited has a fleet of 58 dedicated vehicles for liquid products and intermediates. Fleet Safety Program and Safety Performance Indices were benchmarked with world best practices and implemented both for products, intermediates and employee transportation. Consequently, core concept of Fleet Safety was re-vamped, which resulted in a high class performance in this area as well. Fleet Accident Frequency Rate for the organisation was 2.5, which can be benchmarked with any good organisation.

EPCL retained its membership with CCPS (Centre for Chemical Process Safety), NSC (National Safety Council) and BSC (British Safety Council). Through them, the Company gets the updated information on the best HSE practices.

The Company has made successful strides in surpassing its previous performances in the Integrated Management System (IMS) to assimilate the Quality Management System (QMS), Environmental Management System (EMS) and OSHAS-18001 (Occupational Safety and Health Assessment Series). The Company was successfully recertified this year.

The coming year could be termed as the Year of Audits, as we aim to complete PSM 22 Element 2nd party, British Safety Council external and OHIH Dupont Audits. Furthermore, Integrated Management System Certification on the revised 2015 standards has been scheduled.

Moving forward, the Company has set a key objective to embark on IHS Sphera as new face of Health, Safety and Environment. It's a perfect combination of HSE Practices and Software Engineering skills to unlock new dimensions in HSE Reporting, Recordkeeping and Analysis. IHS Sphera will be launched in 2017 targeting a full integration of this system within the calendar years to come.

Information systems

Planned and executed the SAP roll out for material management at Plant to replace Maximo. E fficient negotiations and thorough working secured low cost licenses options for plant users resulting in a saving. This will provide the way forward for SAP Phase II (Production Planning & Plant Maintenance) implementation planned for 2017.

The Information Technology department also supported various key initiatives taken throughout the company. These included implementation of Vendor Support Portal, Transformation of EPCL website in Urdu in line with SECP requirement, Online Trade Apprentice at different locations & Contracts Implementation in SAP.

The journey to improve systems and processes will continue in 2017 as the Information Technology looks to transform from 'Systems of Records' to 'Systems of Engagement' resulting in a truly enterprise organisation that harnesses all our expertise and skills, working to common standards to deliver innovation that adds real value to Engro and partnering with businesses to deliver this value.

Human Resources

The year 2016 was one where Human Resources primarily focused on enhancing employee engagement and motivation within the Company. In this regard, numerous programs and sessions were conducted for employees during the year.

Productivity and Efficiency Improvements

On the productivity improvements front in 2016, the Lean Six Sigma program results were more successful than ever. Lean Six Sigma is a cutting edge methodology that reduces waste by improving the efficiency of processes. 15 Green Belt projects were completed during the year and respective 15 employees became Lean Six Sigma Green Belt certified.

Ensuring that our supply of skilled talent remains uninterrupted is equally important. It protects the Organisation from being vulnerable to any unplanned loss of talent. Furthermore, the extensive training framework was followed for the growth and personal development of employees. Middle and Senior Management went through the world renowned training program of 'Situational Leadership'.

Many events and sessions also took place to boost the morale of employees; however, the most important is the introduction of "Hajj Policy" for junior cadre management employees.

Workforce Quality & Services

The Company's HR strategy is to strengthen EPCL's leadership pipeline through induction of trainees. The concept is that they form a ready talent pool of young individuals who are already familiar with the processes of the Company.

In our endeavour to ensure induction of quality talent, the assessment tool by the name 'Professional Learning Indicator' is used as one of the entry filter for hiring since 2013. In 2016, 59 technical trainees were employed specifically to address long-term needs on the technical side of the Organisation.

Overall, the focus remained on providing opportunities to home-grown talent. As a result, out of the total hiring done during the year, 71% were from within the Company, primarily from the Trainee programs. The number may also be attributed to the upward and horizontal mobility provided to the employee as part of our promise for career growth and talent retention.

The retention of our skilled workforce is critical for smooth business continuity and long-term growth of the enterprise. Attrition rate has financial implications on account of rehiring, retraining and foregone revenue. In 2016, the attrition number reduced to 9.44% comparing to 10.27% in 2015, hence a sign of better engagement level.

Workforce Diversity and Employment of People with Disabilities

Under the umbrella of workforce diversity, the focus remained on improving the ratio of female employees and hiring People With Disabilities (PWDs). Unfortunately, no suitable PWD could be inducted during the year, despite interviews and recommendations to other subsidiaries. EPCL has, however, been working closely with the NGO NOWPDP for hiring of possible candidates in the future. The Company also hosted a 'Bring Your Child to Work Day' event, where employees were encouraged to bring their children to office to take part in various fun-filled activities.

Stakeholder Engagement and Relations

The Company believes in engaging with stake holders at all levels, during the year we used press releases securities analyst briefings on quarterly and annual results, disclosures to the stock exchanges on strategic events (including the disclosure in Note 1.4 of the Company's consolidated financial statements), plant visits and informal conversations with relevant stakeholders.

The Company complies with all regulatory requirements and in this regard maintains close coordination with relevant regulators including the Stock Exchanges, tax authorities and Securities and Exchange Commission of Pakistan.

EPCL has hundreds of vendors and customers and we seek to engage them from time to time through formal and informal meetings and conferences. We have engaged with our customers regularly to provide them with technical assistance related to their businesses for the benefit of the industry.

The Company considers employees as an integral driver of growth, we measure employee motivation and satisfaction through various benchmarks & findings; results are shared by the respective managers and HR strategy is tailored to address the highlighted areas.

Future Outlook

The Company is confident about displaying continued strong operational performance in 2017. It is hopeful that its marketing activities will continue to yield positive impact in the upcoming year. PVC market is likely to exhibit strong growth, on account of favourable outlook for construction and an overall positive economic sentiment. However, Caustic Soda market is expected to remain stable.

Going forward, plant debottlenecking and targeted efficiencies will remain under key focus. However, economic value creation of the Company will continue to be influenced by uncontrollable factors such as Vinyl Chain Prices, Energy Prices and Currency Volatility.

Corporate Review

Shareholding in the Company

The shareholding in the Company as at December 31, 2016 is as follow:

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage of Holding
Directors, Chief Executive Officer, Spouse and Minor Children	11	5,010	0.001%
Associated Companies, undertaking and related parties	4	538,955,827	81.23%
Banks, DFIs, Non-Banking Financial Institutions	4	161,000	0.02%
Insurance Companies	3	1,225,000	0.18%
Modarabas and Mutual Funds	7	4,780,000	0.72%
Shareholders holding 10%	3	537,914,987	81.08%
General Public (Individuals)			
a. Local	29,984	91,995,710	13.87%
b. Foreign			
Others	101	26,346,241	3.97%

Category of Shareholding

Information of shareholding required under the reporting framework is as follow:

1. Associated Companies, Undertaking and Related Parties

Shareholders' Category	Number of Shares held
Engro Corporation Limited	372,809,989
International Finance Corporation	97,155,000
Mitsubishi Corporation	67,949,998
EPCL Employees' Trust	1,040,840
	538,955,827

2. Modarabas and Mutual Fund

Shareholders' Category	Number of Shares held
Trustee Faysal Balanced Growth Fund	100,000
Trustee AKD Opportunity Fund	1,500,000
Trustee UBL Stock Advantage Fund	825,000
Trustee NADA Multi Asset Fund	985,000
Trustee First Habib Stock Fund	40,000
Trustee Nafa Asset Allocation Fund	1,005,000
Trustee UBL Retirement Savings Fund – Equity Sub Fund	325,000
	4,780,000

3. Directors and their Spouse / Minor Children

Shareholders' Category	Number of Shares held
MR. ASAD SAID JAFAR	1
MR. FEROZ RIZVI	1
MR. IMRAN ANWER	1
MR. GHIAS KHAN	1
MR. KIMIHIDE ANDO	1
MR. SHAHZADA DAWOOD	5,001
MR. SHOICHI OGIWARA	1
MR. ZAFAR HADI	1

4. Executives

Shareholders' Category	Number of Shares held
Executives	772,949

5. Public Sector Companies and Corporations

Shareholders' Category	Number of Shares held
Public Sector Companies and Corporations	250,000

6. Banks, Development Finance Institutions, Insurance, Takaful, Modarabas & Pension Funds

Shareholders' Category	Number of Shares held
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modarabas & Pension Funds	161,000

7. Shareholding Five Percent or more Voting Interest in the Company

Shareholders' Category	Number of Shares held	Percentage of holding
Engro Corporation Limited	372,809,989	56%
International Finance Corporation	97,155,000	15%
Mitsubishi Corporation	67,949,998	10%

8. Details of Purchase / Sale of Shares by Directors, Executives and their Spouse / Minor Children

Name Shares Purchased	Shares Purchased	Shares Sold	Rate	Date of Purchase / Sale
Muhammad Saeed Shakir		500	9.29	March 7, 2016
M. Kamran Anari		46,775	9.77	May 24, 2016
Muhammad Irfan Alahi		25,000	9.6	June 1, 2016
Syed Waqar Hussain		2,000	9.05	June 10, 2016
Syed Waqar Hussain		2,000	9.05	June 10, 2016
Ali Haider	500		8.65	July 14, 2016
Amir Mahmud		9,500	8.59	July 22, 2016
Muhammad Bilal Ahmed	100,000		9.88	September 19, 2016
Hussain Hasanali	100,000		9.83	September 19, 2016
Khadija Raza	5,000		10.07	September 21, 2016
Muhammad Bilal Ahmed	20,000		11.02	November 10, 2016
Muhammad Saadullah Abulkhairi		5,000	12.65	November 14, 2016
Muhammad Saadullah Abulkhairi		2,500	12.97	November 14, 2016
Muhammad Saadullah Abulkhairi		2,500	12.97	November 14, 2016
Muhammad Bilal Ahmed	120,000		12.62	November 15, 2016
Anthony Santamaria	5,000		12.73	November 17, 2016
Anthony Santamaria	5,000		13.45	November 18, 2016
Anthony Santamaria	5,000		13.01	November 18, 2016
Ali Mohsin Bhagat	19,000		12.75	November 24, 2016
Muhammad Bilal Ahmed	125,000		15.68	November 29, 2016

9. Pattern of Shareholding – As At December 31, 2015

Number of Shareholders	Size of Holding From		To	No. of Shares
446	1	-	100	11,415
19,819	101	-	500	9,499,138
6,130	501	-	1,000	4,353,907
2,383	1,001	-	5,000	5,786,796
488	5,001	-	10,000	3,923,345
194	10,001	-	15,000	2,525,198
115	15,001	-	20,000	2,174,818
95	20,001	-	25,000	2,283,579
46	25,001	-	30,000	1,309,336
28	30,001	-	35,000	935,324
31	35,001	-	40,000	1,209,353
17	40,001	-	45,000	745,630
51	45,001	-	50,000	2,525,512
16	50,001	-	55,000	847,394
11	55,001	-	60,000	651,475
14	60,001	-	65,000	885,750
3	65,001	-	70,000	201,150
12	70,001	-	75,000	890,629
8	75,001	-	80,000	633,000
4	80,001	-	85,000	328,600
2	85,001	-	90,000	173,500
5	90,001	-	95,000	466,691
43	95,001	-	100,000	4,295,000
5	100,001	-	105,000	516,500
5	105,001	-	110,000	541,375
2	110,001	-	115,000	228,000
4	120,000	-	125,000	491,500
2	130,001	-	135,000	267,000
5	140,000	-	145,000	700,500
5	150,000	-	155,000	750,000
2	160,000	-	165,00	322,500
3	170,000	-	175,000	519,000
3	175,001	-	180,000	529,500
2	185,001	-	190,000	378,000
23	195,001	-	200,000	4,598,000
2	200,001	-	205,000	406,500
2	205,001	-	210,000	417,000
3	210,001	-	215,000	641,000
1	225,001	-	230,000	229,500
2	230,001	-	235,000	465,500
4	250,000	-	255,000	1,002,500
2	270,000	-	275,000	540,500
2	275,001	-	280,000	559,500
1	280,001	-	285,000	283,000
4	295,000	-	300,000	1,195,000
1	305,001	-	310,000	305,875
1	315,001	-	320,000	316,869
2	325,000	-	330,000	650,000
2	355,001	-	360,000	718,651
3	360,001	-	365,000	1,091,925
1	365,001	-	370,000	366,500
1	380,001	-	385,000	382,000
4	400,000	-	405,000	1,601,000

Number of Shareholders	Size of Holding From		To	No. of Shares
2	420,000	-	425,000	845,000
1	475,000	-	480,000	475,000
1	490,000	-	495,000	490,000
8	500,000	-	505,000	4,010,000
2	520,001	-	525,000	1,047,500
1	540,000	-	545,000	540,000
1	555,000	-	560,000	555,000
1	600,000	-	605,000	600,000
1	615,001	-	620,000	618,199
1	670,001	-	675,000	672,850
1	675,001	-	680,000	675,500
3	695,000	-	700,000	2,095,000
1	715,000	-	720,000	715,000
2	725,000	-	730,000	1,453,000
1	730,001	-	735,000	731,500
1	760,001	-	765,000	762,000
1	780,001	-	785,000	781,500
1	825,000	-	830,000	825,000
1	860,001	-	865,000	861,500
1	985,000	-	990,000	985,000
2	1,000,000	-	1,005,000	2,005,000
1	1,040,001	-	1,045,000	1,040,840
2	1,050,000	-	1,055,000	2,104,000
1	1,155,001	-	1,160,000	1,157,000
1	1,185,001	-	1,190,000	1,189,500
1	1,340,000	-	1,345,000	1,340,000
1	1,385,001	-	1,390,000	1,388,500
1	1,500,000	-	1,505,000	1,500,000
1	1,600,000	-	1,605,000	1,600,000
1	1,780,000	-	1,785,000	1,780,000
1	1,795,001	-	1,800,000	1,795,500
1	2,790,001	-	2,795,000	2,793,677
3	3,000,000	-	3,005,000	9,000,000
1	3,600,000	-	3,605,000	3,600,000
1	5,850,000	-	5,855,000	5,850,000
1	67,945,001	-	67,950,000	67,949,998
1	97,155,000	-	97,160,000	97,155,000
1	372,805,001	-	372,810,000	372,809,989
30,114				**663,468,788**

Board Meetings and Attendance

In 2016, the Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Director's Name	Meetings Attended
Mr. Imran Anwer	6/6
Mr. Kimihide Ando	5/6
Mr. Shahzada Dawood	3/6
Mr. Zafar Hadi	6/6
Mr. Asad Said Jafar	4/6
Mr. Shoichi Ogiwara	5/6
Mr. Feroz Rizvi	6/6
Mr. Omar Yaqoob Sheikh (1)	1/6
Ms. Naz Khan (2)	4/6
Mr. Khalid Siraj Subhani (3)	5/6
Mr. Ghiasuddin Khan (4)	1/6

(1) Mr. Omar Yaqoob Sheikh Resigned October 08, 2016
(2) Ms. Naz Khan Resigned November 07, 2016
(3) Mr. Khalid Siraj Subhani Resigned November 30, 2016
(4) Mr. Ghiasuddin Khan Appointed December 09, 2016

Major Judgment Areas

Main areas related to Income Taxes, Derivative Financial Instruments, Deferred Tax Assets, Retirement Benefit Obligations, etc. are detailed in Notes to the accounts.

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.

Provident Fund

In 2013, the Company replaced its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Accordingly, the following information is based on the latest audited financial statements of the Fund maintained by the Holding Company as at June 30, 2015 and unaudited financial statements as at June 30, 2016.

Details of the fund are as follows:

Rs. '000	Provident Fund	
	June 30, 2016	June 30, 2015
Size of the fund - Total assets	3,205,658	3,161,499
Cost of the Investment made	2,800,793	2,333,996
Percentage of Investments made	94%	87%
Fair Value of Investments	3,015,867	2,736,879

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.

Compliance with Corporate Governance

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.

The Board of Directors is pleased to report that:

- The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity
- Proper books of accounts have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts upon the ability of the Company to continue as a going concern
- There have been no departures from the best practices of corporate governance, as detailed in the listing regulations

Shares traded and average prices

During the year, ~ 709.5Mn shares of the Company were traded on Pakistan Stock Exchange. The average price of the Company's share based on daily closing rates was Rs. 10.23. The 52 week low high during 2015 was Rs. 8.2 – 18.45 per share respectively.

Dividends

Accumulated losses of the Company on a consolidated basis stand at Rs. 1,593 Mn, therefore, the Board has not recommended any dividend during the year.

Auditors

The present auditors, M/s A.F. Ferguson & Co. retire, and offer themselves for reappointment. The Board Audit Committee and the Board of Directors have endorsed the recommendation.

Imran Anwer
President and Chief Executive Officer

Kimihide Andor
Director

FINANCIAL SUMMARY

Recreating Opportunities

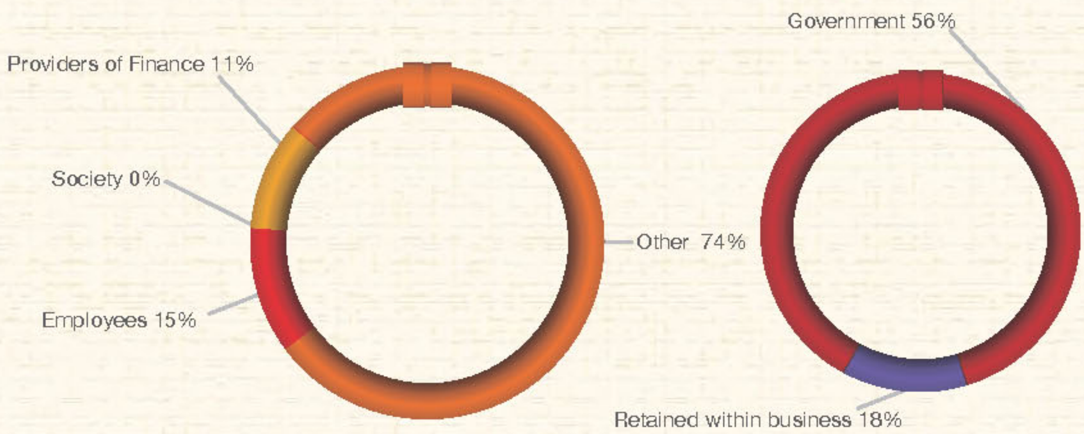
Every second there is a new opportunity which comes but one should have the knowledge to choose wisely. After all, every choice is what shapes up the future and gives the final statement.

Consolidated Statement of Value Added

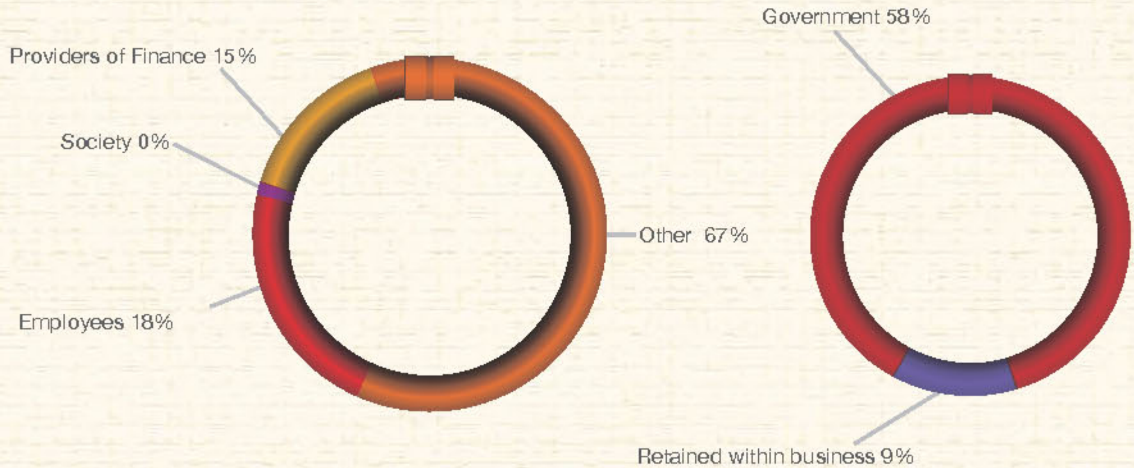
For the year ended December 31, 2016

	2016 Rs. In '000	%	2015 Rs. In '000	%
Wealth Generated				
Gross Sales and Other Income	26,714,508		25,763,294	
Materials and Services Purchased	(18,112,996)		(18,637,742)	
	8,601,512	100%	7,125,552	100%
Wealth Distributed				
Employees Salaries, Wages and Other Benefits	1,267,998	15%	1,285,009	18%
Society Donations and Other CSR Activities	4,575	0%	11,127	0%
Providers of Finance Fianance Costs	919,587	11%	1,064,980	15%
Government Income tax, Sales Tax Output, Duties, WWF and WPPF	4,871,223	56%	4,124,581	58%
Retained within business Retained Earnings, Depreciation and Amortisation	1,538,129	18%	639,855	9%
	8,601,512	100%	7,125,552	100%

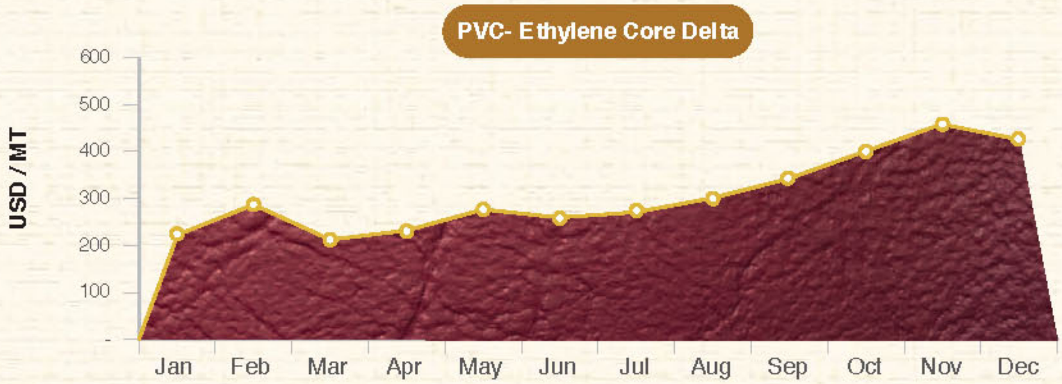
Distribution of value added - 2016

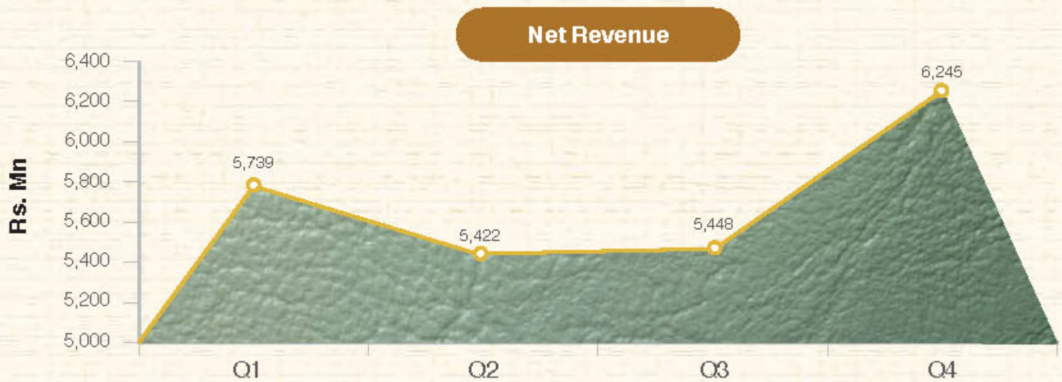


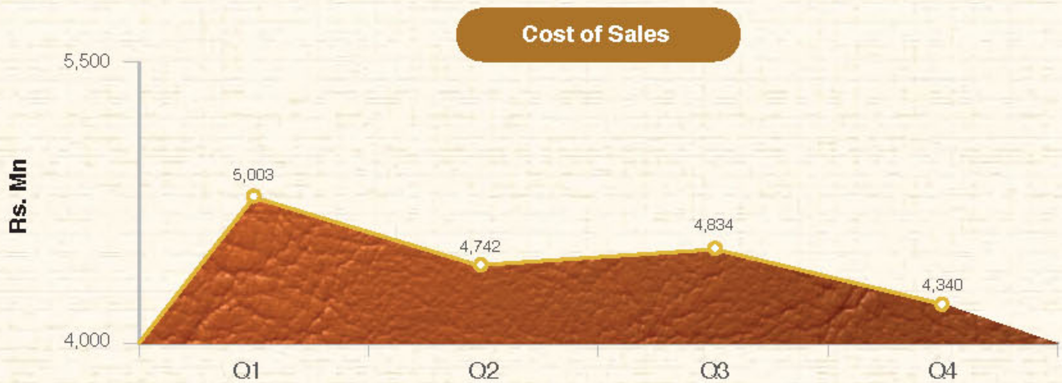
Distribution of value added - 2015



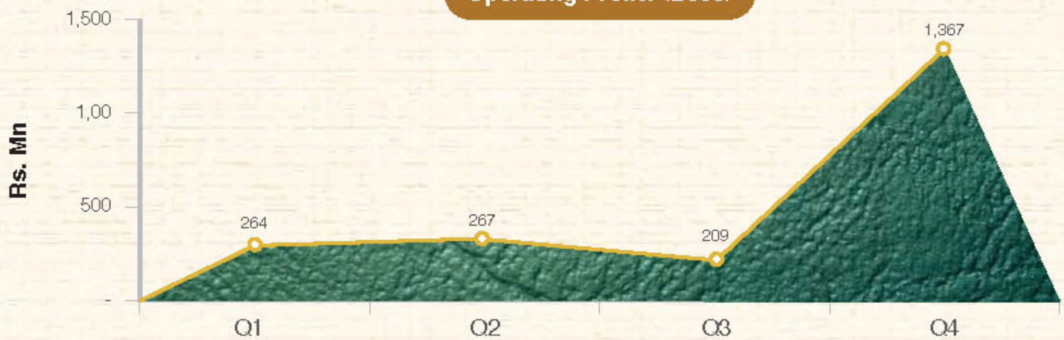
Quarterly Analysis



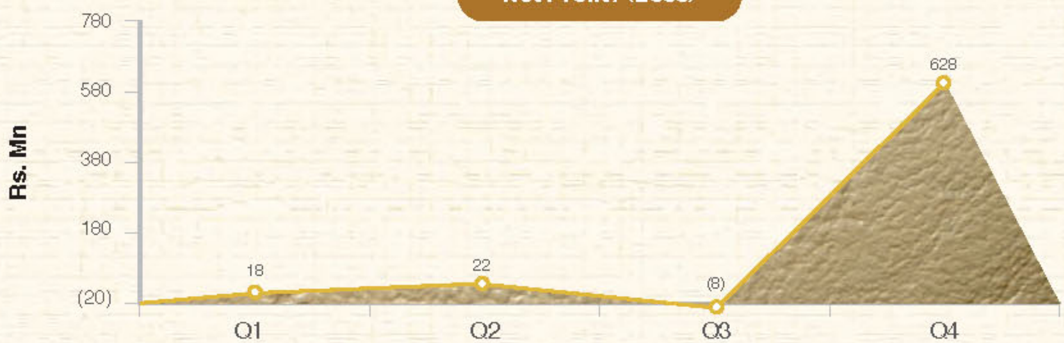




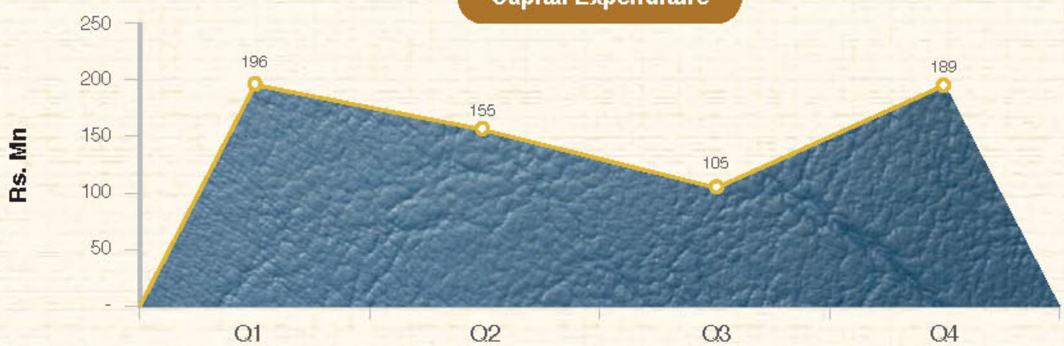
Operating Profit / (Loss)



Net Profit / (Loss)



Capital Expenditure



Q 1

- PVC domestic market remained strong due to robust demand from Construction Sector and infrastructure projects
- Scrap imports remained limited – low price differential caused conversion of end customers from Scrap to Resin
- Caustic demand remained stable

Q 2

- PVC domestic market continued to grow due to consistent demand from Construction Sector and limited Scrap imports
- PVC – Ethylene core delta improved against previous quarter due to supply rationalisation of Ethylene
- Caustic prices remained under pressure due to competitive market structure

Q 3

- PVC demand in the domestic market remained consistent due to positive outlook of the Construction Sector
- PVC prices maintained positive trajectory throughout the quarter, on the back of healthy demand. Ethylene prices remained stable thus augmenting the core delta
- Caustic Soda market remained competitive

Q 4

- International PVC prices maintained positive trajectory on account of supply constraints within the region especially in China. Production halts in China created a large supply gap, thereby, pushing up prices
- Reassesment of plant's useful life
- Partial deferred tax asset amounting to Rs. 171 Mn was written-off during the quarter

Six Years Cash Flow with Direct Method

Cash Flow Statements - Direct Method (Rs in million)	2016	2015	2014	2013	2012	2011
Cash flows from customers	22,835	22,382	23,789	24,335	20,412	17,263
Cash payments to suppliers and others	(18,527)	(22,157)	(21,033)	(20,118)	(17,560)	(12,539)
Cash generated from operations	**4,308**	**225**	**2,756**	**4,217**	**2,852**	**4,724**
Finance costs	(885.00)	(995)	(1,026)	(1,412)	(1,670)	(1,795)
Long-term loans and advances	(4.00)	-	(14)	(3)	(12)	3
Retirement benefits paid	(138.00)	(119)	(120)	(56)	(69)	(41)
Income tax paid	(178.00)	(263)	(456)	62	(270)	(381)
Net cash flow from operating activities	**3,101**	**(1,194)**	**1,140**	**2,808**	**831**	**2,510**
Purchase of operating assets and intangibles	(645.00)	(661)	(1,052)	(640)	(364)	(533)
Proceeds from disposal of operating assets	7.00	11	12	8	18	18
Purchase of short-term investments	-	-	-	(924)	(750)	(540)
Proceeds from the sale of short-term investments	-	-	-	928	754	546
Income on investments and bank deposits	0.92	34	47	26	8	6
Net cash flow from investing activities	**(637)**	**(616)**	**(993)**	**(602)**	**(334)**	**(503)**
Proceeds from long-term borrowings	804.00	2,150	1,700	1,956	700	-
Proceeds from short-term borrowings	15.91	819	300	620	1,250	-
Repayment of borrowings	(1,050.00)	(2,998)	(2,554)	(2,873)	(2,945)	(1,613)
Issue of share capital	-	-	-	-	-	-
Dividend	-	-	100	200	-	-
Net cash flow from financing activities	**(230)**	**(29)**	**(454)**	**(97)**	**(995)**	**(1,613)**
Net cash flows	**2,234**	**(1,839)**	**(307)**	**2,109**	**(498)**	**394**

Six Years Summary Profit and Loss Account and Balance Sheet

Rs. in Million	2016	2015	2014	2013	2012	2011
PROFIT AND LOSS						
Net Sales	22,854	22,264	23,819	24,592	20,466	16,886
Gross Profit	3,935	2,773	1,821	4,911	3,453	2,075
Operating Profit / (Loss)	2,107	778	(370)	2,718	1,813	630
Profit / (Loss) before Tax	1,180	(366)	(1,435)	1,344	166	(1,117)
Profit / (Loss) after Tax	655	(649)	(1,016)	717	50	(729)
BALANCE SHEET						
Property, Plant and Equipment	16,008	16,249	16,923	17,133	17,715	18,538
Intangibles, Investments, Deferred Taxation and Long-term Loans & Advances	760	1,115	1,134	608	1,015	1,021
Current Assets	7,692	6,878	8,244	7,500	6,227	4,969
Current-Liabilities	9,742	13,659	14,219	10,731	11,030	9,550
Long-term Liabilities / Non-Current Liabilities	8,750	5,280	6,143	7,575	7,728	8,840
Share Capital	6,635	6,635	6,635	6,635	6,635	6,635
Shareholder's Equity	5,968	5,303	5,939	6,934	6,198	6,139

Six Years Analysis

Shareholders' Equity

The movement of shareholders' equity remained contingent on its cyclical nature of business which is primarily driven by the movement of international PVC and Ethylene prices, local economic environment and downstream business demand of finished products. The Company remained firm on its efforts to maximise shareholders' return by diversifying supplier base for key raw material, strict cost cutting measures and increasing focus on efficiency of plant operations. The efforts bore fruit and translated into economic earning for the year 2016. The Company recorded a Profit after tax of Rs. 655 Mn as against Loss after tax of Rs. 649 Mn.

Non-Current Assets

For the year 2016, the Company booked Rs. 644 Mn in capital expenditure activities. The Company re-evaluated the life of expected economic benefit from its operating facility and a third party concluded an extension of the useful life of the plant, thereby, recalibrating the economic benefit and costs taken into account thus far. The decline in property, plant and equipment can be attributed to depreciation booked during the year.

Additionally, deferred tax asset declined during the year to further impact the non-current assets to the tune of Rs. 358 Mn. An adjustment of current period taxable income with carried forward taxable losses led to the mark down of deferred tax asset.

Current Liabilities

Overall current liabilities have recorded a 29% decrease as compared to year ago. This decrease is mainly attributable to decrease in current portion of long-term liabilities and short-term borrowings.

Non-Current Liabilities

Non-current liabilities only comprise of long-term loans. To ensure fiscal space for smooth business activities, the Company succeeded in efforts to reprofile its long-term debt. The Company managed to raise Rs. 5.75 Bn long-term debt, used to reprofile its existing long-term debt and pay off short-term debt. The tenor of these loans is generally 7 years with a grace period of 2 years which provides ample space for fiscal activity to the Company.

Current Assets

There is an increasing trend in the current asset since 2008. During the year, increase has been mainly driven by balances in saving accounts and short-term investments which are a result of better cash flow management. Due to efforts on cash flow management, the current ratio has improved by 0.29 times where quick ratio has also improved by 0.15 times.

Revenue

Revenue over the preceding two years recorded a decline mainly on account of lower PVC prices which can be attributed to sharp decline in the Petrochemical Industry. Supply overhang was a main driver, globally, of such a price decline. Volatility in global Petrochemical Industry has a strong impact on topline of the Company. During 2016, the Petrochemical Industry recovered from a soft period of two years and the Company recorded a 2.65% increase in revenue.

The topline of the Company will depend on the global economic dynamics and also domestic demand. Pakistan has one of the lowest PVC consumption per capita; the Company hopes that advent of economic activity through multiple fronts, such as CPEC, results in an increase of PVC consumption.

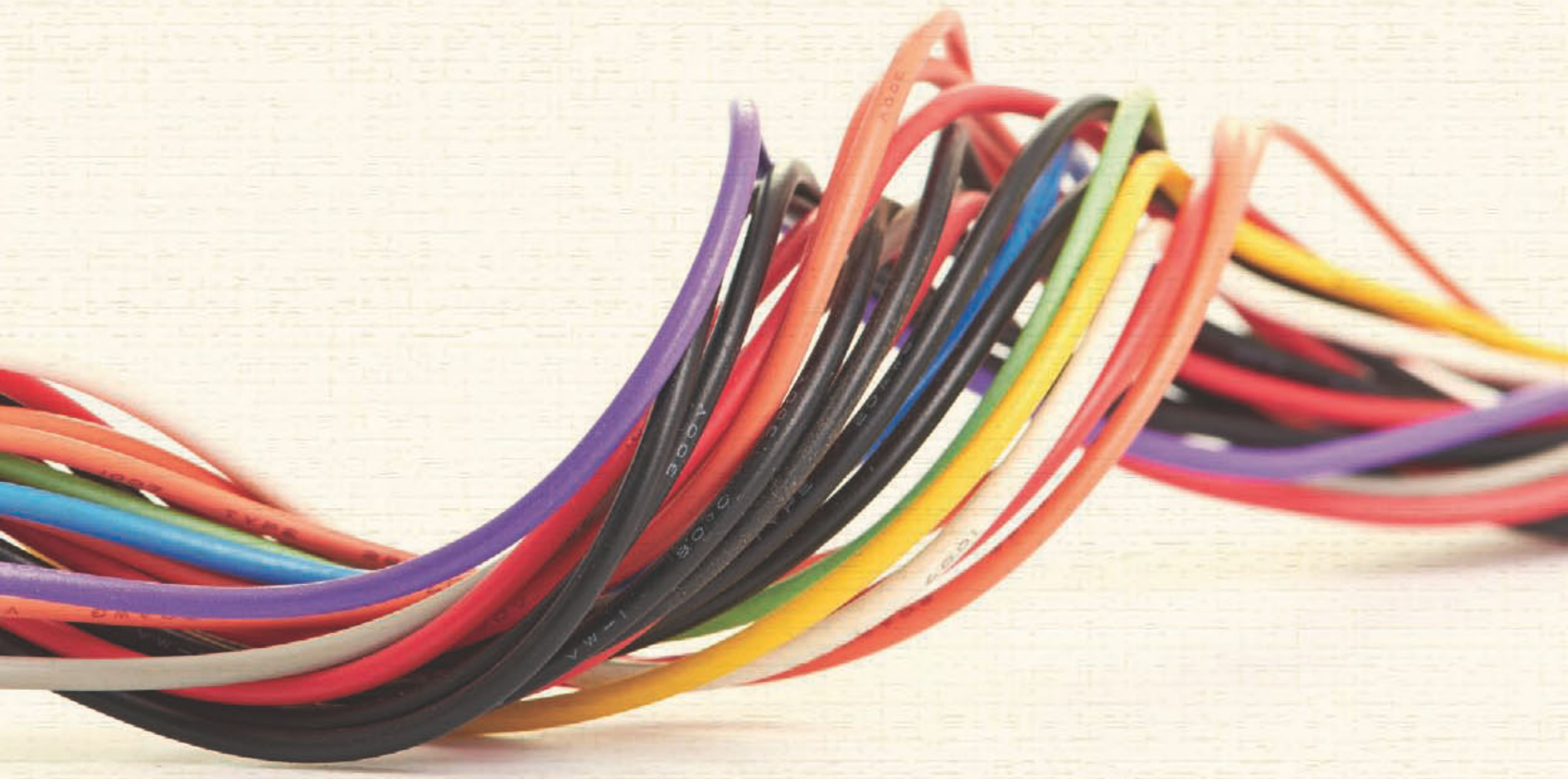
Gross profit

Due to cyclic nature of business the Company witnessed heavy fluctuation in Gross Profit. As compared to last year, current year's Gross Profit exhibited a positive trend. This can be attributed to increase in sales, reduction in raw material prices, by diversifying supplier base and reassessment of plant useful life, cumulatively resulting in increase in Gross Profit by 41.9%. The Gross Profit Margin will rely on many factors such as international PVC and Ethylene prices, gas prices and currency fluctuations.

As a result of the aforementioned improvements, Gross Profit Margin has also increased to 17.22% as compared to 12.46% last year.

Finance and Other Costs

Finance Cost has recorded a decreasing trend during the last five years as the debts have become repayable from 2012. Furthermore, the decline in finance cost could be witnessed due to fairly stable / favourable exchange rates during the year.



Ratio Analysis

Profitability Ratio

Strong market demand and relatively favourable conditions in petrochemical industry during 2016 have significantly impacted both profit before tax and profit after tax, which depict a remarkable picture as compared to last year. Significant improvement can be witnessed in EBIDTA, which has also increased by Rs. 923 million. Furthermore, profit margin ratio has also shown a turnaround as the same has been raised to 2.86% in 2016 as compared to -2.92% last year which measures effectiveness of convertibility of the Company's sales into net income.

The increase in Gross Profit Margin translated into ensuring high profitability for the Company.

Liquidity Ratio

Current ratio has increased by 0.29% as compared to last year and quick ratio has increased by 0.15%. Better cash flow management and repayments of short-term debt translated into an improved liquidity condition. It has further been enhanced due to improvements in debtor and stock turnover days.

Capital Structure Ratios

Over past few years, financial gearing of the Company has shown significant improvement. Current year made a significant impact on overall financial leverage of the Company which has declined significantly due to reduction in short-term borrowings of the Company. Furthermore, the weighted average cost of debt has remained fairly constant.

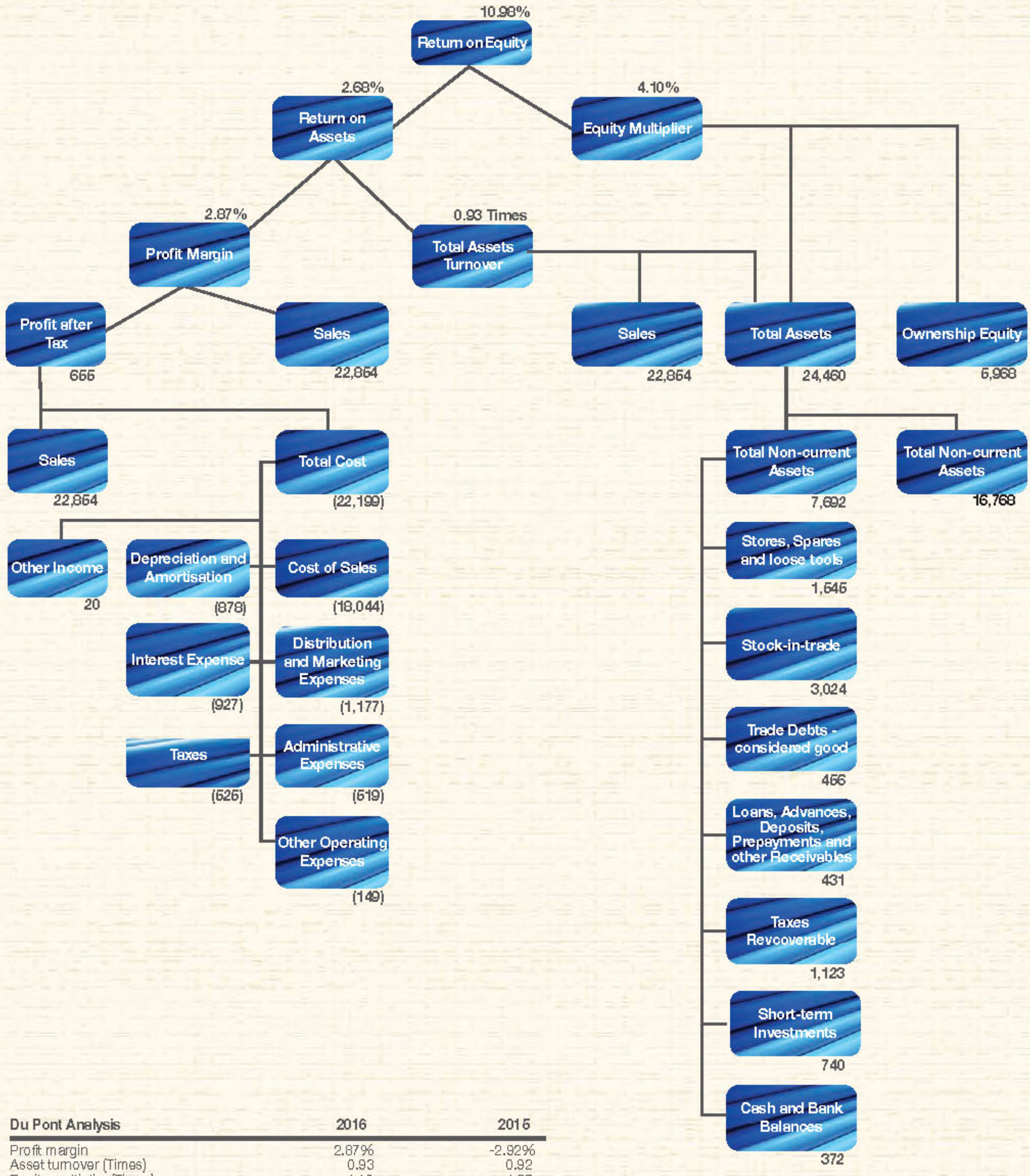
Investment / Market Ratios

Profit during the year resulted in positive EPS. Average market value per share is approximately Rs. 14.23 and the current year closing share price is also around Rs. 18.45, which depicts an increase trend of market value of shares.

Activity / Turnover Ratios

Cash operating cycle of the Company has decreased by 27 days as compared to last year.

DuPont Analysis



Du Pont Analysis	2016	2015
Profit margin	2.87%	-2.92%
Asset turnover (Times)	0.93	0.92
Equity multiplier (Times)	4.10	4.57
Return on investment	**10.98%**	**-12.24%**

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Balance Sheet Vertical and Horizontal Analysis

	2016	2015	2014	2013	2012	2011
ASSETS						
Non-Current Assets	16,769	17,363	18,058	17,740	18,730	19,559
Current Assets	7,692	6,879	8,244	7,500	6,227	4,969
Total Assets	24,461	24,242	26,301	25,240	24,957	24,528
EQUITY AND LIABILITIES						
Equity	5,968	5,303	5,939	6,934	6,199	6,139
Non-Current Liabilities	8,750	5,280	6,143	7,575	7,729	8,839
Current Liabilities	9,742	13,659	14,219	10,731	11,029	9,550
Total Equity & Liabilities	24,461	24,242	26,301	25,240	24,957	24,528
ASSETS						
Non-Current Assets	69%	72%	69%	70%	75%	80%
Current Assets	31%	28%	31%	30%	25%	20%
Total Assets	100%	100%	100%	100%	100%	100%
EQUITY AND LIABILITIES						
Equity	24%	22%	23%	27%	25%	25%
Non-Current Liabilities	36%	22%	23%	30%	31%	36%
Current Liabilities	40%	56%	54%	42%	44%	39%
Total Equity & Liabilities	100%	100%	100%	100%	100%	100%

	2016 over 2015	2015 over 2014	2014 over 2013	2013 over 2012	2012 over 2011	2011 over 2010
ASSETS						
Non-Current Assets	-3%	-4%	2%	-5%	-5%	0%
Current Assets	12%	-17%	10%	20%	27%	10%
Total Assets	1%	-8%	4%	1%	2%	2%
EQUITY AND LIABILITIES						
Equity	13%	-11%	-14%	12%	1%	-11%
Non-Current Liabilities	66%	-14%	-19%	-2%	-13%	-20%
Current Liabilities	-29%	-4%	32%	-4%	15%	55%
Total Equity & Liabilities	1%	-8%	4%	1%	2%	2%

Profit and Loss Account Vertical and Horizontal Analysis

Rs. in million

	2016	2015	2014	2013	2012	2011
Net Sales	22,854	22,264	23,819	24,592	20,466	16,886
Cost of Sales	(18,919)	(19,490)	(22,151)	(19,681)	(17,014)	(14,811)
Gross Profit	**3,935**	**2,773**	**1,668**	**4,911**	**3,452**	**2,075**
Distribution and Marketing expenses	(1,180)	(1,211)	(1,409)	(1,344)	(1,134)	(854)
Administrative expenses	(519)	(515)	(494)	(606)	(478)	(386)
Other Operating expenses	(149)	(325)	(309)	(521)	(528)	(226)
Other Income	20	57	174	278	501	21
Operating Profit / (Loss)	**2,107**	**778**	**(370)**	**2,718**	**1,813**	**630**
Finance Costs	(927)	(1,144)	(1,065)	(1,374)	(1,647)	(1,747)
Profit / (Loss) before Taxation	**1,180**	**(366)**	**(1,435)**	**1,344**	**166**	**(1,117)**
Taxation	(525)	(283)	419	(627)	(116)	388
Profit / (Loss) for the year	**655**	**(649)**	**(1,016)**	**717**	**50**	**(729)**

Vertical Analysis **% of Sales**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Net Sales	100%	100%	100%	100%	100%	100%
Cost of Sales	-83%	-88%	-93%	-80%	-83%	-88%
Gross Profit	17%	12%	7%	20%	17%	12%
Distribution and Marketing expenses	-5%	-5%	-6%	-6%	-6%	-5%
Administrative expenses	-2%	-2%	-2%	-2%	-2%	-2%
Other Operating expenses	-1%	-1%	-1%	-2%	-3%	-1%
Other Income	0%	0%	1%	1%	2%	0%
Operating Profit / (Loss)	9%	3%	-2%	11%	9%	4%
Finance Costs	-2%	-5%	-4%	-6%	-8%	-10%
Profit / (Loss) before Taxation	5%	-2%	-6%	5%	1%	-6%
Taxation	-2%	-1%	2%	-3%	-1%	2%
Profit / (Loss) for the year	3%	-3%	-4%	3%	0%	-4%

Horizontal Analysis **Year on Year**	**2016 Over 2015**	**2010 Over 2009**	**2011 Over 2010**	**2012 Over 2011**	**2013 Over 2012**	**2014 Over 2013**	**2015 Over 2014**
Net Sales	3%	26%	15%	21%	20%	-3%	-7%
Cost of Sales	-3%	29%	10%	15%	16%	13%	-12%
Gross Profit	42%	3%	74%	66%	42%	-66%	66%
Distribution and Marketing expenses	-3%	30%	40%	33%	19%	5%	-14%
Administrative expenses	1%	51%	24%	24%	27%	-18%	4%
Other Operating expenses	-54%	-26%	32%	134%	-1%	-41%	5%
Other Income	-64%	-78%	-5%	2286%	-45%	-37%	-67%
Operating Profit / (Loss)	171%	-65%	245%	188%	50%	-114%	-310%
Finance costs	-19%	137%	24%	-6%	-17%	-22%	7%
Profit / (Loss) before Taxation	-423%	418%	-13%	115%	710%	-207%	-74%
Taxation	86%	2643%	-18%	-130%	441%	-167%	-168%
Profit / (Loss) for the year	-201%	251%	-10%	107%	1334%	-242%	-36%

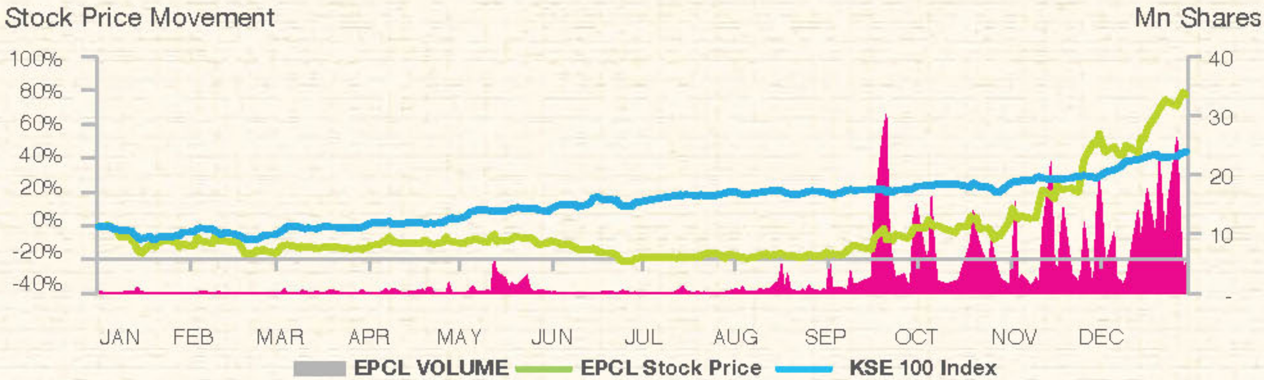
Key Financial Information

INVESTOR INFORMATION	Unit	2016	2015	2014	2013	2012	2011
Profitability Ratios							
Gross Profit Ratio	%	17.22	12.46	7.65	19.97	16.87	12.29
Net Profit / (Loss) to Sales	%	2.86	(2.92)	(4.27)	2.92	0.24	(4.32)
EBITDA	Rs. in Mn	2,985	2,062	867	3,897	2,992	1,793
EBITDA to Sales	%	13.06	9.26	3.64	14.60	14.62	10.62
Operating Leverage Ratio	No. of Times	64.46	(47.53)	12.05	3.58	11.23	25.55
Return on Equity	%	10.96	(12.24)	(17.11)	10.34	0.81	(11.87)
Return on Capital Employed	%	4.44	(6.14)	(8.44)	4.97	0.36	(4.94)
Liquidity Ratios							
Cash Flow from Operations to Sales	No. of Times	0.19	0.01	0.12	0.17	0.14	0.28
Cash to Current Liabilities	No. of Times	0.11	(0.08)	0.05	0.09	(0.10)	(0.06)
Current Ratio	No. of Times	0.79	0.50	0.58	0.71	0.57	0.52
Quick Ratio	No. of Times	0.32	0.18	0.20	0.27	0.17	0.15
Capital Structure							
Interest Cover Ratio	No. of Times	2.27	0.68	-0.35	1.98	1.10	0.36
Long-term Debt to Equity Ratio	No. of Times	1.47	0.99	1.03	1.08	1.22	1.40
Weighted Average Cost of Debt	%	9.16	9.09	10.25	11.21	11.21	10.99
Financial Leverage	%	161	214.09	163.58	151.49	186.98	192.77
Price to Book Ratio	Rs.	0.50	0.29	0.30	0.35	0.27	0.20
Earning Assets to Total Assets	%	76	76%	76%	76%	77%	81%
Activity / Turnover Ratios							
Fixed Assets Turnover	No. of Times	1.43	1.37	1.41	1.44	1.16	0.91
Total Assets Turnover	No. of Times	0.67	0.59	0.59	0.68	0.57	0.50
Inventory Turnover	No. of Days	57.54	64.04	58.90	58.45	59.23	55.77
Debtor Turnover	No. of Days	6.14	7.54	8.18	5.44	3.77	7.35
Creditor Turnover	No. of Days	158.4	192.91	165.00	151.35	164.88	123.05
Operating cycle	No. of Days	(94.72)	(128.62)	(97.92)	(87.47)	(101.88)	(59.93)
Investment / Market Ratios							
Number of Outstanding Shares at Year End	No. in Mn	663	663	663	663	663	663
Earnings Per Share - Basic and Diluted	Rs.	0.99	(0.98)	(1.53)	1.08	0.07	(1.10)
Price Earning Ratio	No. of Times	5.36	(9.37)	(12.76)	8.05	0.69	(14.99)
Market Value Per Share (at the end of the year)	Rs.	18.46	10.44	12.00	13.41	10.12	7.34
Market Value Per Share (highest during the year)	Rs.	19.00	14.14	17.25	14.55	13.82	15.87
Market Value Per Share (lowest during the year)	Rs.	8.20	7.91	10.65	8.50	8.20	7.15
Break up Value Per Share	Rs.	9	8.00	8.96	10.46	9.35	9.26

Share Price Sensitivity Analysis

During the year, 709.5 Mn shares were traded at the Karachi Stock Exchange. Initially, the share price could not maintain parity with the index, however, the trajectory of stock price picked up towards the start of fourth quarter. The uptick in value can be attributed to the increased Vinyl Chain core margins, and optimisation in operational efficiencies. The average price of the Company share based on daily closing rates was Rs. 10.23 while 52 week low / high was Rs. 8.2 – 18.45 per share respectively.

Share Price and KSE 100 Index in 2016



PVC – Ethylene Margins

PVC constitutes a significant portion of revenue at EPCL. The profitability of Vinyl Chain is largely a function spread between PVC & Ethylene prices. The movement of PVC and Ethylene prices moulded to benefit bottom line of the Company. The improvement in the margins was largely translated towards year end 2016 as the Company benefited from increasing PVC prices and relatively stable Ethylene prices. This trend is also reflected in the share price since 4Q '16.

Plant Operations

Stable plant operations lead to higher production and efficiency gains. Disruptions at production facilities negatively impact the Company's financial performance and have the potential to impact share price adversely. During 2016, EPCL demonstrated strong operational performance and achieved highest ever VCM & PVC production. Caustic Soda Unit also performed well post rehabilitation measures. The overall operations of the Company remained smooth and strong throughout the year.

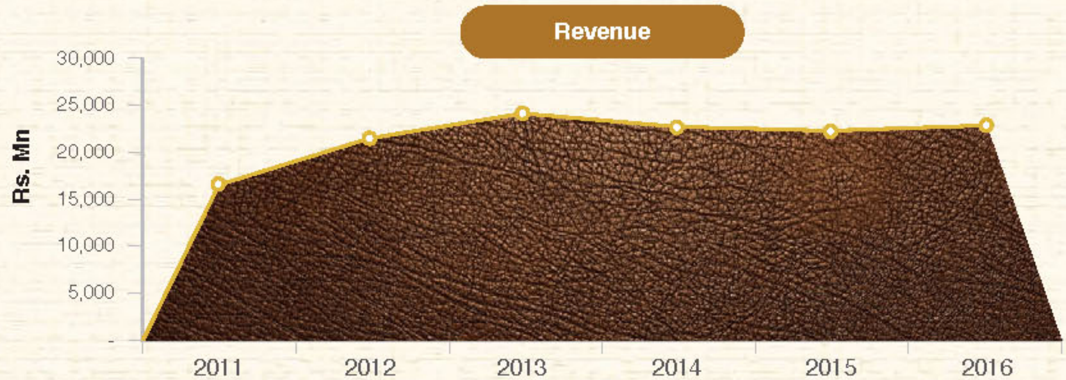
Interest Rate

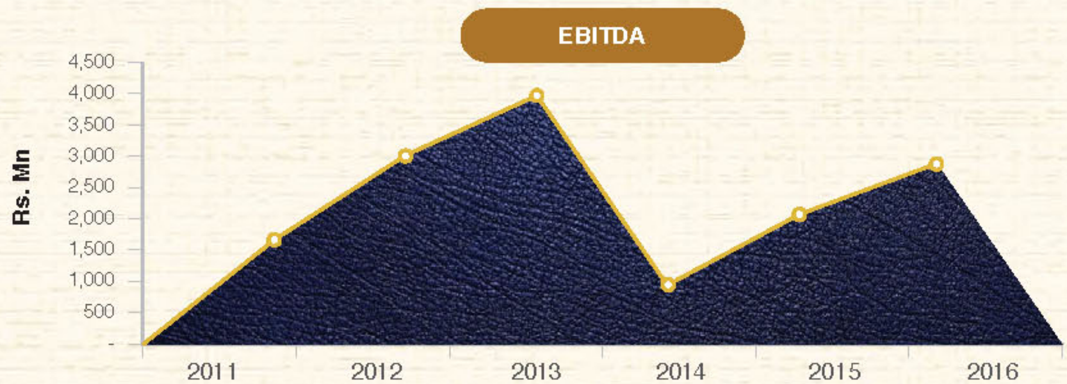
The Company has a sizeable debt on its books and is, therefore, dependent on interest rate movements. In case of upward movement in interest rates, profitability can be dented and can, therefore, have a negative impact on share price.

Exchange Rate volatility

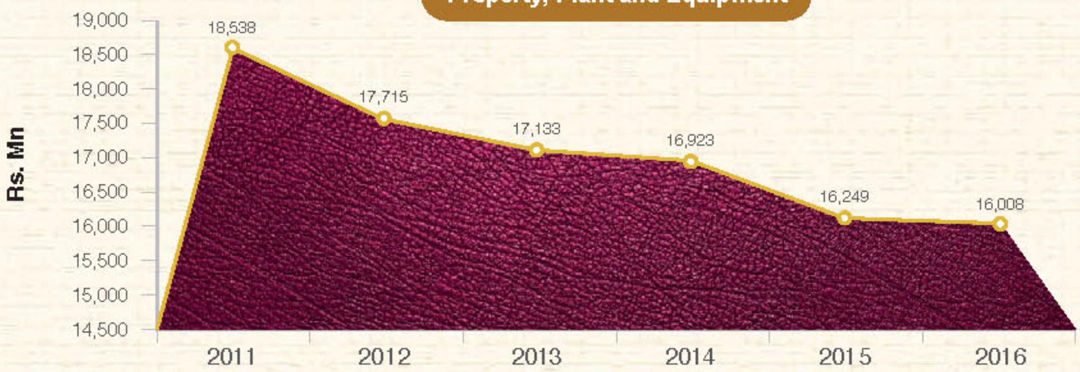
Major proportion of the Company's profitability is sensitive to exchange rate. The Company's primary raw materials prices are denominated in Dollar, therefore, any volatility in exchange rate can potentially impact the business. The Company also has Dollar based liabilities, which are sensitive to movements in exchange rate. The Company has robust Treasury Management to manage exchange rate risk. Downside risk due to currency fluctuation is mitigated through forward contracts depending on availability.

Graphical Presentation

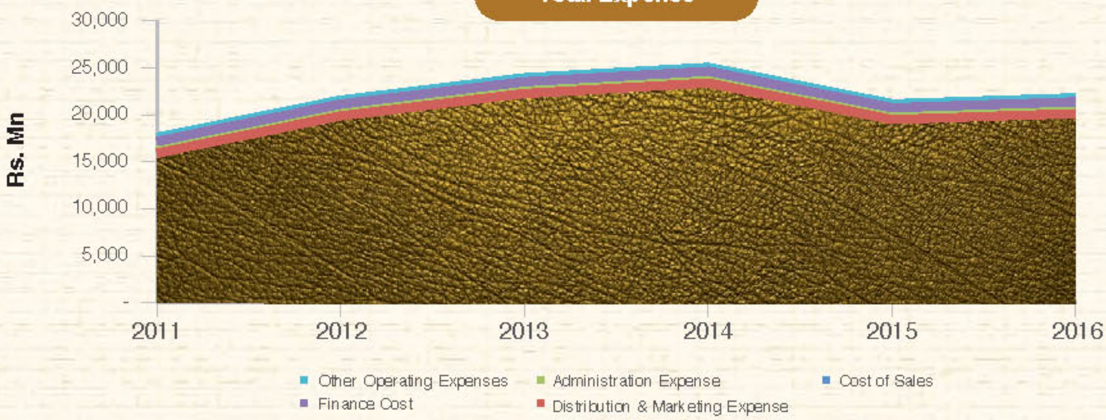




Property, Plant and Equipment



Total Expense



Shareholders' Value

FINANCIAL STATEMENTS

Reinventing Success

Brick by brick each company grows stronger over the years and succeeds in every mission with the help of its finances. It gives the strength to build the empire bigger and better.

statement of compliance

with the code of corporate governance
For the year ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulations of the Pakistan Stock Exchange Limited 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	Asad Said Jafar Feroz Rizvi Zafar Hadi
Executive Director/(CEO)	Imran Anwer
Non-Executive Directors	Kimihide Ando Shahzada Dawood Shoichi Ogiwara Ghias Khan

   The independent directors meet the criteria of independence under clause i(b) of the CCG. Of the non-executive directors, Mr. Ghias Khan is an executives in other Engro Group Company.

2. The Directors have confirmed that none of them are serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable.)

3. All the resident Directors of the Company are registered as tax payers and none of them have 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 occurred on the Board on October 8, November 7 and November 30, 2016. The casual vacancy occurring on November 30, 2016 was filled by the directors within 9 days. While the remaining two vacancies will be filled up in due course, within the prescribed time limit.

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 throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and the meeting fees payable to the non-executive directors, have been taken by the Board.

8. All 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 a short notice to discuss urgent matters. The minutes of the meetings were appropriately recorded and circulated.

9. Seven of the directors have already completed the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG). One of the directors will be attending the course in the ensuing year,

10. There has been no new appointment of the CFO, Company Secretary and Head of Internal Audit. The remuneration of the CFO, Company Secretary and Head of Internal Audit has been approved by the Board.

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 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 and Audit Committee. Upto November 07, 2016 the Committee comprised of four members of whom two were non-executive directors and two were independent directors and the Chairman of the Committee was an independent director. Due to resignation of Ms. Naz Khan a new member will be nominated on the Committee in due course.

16. The meetings of the Audit Committee were held at least once in 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. Upto November 30, 2016 it comprised of four members, of whom three were non-executive directors and one was an independent director and the Chairman of the Committee was a non-executive director. Due to resignation of Mr. Khalid Siraj Subhani, a new members will be nominated on the Committee in due course.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel that are involved in the internal audit function 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 company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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 maaterial principles enshrined in the CCG have been complied with,

Ghias Khan
Chairman

Imran Anwer
President & Chief Executive

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review report to the members on statement of compliance

with best practices of 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 Polymer and Chemicals Limited (the Company) for the year ended December 31, 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange, in which the Lahore and Islamabad stock exchanges have merged), where the Company is listed.

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

As part of our audit of 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
Dated: March 9, 2017
Engagement Partner: Waqas A. Sheikh

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

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auditors' report to the members

We have audited the annexed balance sheet of Engro Polymer and Chemicals Limited (the Company) as at December 31, 2016 and the related profit and loss account, 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 profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

 (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, profit and loss account, 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 loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants
Karachi
Dated: March 9, 2017
Engagement Partner: Waqas A. Sheikh

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■ KARACHI ■ LAHORE ■ ISLAMABAD

balance sheet

as at december 31, 2016

(Amounts in thousand)	Note	2016	2015
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	16,008,366	16,249,050
Intangibles	5	90,855	90,345
Long term investment - at cost	6	50,000	50,000
Long term loans and advances	7	69,971	66,372
Deferred taxation	8	549,328	908,103
		16,768,520	17,363,870
Current Assets			
Stores, spares and loose tools	9	1,545,381	1,539,344
Stock-in-trade	10	3,024,268	2,941,206
Trade debts - considered good	11	456,396	436,852
Loans, advances, deposits, prepayments and other receivables	12	431,435	390,511
Taxes recoverable	13	1,122,953	1,115,596
Short term investments	14	740,000	300,000
Cash and bank balances	15	371,616	154,779
		7,692,049	6,878,288
TOTAL ASSETS		24,460,569	24,242,158
EQUITY AND LIABILITIES			
Equity			
Share capital	16	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(1,475)	(11,993)
Accumulated loss		(1,628,905)	(2,283,693)
		5,968,337	5,303,031
Non-Current Liabilities			
Long term borrowings	17	8,750,000	5,262,612
Derivative financial instruments	18	-	17,382
		8,750,000	5,279,994
Current Liabilities			
Current portion of long term borrowings	17	416,903	3,064,064
Derivative financial instruments	18	2,107	23,982
Service benefit obligations	19	45,622	38,976
Short term borrowings	20	414,638	3,026,180
Trade and other payables	21	6,722,102	6,300,942
Accrued interest / mark-up	22	11,096	56,116
Provisions	23	2,129,764	1,148,873
		9,742,232	13,659,133
TOTAL EQUITY AND LIABILITIES		24,460,569	24,242,158
Contingencies and Commitments	24		

The annexed notes 1 to 45 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

profit and loss account

for the year ended december 31, 2016

[Amounts in thousand except for Profit / (Loss) per share]	Note	2016	2015
		Rupees	
Net revenue	25	22,854,024	22,263,742
Cost of sales	26	(18,919,015)	(19,490,499)
Gross profit		3,935,009	2,773,243
Distribution and marketing expenses	27	(1,179,769)	(1,211,496)
Administrative expenses	28	(518,896)	(515,348)
Other operating expenses	29	(149,457)	(325,474)
Other income	30	20,358	57,489
Operating profit		2,107,245	778,414
Finance costs	31	(927,181)	(1,144,194)
Profit / (Loss) before taxation		1,180,064	(365,780)
Taxation	32	(525,276)	(283,077)
Profit / (Loss) for the year		654,788	(648,857)
Profit / (Loss) per share - basic and diluted	33	0.99	(0.98)

The annexed notes 1 to 45 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

statement of comprehensive income

for the year ended december 31, 2016

(Amounts in thousand)	Note	2016	2015
		Rupees	
Profit / (Loss) for the year		654,788	(648,857)
Other comprehensive income :			
Items that will not be reclassified to profit or loss			
Deferred tax charge relating to revaluation of equity related items - share issuance cost		-	(4,946)
Items that may be reclassified subsequently to profit or loss			
Hedging reserve			
Loss arising during the year, net		(698)	(5,417)
Reclassification adjustments for losses included in profit or loss		15,973	32,449
Income tax relating to hedging reserve		(4,757)	(9,268)
		10,518	17,764
Other comprehensive income for the year - net of tax		10,518	12,818
Total comprehensive income / (loss) for the year		665,306	(636,039)

The annexed notes 1 to 45 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

statement of changes in equity

for the year ended december 31, 2016

(Amounts in thousand)

	Share Capital	RESERVES — CAPITAL: Share premium	RESERVES — REVENUE: Hedging reserve	RESERVES — REVENUE: Accumulated loss	Total
	Rupees				
Balance as at January 1, 2015	6,634,688	964,029	(29,757)	(1,629,890)	5,939,070
Total comprehensive loss for the year ended December 31, 2015	-	-	17,764	(653,803)	(636,039)
Balance as at December 31, 2015	6,634,688	964,029	(11,993)	(2,283,693)	5,303,031
Total comprehensive income for the year ended December 31, 2016	-	-	10,518	654,788	665,306
Balance as at December 31, 2016	6,634,688	964,029	(1,475)	(1,628,905)	5,968,337

The annexed notes 1 to 45 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

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	36	4,306,837	224,788
Finance costs paid		(885,669)	(994,685)
Long term loans and advances		(3,599)	(21)
Retirement benefits paid		(137,752)	(161,593)
Income tax paid		(178,615)	(263,011)
Net cash generated from / (utilized in) operating activities		3,101,202	(1,194,522)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(629,683)	(607,339)
- intangible assets		(14,974)	(53,369)
Proceeds from disposal of property, plant and equipment		6,655	10,896
Income on short term investment and bank deposits		915	33,928
Net cash utilized in investing activities		(637,087)	(615,884)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		6,600,000	2,150,000
Repayments of long term borrowings		(5,795,736)	(2,998,192)
Proceeds from short term borrowings		15,906	819,094
Repayments of short term borrowings		(1,050,000)	-
Net cash utilized in financing activities		(229,830)	(29,098)
Net increase / (decrease) in cash and cash equivalents		2,234,285	(1,839,504)
Cash and cash equivalents at beginning of the year		(1,152,307)	687,197
Cash and cash equivalents at end of the year	37	1,081,978	(1,152,307)

The annexed notes 1 to 45 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

notes to the financial statements

for the year ended december 31, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Polymer and Chemicals Limited (the Company) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited.

1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The address of its registered office is 16th Floor, The Harbor Front Building, HC-3 Marine Drive, Block 4 Clifton, Karachi. The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited.

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 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 (including derivative financial instruments) at fair value.

2.1.2 These 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 the 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 (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 or the requirements of the said directives take precedence.

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 high 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 January 1, 2016 and are relevant to the Company:

- IFRS 7, 'Financial instruments: Disclosures'. There are two amendments:

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

(Amounts in thousand)

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

These amendments only affects the disclosures in the Company's financial statements.

- IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2016). The amendments provide clarifications on a number of issues, including:

  - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

  - Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

  - Notes – confirmation that the notes do not need to be presented in a particular order.

  - OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

  According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments only affects the disclosures in the Company's financial statements.

- 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 only affects the disclosures in the Company's interim financial information.

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 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.

(Amounts in thousand)

- 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 stupulates clarifications of the guidance on identifying performance obligations, accounting for License of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Company is yet to assess the full impact of the standard; however, initial indicators are that it may not affect the Company's financial statements significantly.

- 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 Company is yet to assess the full impact of the standard.

- 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 the 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 the amendment will have any significant impact on the Company's financial statements.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments / receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation 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 cost less accumulated depreciation and impairment, if any, except capital work-in-progress. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Capital work-in-progress is stated at historical cost less impairment, if any.

(Amounts in thousand)

Depreciation on assets is charged to income using the straight line method to allocate their cost to their residual values over their estimated useful lives at rates given in note 4.1. Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal.

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. All other repairs and maintenance costs are charged to income during the year in which these are incurred.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognized in income. The recoverable amount is the higher of fair value less expected selling expenses and value in use. Reversal of impairment is effected in the case of indications of a change in recoverable amount and is recognized in income, however, is restricted to the original cost of the asset.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period of disposal or retirement.

2.3 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.

2.4 Intangible assets - Computer software

Costs associated with developing and maintaining computer software programmes are recognized as an expense as incurred. 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 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 a period of 5 to 10 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount and is recognized in income. Reversal of impairment losses are also recognized in income, however, is restricted to the original cost of the asset.

2.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost net of provision for impairment, if any. This investment is classified as long term investment.

(Amounts in thousand)

2.6 Financial instruments

2.6.1 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity 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. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise of 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

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 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. These are included in non-current assets unless the investment matures or management intends to dispose off the financial assets within 12 months of the balance sheet date.

Recognition and measurement

Regular way 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. Financial assets 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 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 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 financial assets are 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 profit and loss account within 'other income / 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 profit and loss account as part of 'other income' when the Company's right to receive payments is established. Gains or losses on sale of investments at 'fair value through profit or loss' are recognized in the profit and loss account as 'gains and losses from investment securities'.

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

(Amounts in thousand)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the profit and loss account. Impairment losses recognized in profit and loss on equity instruments are not reversed through profit and loss.

2.6.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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 profit and loss account.

2.6.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 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 balance sheet date. Provision is made for slow moving items older than ten years, and is recognized in the profit and loss account.

2.8 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost in relation to raw materials represent the weighted average cost and in relation to finished goods and work-in-process represents weighted average cost comprising direct materials, labour and related manufacturing overheads.

Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving stocks, where considered necessary.

2.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when 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 the provision is charged to income. 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.

(Amounts in thousand)

2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and short term finances. Short term finances on the balance sheet are shown as part of current liabilities.

2.11 Share capital

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

2.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for atleast twelve months after the balance sheet date.

2.13 Retirement and other service benefits

2.13.1 Gratuity fund

The employees of the Company participate in a defined contribution gratuity fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. As per the terms of the defined contribution plan, the Company contributes to the Fund at the rate of 8.33% of basic salary. Annual contribution by the Company is charged to profit and loss account.

2.13.2 Provident fund

The employees of the Company participate in defined contribution provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Equal monthly contributions at the rate of 10% of the basic salary are made both by the Company and the employees to the Fund. Annual contribution by the Company is charged to profit and loss account.

2.13.3 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay.

2.13.4 Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Company'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.

2.14 Trade and other payables

These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

(Amounts in thousand)

2.15 Provisions

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

2.16 Taxation

2.16.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

2.16.2 Deferred

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax is charged or credited in the profit and loss account except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

2.17 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the 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 profit and loss account.

2.18 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or

b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the 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.

(Amounts in thousand)

Cash flow hedge

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes in the cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in other comprehensive income are reclassified to the profit and loss account in the periods when the hedged item affects profit or loss account i.e. when the transaction occurs. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account or the cost of the related asset for which the borrowing is being utilized. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for e.g. stock-in-trade or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in cost of sales in case of stock-in-trade, or in depreciation in case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit and loss account or the cost of the related non-financial asset (for e.g. stock-in-trade or property, plant and equipment) as applicable. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. Movements on the hedging reserve are shown in statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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:

- sales are recognized when the product is dispatched to customers;
- revenue from the supply of electricity is recognized based upon the output delivered;
- dividend income is recognized when the Company's right to receive the payment is established; and
- return on deposits is recognized on accrual basis using the effective interest method.

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 from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

2.21 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 Company that makes strategic decisions.

(Amounts in thousand)

2.22 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 Property, plant and equipment and intangible assets

The Company reviews appropriateness of the useful life and residual value, where applicable, used in the calculation of depreciation / amortization on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. During the year, the Company has reassessed the useful lives of its property, plant and equipment as disclosed in note 4.1.1.

3.2 Derivative financial instruments designated as cash flow hedges

The Company 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.

3.3 Stock-in-trade

The Company regularly 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 expenditure to make the sales.

3.4 Income taxes

In making the estimates for current income taxes payable by the Company, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past.

3.5 Deferred tax asset

In assessing the recognition of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences, become deductible. Management considers the scheduled reversal of deferred tax liabilities, projects future taxable income and tax planning strategies in making this assessment. The amount of deferred tax assets considered realizable, however, could change in the near term if future estimates of projected taxable income during the carry forward period are revised.

4. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	Rupees	
Operating assets, at net book value - note 4.1	15,245,662	15,520,580
Capital work-in-progress - note 4.4	679,306	642,520
Capital spares	83,398	85,950
	16,008,366	16,249,050

(Amounts in thousand)

4.1 Operating assets

	Leasehold land	Building on leasehold land	Plant and machinery	Pipelines				Furniture, fixtures and equipment	Vehicles	Total
				Water	VCM	Ethylene	Gas			
					Rupees					
As at January 1, 2015										
Cost	194,127	503,682	22,511,487	398,968	26,122	50,315	33,849	186,651	98,908	24,004,109
Accumulated depreciation	(36,954)	(120,566)	(6,977,462)	(165,636)	(19,753)	(12,790)	(10,812)	(128,813)	(58,848)	(7,531,634)
Net book value	157,173	383,116	15,534,025	233,332	6,369	37,525	23,037	57,838	40,060	16,472,475
Year ended December 31, 2015										
Opening net book value	157,173	383,116	15,534,025	233,332	6,369	37,525	23,037	57,838	40,060	16,472,475
Additions - note 4.4	-	1,099	315,102	-	-	-	-	10,683	2,700	329,584
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	(283)	(33,421)	(33,704)
Accumulated depreciation	-	-	-	-	-	-	-	44	21,335	21,379
	-	-	-	-	-	-	-	(239)	(12,086)	(12,325)
Write offs - note 4.3										
Cost	-	-	-	-	-	-	-	(125)	-	(125)
Accumulated depreciation	-	-	-	-	-	-	-	79	-	79
	-	-	-	-	-	-	-	(46)	-	(46)
Depreciation charge - note 4.2	(3,934)	(20,471)	(1,195,745)	(19,999)	(1,317)	(2,516)	(1,693)	(15,838)	(7,595)	(1,269,108)
Net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
As at January 1, 2016										
Cost	194,127	504,781	22,826,589	398,968	26,122	50,315	33,849	196,926	68,187	24,299,864
Accumulated depreciation	(40,888)	(141,037)	(8,173,207)	(185,635)	(21,070)	(15,306)	(12,505)	(144,528)	(45,108)	(8,779,284)
Net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
Year ended December 31, 2016										
Opening net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
Additions - note 4.4	-	-	558,399	-	-	-	-	37,050	-	595,449
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	(146)	(21,838)	(21,984)
Accumulated depreciation	-	-	-	-	-	-	-	138	15,592	15,730
	-	-	-	-	-	-	-	(8)	(6,246)	(6,254)
Write offs - note 4.3										
Cost	-	-	-	-	-	-	-	(1,194)	-	(1,194)
Accumulated depreciation	-	-	-	-	-	-	-	813	-	813
	-	-	-	-	-	-	-	(381)	-	(381)
Depreciation charge - note 4.2	(3,933)	(20,851)	(791,136)	(19,999)	(1,317)	(2,516)	(1,693)	(18,919)	(3,368)	(863,732)
Net book value	149,306	342,893	14,420,645	193,334	3,735	32,493	19,651	70,140	13,465	15,245,662
As at December 31, 2016										
Cost	194,127	504,781	23,384,988	398,968	26,122	50,315	33,849	232,636	46,349	24,872,135
Accumulated depreciation	(44,821)	(161,888)	(8,964,343)	(205,634)	(22,387)	(17,822)	(14,198)	(162,496)	(32,884)	(9,626,473)
Net book value	149,306	342,893	14,420,645	193,334	3,735	32,493	19,651	70,140	13,465	15,245,662
Annual Rate of Depreciation (%)	2 to 2.14	2.5 to 10	2.5 to 25	5	5	5	5	5 to 33	5 to 25	

(Amounts in thousand)

4.1.1 During the year, as required under the Company's accounting policy, the Company re-assessed useful lives of its plant and machinery. For this purpose, the Company 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.

4.2 Depreciation charge has been allocated as follows:

	2016	2015
	Rupees	
Cost of sales - note 26	849,672	1,247,190
Distribution and marketing expenses - note 27	3,348	3,839
Administrative expenses - note 28	10,712	18,079
	863,732	1,269,108

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

	Cost	Accumulated depreciation	Net book value	Proceeds	Mode of disposal	Particulars of purchaser
	Rupees					
Vehicle	750	600	150	574	By auction	Waqar Ahmed
"	654	523	131	568		Imran Ahmed
Vehicle	8,000	5,625	2,375	2,000	Under Company policy to existing/ separating employees	Jahangir Piracha
"	1,638	1,152	486	410		Ikram Nabi
"	1,648	1,030	618	464		Rahim Anwar
"	1,638	1,203	435	409		Mudassir Bashir
"	2,058	1,447	611	515		Najam Saeed
"	2,176	1,632	544	544		Syed Ali Akbar
"	1,638	1,203	435	410		Muhamamd Imran Baloch
"	1,638	1,177	461	410		M. Saad Khan
	21,838	15,592	6,246	6,304		
Laptop	146	138	8	8	Under specific approval to separating employees	Adeeb Malik
Computer equipment	1,194	813	381	343	Written-off	EFU Insuarance Claim
2016	23,178	16,543	6,635	6,655		
2015	33,829	21,458	12,371	10,966		

(Amounts in thousand)

4.4 Capital work-in-progress

	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipments	Advances for vehicles & software	Total
	Rupees				
Year ended December 31, 2015					
Balance as at January 1, 2015	4,975	343,163	1,959	16,562	366,659
Additions during the year	3,604	572,521	27,325	55,364	658,814
Transferred to:					
-Operating assets - note 4.1	(1,099)	(315,102)	(10,683)	(2,700)	(329,584)
-Intangible assets note 5		-	-	(53,369)	(53,369)
Balance as at December 31, 2015	7,480	600,582	18,601	15,857	642,520
Year ended December 31, 2016					
Balance as at January 1, 2016	7,480	600,582	18,601	15,857	642,520
Additions during the year	2,175	612,464	23,045	9,525	647,209
Transferred to:					
-Operating assets - note 4.1	-	(558,399)	(37,050)	-	(595,449)
-Intangible assets - note 5	-	-	-	(14,974)	(14,974)
Balance as at December 31, 2016	9,655	654,647	4,596	10,408	679,306

5. INTANGIBLE ASSETS - Computer software

	Rupees
As at January 1, 2015	
Cost	107,686
Accumulated amortization	(55,839)
Net book value	51,847
Year ended December 31, 2015	
Opening net book value	51,847
Additions at cost - note 4.4	53,369
Amortization charge - note 28	(14,871)
Closing net book value	90,345
As at December 31, 2015	
Cost	161,055
Accumulated amortization	(70,710)
Net book value	90,345
Year ended December 31, 2016	
Opening net book value	90,345
Additions at cost - note 4.4	14,974
Amortization charge - note 28	(14,464)
Closing net book value	90,855
As at December 31, 2016	
Cost	176,029
Accumulated amortization	(85,174)
Net book value	90,855

5.1 The cost is being amortized over a period of 5 to 10 years.

(Amounts in thousand)

	2016	2015
	Rupees	

6. LONG TERM INVESTMENT

	2016	2015
Subsidiary - at cost		
Engro Polymer Trading (Private) Limited		
5,000,000 (2015: 5,000,000) ordinary shares of Rs. 10 each	50,000	50,000

7. LONG TERM LOANS AND ADVANCES - Considered good

	2016	2015
Executives - notes 7.1, 7.2, 7.4 and 7.5	101,029	101,023
Less: Current portion shown under current assets - note 12	(31,058)	(34,653)
	69,971	66,370
Employees - notes 7.3 and 7.5	806	16
Less: Current portion shown under current assets - note 12	(806)	(14)
	-	2
	69,971	66,372

7.1 Reconciliation of the carrying amount of loans and advances to executives is as follows:

	2016	2015
	Rupees	
Balance at beginning of the year	101,023	99,847
Add: Disbursements	57,079	70,725
Less: Repayments / Amortizations	(57,073)	(69,549)
Balance at end of the year	101,029	101,023

7.2 These include interest free loans and advances to executives for house rent, vehicles, home appliances and investments given in accordance with the terms of employment. Loans for house rent and investments are repayable in 18 to 36 equal monthly installments. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to profit and loss account over a period of 4 years.

7.3 These include interest free loans to employees for home appliances and investments, given in accordance with the terms of employment. Loans are repayable in accordance with the terms stated in note 7.2.

7.4 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 121,646 (2015: Rs. 139,119). These are secured by way of promissory notes.

7.5 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 material defaults in recent history.

(Amounts in thousand)

	2016	2015
	Rupees	

8. DEFERRED TAXATION

	2016	2015
Credit balances arising due to:		
- accelerated tax depreciation	(3,178,960)	(2,995,947)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 8.1	2,778,309	3,424,568
- recoupable minimum turnover tax - note 8.2	168,659	-
- unpaid liabilities	87,783	70,720
- provision for Gas Infrastructure Development Cess and Special Excise Duty	618,568	325,412
- provision for net realizable value of stock-in-trade	7,208	14,312
- provision for slow moving stores and spares	17,662	14,182
- fair value of hedging instrument	632	5,389
- share issuance cost, net to equity	49,467	49,467
	3,728,288	3,904,050
	549,328	908,103

8.1 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 aggregate tax losses available for carry-forward as at December 31, 2016 amount to Rs. 9,261,030 (2015: Rs. 11,415,228).

8.2 During the year, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current year amounting to Rs. 168,659 (2015: Nil) as the Company, based on its financial projections, expects to recoup it in the ensuing years. In 2013, the High Court of Sindh, in respect of another company, overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and decided that 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 Company's management is however of the view, duly supported by the legal advisor, that the above order would not be maintained by the Supreme Court, which the Company intends to approach if required. Accordingly, the Company has recognized deferred tax asset on recoupable minimum turnover tax.

9. STORES, SPARES AND LOOSE TOOLS

	2016	2015
	Rupees	
Consumable stores and spares	1,606,707	1,621,069
Less:		
- Provision for slow moving stores and spares - note 9.1	61,326	52,525
- Stores and spares written-off - note 26	-	29,200
	1,545,381	1,539,344

9.1 The movement in the provision for slow moving stores and spares is as follows:

	2016	2015
Balance at beginning of the year	52,525	28,023
Add: Recognized during the year - note 26	8,801	24,502
Balance at end of the year	61,326	52,525

(Amounts in thousand)

	2016	2015
	Rupees	

10. STOCK-IN-TRADE

	2016	2015
Raw and packing materials - notes 10.1 and 10.2	1,876,110	1,975,662
Work-in-process	2,635	23,533
Finished goods - own manufactured product - notes 10.1 and 10.3	1,145,523	942,011
	3,024,268	2,941,206

10.1 This includes stocks held at the storage facilities of the following parties:

	2016	2015
- Engro Vopak Terminal Limited, a related party	345,812	459,663
- Fatima Fertilizer Company Limited	4,286	-
- Dawood Hercules Corporation Limited	-	8,755
- Al-Rahim Trading Company (Private) Limited	14,083	108,297
- Al-Hamd Traders	1,581	-
	365,762	576,715

10.2 This includes goods in transit amounting to Rs. 548,142 (2015: Rs. 416,837).

10.3 This includes carrying value of Poly Vinyl Chloride resin, net of realizable value reduction of Rs. 25,028 (2015: Rs. 51,299).

	2016	2015
	Rupees	

11. TRADE DEBTS - considered good

	2016	2015
Secured - notes 11.1 and 11.2	291,581	301,035
Unsecured - note 11.2	164,815	135,817
	456,396	436,852

11.1 These debts are secured by way of bank guarantees and letters of credit from customers.

11.2 Includes amounts due from the following related parties:

	Aging Analysis			
	Upto 1 month	2 to 6 months	2016	2015
	Rupees			
Engro Fertilizer Limited	8,614	15,107	23,721	16,896
Engro Foods Limited	397	28	425	2,689
	9,011	15,135	24,146	19,585

11.3 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 default in recent history.

(Amounts in thousand)

		2016	2015
		Rupees	
12.	LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Considered good		
	Current portion of long term loans and advances - note 7		
	- executives	31,058	34,653
	- employees	806	14
		31,864	34,667
	Advances to employees	2,184	2,829
	Advances to suppliers and others	54,735	71,605
	Deposits	20,883	19,957
	Prepayments	88,529	85,746
	Receivable from Government of Pakistan		
	- Sales tax and Federal excise duty refundable	224,969	169,035
	- Octroi / duty claims	152	152
		225,121	169,187
	Due from related parties:		
	Engro Vopak Terminal Limited	8	1,800
	Engro Foods Limited	39	7
	Engro Powergen Limited	4,124	-
	Sindh Engro Coal Mining Company Limited	220	-
	Engro Corporation Limited	290	-
	Engro Foundation	7	-
	Engro Powergen Qadirpur Limited	9	253
		4,697	2,060
	Other receivables	3,422	4,460
		431,435	390,511
	Considered doubtful		
	Custom duty claims refundable - note 12.1	18,043	18,043
	Less: Provision for impairment - note 12.3	(18,043)	(18,043)
		-	-
	Special Excise Duty (SED) refundable - note 12.2	36,687	36,687
	Less: Provision for impairment - note 12.3	(36,687)	(36,687)
		-	-
		431,435	390,511

12.1 The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed off the Company's appeal 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 the 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 Company'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 the Company.

The Company has filed an appeal with the High Court of Sindh against the aforesaid order of the Tribunal. However, based on prudence, the Company is maintaining full provision against the aforementioned custom duty refundable till such time that all available legal courses are exhausted.

(Amounts in thousand)

12.2 During the year 2007, Special Excise Duty (SED) amounting to Rs. 91,616 was paid on import of certain fixed assets. 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, the Company has fully provided the said amount on the basis of prudence. However, the Company 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.

12.3 As at December 31, 2016, receivables aggregating to Rs. 54,730 (2015: Rs. 54,730) were deemed to be impaired and have been provided for in full, based on prudence. The remaining balances of loans, deposits, due from related parties and other receivables are neither past due nor impaired.

13. TAXES RECOVERABLE

13.1 Tax year 2008

The Deputy Commissioner Inland Revenue (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.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)], 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(A) 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 the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company'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.

The Company 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 the Company. The management of the Company, 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 financial statements.

(Amounts in thousand)

13.2 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. 36,687; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by the Company before the CIR(A). Through his appellate order, the CIR(A) 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(A), 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 Company'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.

The Company 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 the Company. The management of the Company, 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 financial statements.

	2016	2015
	Rupees	
14. SHORT TERM INVESTMENTS		
Held to maturity		
Term Deposits Receipts - note 14.1	740,000	300,000

14.1 These Term Deposits Receipts mature on January 28, 2017 and carry mark-up ranging from 6.15% to 7% (2015: 7.6%) per annum.

	2016	2015
	Rupees	
15. CASH AND BANK BALANCES		
Cash in hand	919	886
Cash at bank:		
- current accounts	36,284	39,164
- saving accounts - note 15.1	334,413	114,729
	370,697	153,893
	371,616	154,779

15.1 Includes Rs. 32,943 (2015: Rs. 36,679) held in foreign currency bank account.

(Amounts in thousand)

	2016	2015
	Rupees	

16. ## SHARE CAPITAL

	2016	2015
Authorized capital		
800,000,000 (2015: 800,000,000) ordinary shares of Rs. 10 each	8,000,000	8,000,000
400,000,000 (2015: 400,000,000) preference shares of Rs. 10 each	4,000,000	4,000,000
Issued, subscribed and paid-up capital		
663,468,788 (2015: 663,468,788) ordinary shares of Rs. 10 each, fully paid in cash - note 16.1	6,634,688	6,634,688

16.1 As at December 31, 2016, Engro Corporation Limited (the Holding Company) held 372,809,989 (2015: 372,809,989) ordinary shares of Rs.10 each.

17. ## LONG TERM BORROWINGS, secured

Title	Mark-up rate per annum	Installments		2016	2015
		Number	Commencing from	Rupees	
Master Istisna IV	6 months KIBOR + 2.6%	Single	April 2016	-	100,000
Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	-	1,385,616
Syndicated term finance I	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
Bilateral Loan I	6 months KIBOR + 2%	6 half yearly	June 2016	-	544,291
International Finance Corporation (IFC) (note 17.3)	6 months LIBOR + 2.6% to 3%	15 half yearly	June 2010	416,903	1,246,479
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 (notes 17.1 and 17.4)	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - V (notes 17.1 and 17.4)	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - VI (notes 17.1 and 17.4)	6 months KIBOR + 0.8%	10 half yearly	June 1, 2019	750,000	-
Bilateral - VII (notes 17.1 and 17.4)	6 months KIBOR + 0.8%	10 half yearly	June 28, 2019	1,250,000	-
Bilateral - VIII (notes 17.1 and 17.4)	6 months KIBOR + 0.8%	6 half yearly	June 1, 2019	750,000	-
Subordinated loan from Engro Corporation Limited (ECL) (note 17.2)	3 months KIBOR + 3.5%	Repayable full in five years		3,000,000	2,150,000
				9,166,903	8,326,676
Current portion shown under current liabilities				(416,903)	(3,064,064)
				8,750,000	5,262,612

(Amounts in thousand)

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

17.2 The Company entered into a financing arrangement with the Holding Company to obtain a subordinated facility of Rs. 4,000,000 payable at the end of five years from the date of disbursement. The loan carries markup at the rate of 3 months KIBOR plus 3.5% per annum, payable on quarterly basis. As at December 31, 2016 Rs. 3,000,000 (2015: Rs. 2,150,000) have been drawn from the available facility.

17.3 These facilities are secured by a ranking hypothecation charge over the present and future movable assets of the Company.

17.4 These finances are secured by way of hypothecation charge over all the present and future moveable fixed assets (excluding land and building) of the Company. The charges have been initially registered as ranking charges, to be upgraded to pari pasu charge in a period of upto 120 days from the date of first drawdown.

18. DERIVATIVE FINANCIAL INSTRUMENTS

18.1 As at December 31, 2016, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US$ 2,666 (2015: US$ 8,000) to hedge its interest rate exposure on floating rate foreign currency borrowings from International Finance Corporation (IFC). Under the swap agreements, the Company would receive six month USD-LIBOR on respective notional amounts and will pay fix rates, which will be settled semi-annually. Details of these swap agreements are as follows:

Notional Amounts		Effective Date	Termination Date	Fixed Rate %	Fair Values as at	
2016	2015				2016	2015
US $					Rupees	
1,000	3,000	December 15, 2008	June 15, 2017	3.385	790	7,602
333	1,000	June 15, 2009	June 15, 2017	3.005	264	2,132
1,000	3,000	June 15, 2009	June 15, 2017	2.795	790	5,731
333	1,000	June 15, 2009	June 15, 2017	2.800	263	1,917
2,666	8,000				2,107	17,382

18.2 As at December 31, 2016, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating Nil (2015: US$ 24,471) to neutralize exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Company would pay respective rate agreed at the initiation of the agreements on settlement dates. As at December 31, 2016 the fair value of these derivatives is Nil (2015 : Rs. 23,982).

(Amounts in thousand)

	2016	2015
	Rupees	
19. SERVICE BENEFIT OBLIGATIONS		
Service incentive plan - note 19.1	45,622	38,976

19.1 This represents provision for annual employment benefit payable to eligible employees who have successfully completed 3 years vesting period with the Company.

	2016	2015
	Rupees	
20. SHORT TERM BORROWINGS		
Running finance utilized under mark-up arrangements - note 20.1	29,638	527,086
Export refinance facility - note 20.2	300,000	750,000
Money market loans - note 20.3	-	1,080,000
Loan from Subsidiary - note 20.4	85,000	69,094
Sub-ordinated loan from Engro Corporation Limited - note 20.5	-	600,000
	414,638	3,026,180

20.1 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,300,000 (2015: Rs. 3,050,000). The corresponding purchase price is payable on various dates during the ensuing year. Mark-up is chargeable at rates net of prompt payment rebate, ranging from relevant period KIBOR plus 0.9% to 1.25% (2015: relevant period KIBOR plus 0.9% to 1%) per annum. During the year, the mark-up rates, net of prompt payment rebate, ranged from 7.02% to 7.52% (2015: 7.44% to 11.15%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

20.2 This represents export refinancing facility carrying mark-up at the rate of 3% (2015: 4.5%) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

20.3 These represent money market loans obtained from commercial banks carrying mark-up ranging from 6.9% to 7.06% per annum. These loans were obtained for a period ranging from 7 to 40 days and were secured by a hypothecation charge over the current assets of the Company.

20.4 This represents loan from Engro Polymer Trading (Private) Limited, the wholly owned subsidiary. The loan is subordinated to other financial arrangements (other than trade creditors) and carries markup at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.

(Amounts in thousand)

20.5 This represented short term loan from Engro Corporation Limited (the Holding Company) for meeting the working capital requirements. The loan is subordinated to the finances provided to the Company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.

20.6 The facility for opening letters of credit as at December 31, 2016 aggregates to Rs. 11,800,000 (2015: Rs. 13,175,000). The amount utilized thereagainst as at December 31, 2016 was Rs. 5,503,000 (2015: Rs. 4,436,000). The facilities carry commission at the rate of 0.05% to 0.1% flat (2015: 0.05% to 0.1% flat).

	2016	2015
	Rupees	
21. TRADE AND OTHER PAYABLES		
Trade and other creditors - note 21.1	4,964,249	4,474,429
Accrued liabilities	1,282,790	1,239,837
Advances from customers - note 21.1	291,490	437,624
Retention money	10,895	11,887
Security deposits	28,955	41,937
Workers' welfare fund	49,764	43,764
Withholding tax payable	-	4,858
Workers' profits participation fund - note 29	62,424	-
Others	31,535	46,606
	6,722,102	6,300,942

21.1 Includes due to following related parties:

	2016	2015
- Engro Corporation Limited	-	392
- Mitsubishi Corporation	2,682,171	2,195,710
- Engro Fertilizers Limited	108	485
- Engro Vopak Terminal Limited	-	93,654
	2,682,279	2,290,241

22. ACCRUED INTEREST / MARK-UP

	2016	2015
Finance cost accrued on:		
- long term borrowings	859	27,435
- short term borrowings	10,237	28,681
	11,096	56,116

23. PROVISIONS

	2016	2015
Provision for Gas Infrastructure Development Cess	2,129,764	1,148,873

(Amounts in thousand)

Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company has obtained ad-interim stay orders from the Sindh High Court. However, on prudent basis the Company recognized a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The Company based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Company reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

Further, the Company has also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. However, based on prudence, the Company has recognized a further provision of Rs. 1,577,639 pertaining to the period subsequent to promulgation of GIDC Act, 2015.

24. CONTINGENCIES AND COMMITMENTS

24.1 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. The Company filed there against before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company 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 the Company. 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 the Company, 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.

24.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2016 amounts to Rs. 1,156,750 (2015: Rs. 1,098,000). The amount utilized there against as at December 31, 2016 is Rs. 1,140,950 (2015: Rs. 1,097,280).

24.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Fatima fertilizer, for storage and handling of Ethylene Di Chloride (EDC) and Caustic soda, respectively. The total lease rentals due under these lease arrangements are payable in monthly installments till July 2019. The future aggregate lease payments under these arrangements are as follows:

	2016	2015
	Rupees	
Not later than 1 year	14,400	16,834
Later than 1 year and no later than 5 years	22,800	37,200
	37,200	54,034

24.4 The Company 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 US $ 9,165.

(Amounts in thousand)

		2016	2015
		Rupees	
25.	NET REVENUE		
	Gross local sales	26,542,263	23,997,674
	Less:		
	- Sales tax	3,839,807	3,436,585
	- Discounts	317,322	240,797
		4,157,129	3,677,382
		22,385,134	20,320,292
	Export sales	415,759	1,872,443
	Supply of electricity - note 25.1	53,131	71,007
		22,854,024	22,263,742

25.1 Represents supply of surplus power to Engro Fertilizers Limited - a related party.

		2016	2015
		Rupees	
26.	COST OF SALES		
	Opening stock of work-in-process	23,533	21,632
	Raw and packing materials consumed - note 26.1	10,874,303	11,277,158
	Salaries, wages and staff welfare - note 26.2	878,117	889,095
	Fuel, power and gas - note 26.3	4,386,364	3,400,214
	Repairs and maintenance	331,951	362,967
	Depreciation - note 4.2	849,672	1,247,190
	Consumable stores	312,977	314,741
	Purchased services	187,020	165,669
	Storage and handling	1,024,998	1,019,968
	Training, conveyance and travelling	96,490	107,477
	Communication, stationery and other office expenses	9,921	7,459
	Insurance	110,825	95,478
	Provision for slow moving stores and spares - note 9.1	8,801	24,502
	Stores and spares written-off - note 9	-	29,200
	Other expenses	30,190	24,068
		19,101,629	18,965,186
	Closing stock of work-in-process	(2,635)	(23,533)
	Cost of goods manufactured	19,122,527	18,963,285
	Opening stock of finished goods	942,011	1,469,225
	Closing stock of finished goods	(1,145,523)	(942,011)
		(203,512)	527,214
		18,919,015	19,490,499

26.1 This is net of reversal of provision amounting to Nil (2015: Rs. 90,418) in respect of duty on import of raw materials.

(Amounts in thousand)

26.2 Includes Rs. 71,814 (2015: Rs. 81,352) in respect of staff retirement and other service benefits, referred to in note 34.

26.3 This is net of reversal of provision amounting to Nil (2015: Rs. 753,664), in respect of GIDC of prior periods, as disclosed in note 23.

27. DISTRIBUTION AND MARKETING EXPENSES

	2016	2015
	Rupees	
Salaries, wages and staff welfare - note 27.1	123,923	143,706
Sales promotion	124,043	108,706
Product transportation and handling	860,571	899,332
Rent, rates and taxes	29,100	23,067
Purchased services	13,237	8,261
Depreciation - note 4.2	3,348	3,839
Training, conveyance and travelling	12,032	10,868
Communication, stationery and other office expenses	4,139	3,209
Others	9,376	10,508
	1,179,769	1,211,496

27.1 Includes Rs. 10,213 (2015: Rs. 21,414) in respect of staff retirement and other service benefits, referred to in note 34.

28. ADMINISTRATIVE EXPENSES

	2016	2015
	Rupees	
Salaries, wages and staff welfare - note 28.1	265,958	252,208
Rent, rates and taxes	57,945	65,902
Purchased services	101,959	97,031
Insurance	2,751	631
Depreciation - note 4.2	10,712	18,079
Amortization - note 5	14,464	14,871
Training, conveyance and travelling	27,612	26,285
Communication, stationery and other office expenses	18,690	18,500
Others	18,805	21,841
	518,896	515,348

28.1 Includes Rs. 19,110 (2015: Rs. 15,698) in respect of staff retirement and other service benefits, referred to in note 34.

(Amounts in thousand)

		2016	2015
		Rupees	
29.	**OTHER OPERATING EXPENSES**		
	Legal and professional charges	23,354	15,435
	Auditors' remuneration - note 29.1	4,153	6,127
	Donations - notes 29.2 and 29.3	4,575	11,127
	Workers' welfare fund	6,000	-
	Workers' profits participation fund	62,424	-
	Loss on disposal of operating assets	-	1,429
	Foreign exchange loss - net	38,181	291,310
	Operating assets written-off, net - note 4.1	-	46
	Others	10,770	-
		149,457	325,474
29.1	**Auditors' remuneration**		
	Fee for:		
	- Annual statutory audit	825	985
	- Half yearly review	185	235
	- Review of compliance with Code of Corporate Governance	40	40
	Taxation and other advisory services	2,823	4,594
	Reimbursement of expenses	280	273
		4,153	6,127

29.2 Includes donation to Engro Foundation - a related party amounting to Nil (2015: Rs. 2,000) which is a related party of the Company as at year end.

29.3 The Directors and their spouses do not have any interest in any donees except for Mr. Imran Anwer who is the trustee of Engro Foundation.

		2016	2015
		Rupees	
30.	**OTHER INCOME**		
	On financial assets		
	Income on bank deposits	915	26,680
	Income from short term investments	-	7,248
	On non-financial assets		
	Profit on disposal of operating assets	20	-
	Scrap sales	11,582	6,965
	Others	7,841	16,596
		20,358	57,489

(Amounts in thousand)

	2016	2015
	Rupees	
31. FINANCE COSTS		
Interest / mark-up on:		
- long term borrowings	642,454	781,117
- short term borrowings	139,948	142,606
- running finances	58,247	34,293
	840,649	958,016
Foreign exchange (gain) / loss on borrowings	(2,400)	62,412
Guarantee commission	1,255	4,247
Bank charges and others	87,677	119,519
	927,181	1,144,194
32. TAXATION		
Current		
- for the year - note 32.1	172,816	191,211
- for prior years	(1,558)	48,063
	171,258	239,274
Deferred		
- for the year	354,018	43,803
- for prior years	-	-
	354,018	43,803
	525,276	283,077

32.1 Represents minimum tax at the rate of 1% (2015: 1%) on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

32.2 Relationship between tax expense and accounting loss

	2016	2015
	Rupees	
Profit / (Loss) before taxation	1,180,064	(365,780)
Tax calculated at applicable rate of 31% (2015: 32%)	365,820	(117,050)
Tax effect of presumptive tax regime and income subject to lower tax rates	(9,160)	(39,046)
Prior year tax charge / (reversal), net	(1,558)	48,063
Effect of inadmissible expenses / permanent differences	1,795	4,505
Effect of non-recognition of deferred tax on minimum turnover tax	-	172,487
Derecognition of deferred tax asset on minimum turnover tax	-	154,348
Impact of change in tax rates	170,794	58,161
Others	(2,415)	1,609
	525,276	283,077

(Amounts in thousand)

33. LOSS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2016	2015
	Rupees	
Profit / Loss for the year	654,788	(648,857)
	Number in thousands	
Weighted average number of ordinary shares	663,469	663,469

34. RETIREMENT AND OTHER SERVICE BENEFITS

34.1 Provident fund

In 2013, the Company replaced its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Accordingly, the following information is based on the latest audited financial statements of the Fund maintained by the Holding Company as at June 30, 2015 and unaudited financial statements as at June 30, 2016.

34.1.1 Details of the Fund

	June 30, 2016	June 30, 2015
	Rupees	
Size of Fund	3,205,658	3,161,499
Cost of the investment made	2,800,793	2,333,996
Percentage of investments made	94%	87%
Fair value of investments	3,015,867	2,736,879

34.1.2 Break-up of investments in terms of amount and percentage of size of the Fund is as follows:

	June 30, 2016		June 30, 2015	
Description	Investments in Rupees	Percentage of investment made	Investments in Rupees	Percentage of investment made
National savings scheme	790,505	26%	223,037	8%
Government securities	702,336	23%	1,045,090	38%
Listed securities	927,211	31%	1,164,311	43%
Balances within savings account	595,815	20%	304,441	11%
	3,015,867	100%	2,736,879	100%

(Amounts in thousand)

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

34.1.4 During the year Rs. 55,632 (2015: Rs. 55,128) has been recognized in the profit and loss account in respect of the defined contribution provident fund, maintained by Engro Corporation Limited, the Holding Company.

34.2 During the year Rs. 42,625 (2015: Rs. 60,373) has been recognized in the profit and loss account in respect of the defined contribution gratuity fund, maintained by Engro Corporation Limited, the Holding Company.

34.3 During the year Rs. 2,880 (2015: Rs. 2,963) has been recognized in the profit and loss account in respect of the defined contribution pension fund, maintained by Engro Corporation Limited, the Holding Company.

35. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The details of amounts charged during the year in respect of remuneration and benefits to the Chief Executive, Directors and executives are as follows:

	2016			2015		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	Rupees					
Managerial remuneration	24,066	-	564,380	18,962	-	564,285
Retirement benefit funds	2,713	-	88,571	1,324	-	88,007
Bonus - note 35.3	39,309	-	80,321	17,640	-	80,524
Other benefits	2,788	-	121,224	2,164	-	109,786
Directors fee	-	2,250	-	-	1,350	-
Total	68,876	2,250	854,496	40,090	1,350	842,602
Number of persons including those who worked part of the year	1	6	241	2	6	259

35.1 The Company also provides certain household items and vehicles for the use of Chief Executive and certain executives.

35.2 Premium charged in respect of Directors' indemnity insurance policy, purchased by the Company, amounts to Rs. 752 (2015: Rs. 720).

35.3 Bonus paid to Chief Executive includes bonus paid during the year to outgoing Chief Executive amounting to Rs. 26,111 (2015: Nil)

(Amounts in thousand)

36. CASH GENERATED FROM OPERATIONS

	2016	2015
	Rupees	
Profit / (Loss) before taxation	1,180,064	(365,780)
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	144,398	160,832
Depreciation and amortization	878,196	1,283,979
Provision for slow moving stores and spares	8,801	24,502
Stores and spares written-off	-	29,200
(Reversal of Provision) / Provision for net realizable value of stock-in-trade, net	(26,271)	(672,350)
Write-off of damaged items of property, plant and equipment	-	46
Income on bank deposits and short term investments	(915)	(33,928)
Unrealized foreign exchange (gain) / loss on borrowings	(9,544)	32,895
Amortization of prepaid financial charges	45,507	27,069
Unrealized foreign exchange (gain) on imports and derivatives	(23,982)	(95,589)
Finance costs	840,649	958,016
Loss / (Profit) on disposal of operating assets	(20)	1,429
Provisions against concessionary duty on import of raw materials and GIDC, net	980,891	134,690
Working capital changes - note 36.1	289,063	(1,260,223)
	4,306,837	224,788

36.1 WORKING CAPITAL CHANGES

	2016	2015
	Rupees	
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(14,838)	(116,285)
Stock-in-trade	(56,791)	1,628,647
Trade debts	(19,544)	117,814
Loans, advances, deposits, prepayments and other receivables - net	(40,924)	145,179
	(132,097)	1,775,355
(Decrease) / Increase in current liabilities		
Trade and other payables	421,160	(3,035,578)
	289,063	(1,260,223)

(Amounts in thousand)

37. CASH AND CASH EQUIVALENTS

	2016	2015
	Rupees	
Cash and bank balances - note 15	371,616	154,779
Short term investments - note 14	740,000	300,000
Money market loans - note 20	-	(1,080,000)
Running finance utilized under markup arrangements - note 20	(29,638)	(527,086)
	1,081,978	(1,152,307)

38. FINANCIAL INSTRUMENTS BY CATEGORY

38.1 Financial assets as per balance sheet

Held to maturity at amortized cost

Short term investments - Term Deposits Receipts	740,000	300,000

Loans and receivables as amortized cost

Long term loans	51,268	45,887
Trade debts - considered good	456,396	436,852
Loans, deposits and other receivables	49,797	50,808
Cash and bank balances	371,616	154,779
	929,077	688,326

38.2 Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost

Long term borrowings	9,166,903	8,326,676
Short term borrowings	414,638	3,026,180
Trade and other payables	6,318,424	5,814,696
Accrued interest / mark-up	11,096	56,116
	15,911,061	17,223,668

Derivatives at fair value

Used for hedging purposes	2,107	17,382
At fair value through profit or loss	-	23,982
	2,107	41,364

(Amounts in thousand)

38.3 Fair values estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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

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

	Level 1	Level 2	Level 3	Total
	Rupees			
Liabilities				
- Derivative financial instruments	-	2,107	-	2,107

There were no transfers amongst the levels nor any changes in the valuation techniques during the year.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk factors. Risk management is carried out by the Company's finance department under guidance of the Company's Board of Directors.

a) Market risk

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars. The risk arises from outstanding payments for imports, recognized assets and liabilities in foreign currency and future commercial transactions. In the current economic environment, the Company is significantly exposed to currency risk because of the expected volatility in exchange rates. The Company manages the currency risk through forward exchange contracts.

At December 31, 2016, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 165,556 (2015: Rs. 183,824) and Rs. 5,169,209 (2015: Rs. 5,358,286) respectively.

At December 31, 2016, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit / loss for the year would have been lower / higher by Rs. 250,183 (2015: Rs. 258,706), mainly as a result of foreign exchange losses / gains on translation of uncovered US Dollar-denominated liabilities. However, this change in profits or losses would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

(Amounts in thousand)

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from long and short term running finances utilized under mark-up arrangements. Borrowing at variable rates exposes the Company to cash flow interest rate risk, whereas, borrowing at fixed rate expose the Company to fair value interest rate risk.

To manage its cash flow interest rate risk, the Company has entered into floating to fixed rate interest swaps on its foreign currency borrowings. Under the interest rate swap agreements, the Company has agreed with the banks to exchange, at half yearly intervals, the difference between contracted rates and the floating rate interest amounts calculated by reference to the agreed notional amounts.

As at December 31, 2016, if interest rate on Company's unhedged borrowings had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by approximately Rs. 91,519 (2015: Rs. 86,919) mainly as a result of higher / lower interest exposure on variable rate borrowings.

iii) Other price risk

Price risk represents the risk that the fair vale of future cash flows of financial instruments 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 financials instruments or its issuers or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity security price risk as the Company deals in securities. However, the Company is not exposed to equity securities price risk as at December 31, 2016 as the Company has no investments in listed securities as at year end.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations. Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Company is not materially exposed to credit risk as unsecured credit is provided to selected parties with no history of default. Moreover, major part of trade debts are secured by bank guarantees and letters of credit from customers. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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 follows:

	2016	2015
	Rupees	
Long term loans	51,268	45,887
Trade debts - considered good	456,396	436,852
Loans, deposits and other receivables	49,797	50,808
Short term investments	740,000	300,000
Bank balances	370,697	153,893
	1,668,158	987,440

(Amounts in thousand)

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2016 the credit quality of the Company's liquid funds can be assessed with reference to external credit ratings of banks as follows:

Bank	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Commercial Bank Limited	JCR-VIS	A1+	AA
Bank AlFalah Limited	PACRA	A1+	AA
Bank AlHabib Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Burj Bank Limited	JCR-VIS	A2	BBB+
Citibank N.A.	Moody	P1	A1
Deutsche Bank A.G	Moody	P2	Baa2
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
Industrial and Commercial Bank of China	Moody	P1	A1
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
National Bank of Pakistan	JCR-VIS	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A1	A-
United Bank Limited	JCR-VIS	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1+	A+
NIB Bank Limited	PACRA	A1+	AA-
Bank Islami Pakistan	PACRA	A1	A+
Soneri Bank Limited	PACRA	A1+	AA-

(Amounts in thousand)

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 maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and through its ability to close out market positions. Due to the dynamic nature of the business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. 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						
Long term borrowings	416,903	8,750,000	9,166,903	3,064,064	5,262,612	8,326,676
Derivative financial instruments	2,107	-	2,107	23,982	17,382	41,364
Trade and other payables	6,318,424	-	6,318,424	5,814,696	-	5,814,696
Accrued interest / mark-up	11,096	-	11,096	56,116	-	56,116
Short term borrowings	414,638	-	414,638	3,026,180	-	3,026,180
	7,163,168	8,750,000	15,913,168	11,985,038	5,279,994	17,265,032

Net settled derivatives comprise interest rate swaps used by the Company to manage the Company's interest rate profile. The Company's net settled derivative financial instruments with a negative fair value have been included at their fair value of Rs. 2,107 (2015: Rs.41,364) in the maturity analysis because the contractual maturities are essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis as well as maturity date.

40. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Company may issue new equity, manage dividend payouts to its shareholders or sell assets to reduce debt.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long term borrowings, as disclosed in note 17, divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long term borrowings.

(Amounts in thousand)

The gearing ratio of the Company is as follows:

	2016	2015
	Rupees	
Long term borrowings - note 17	8,750,000	5,262,612
Total equity	5,968,337	5,303,031
Total capital	14,718,337	10,565,643
Gearing ratio	0.594	0.498

41. SEGMENT INFORMATION

41.1 Based on the internal management reporting structure, the Company is organized into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Company supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.

- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.

- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.

Management monitors the operating results of abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit / (loss) after tax for that segement, which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

(Amounts in thousand)

41.2 The following table presents the profit or loss and total assets for the operating segments of the Company:

	Poly Vinyl Chloride (PVC) and allied chemicals		Caustic soda and allied chemicals		Power Supply		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees							
Segment profit and loss								
Revenue	18,378,843	17,825,991	4,422,049	4,366,744	53,132	71,007	22,854,024	22,263,742
Less:								
Cost of sales (excluding depreciation)	(15,022,716)	(16,077,297)	(2,999,993)	(2,868,556)	(46,634)	(51,120)	(18,069,343)	(18,996,973)
Reversal of GIDC for prior years	-	-	-	-	-	-	-	753,664
Distribution and marketing expenses (excluding depreciation)	(892,313)	(916,753)	(284,108)	(290,904)	-	-	(1,176,421)	(1,207,657)
Allocated depreciation	(703,977)	(967,104)	(146,729)	(283,189)	(2,314)	(736)	(853,020)	(1,251,029)
Administrative expenses	(415,117)	(412,278)	(103,779)	(103,070)	-	-	(518,896)	(515,348)
Other operating expenses	(101,619)	(232,252)	(47,719)	(36,535)	(120)	(715)	(149,457)	(325,474)
Other income	16,286	45,991	4,072	11,498	-	-	20,358	57,489
Finance costs	(742,870)	(907,700)	(180,422)	(231,652)	(3,889)	(4,842)	(927,181)	(1,144,194)
Profit before tax	516,517	(1,641,402)	663,371	564,336	175	13,593	1,180,064	(365,780)
Taxation	(344,688)	106,889	(180,535)	(149,120)	(52)	(3,592)	(525,275)	(283,077)
Profit / (Loss) for the year	171,829	(1,534,513)	482,836	415,216	123	10,001	654,788	(648,857)
Segment assets								
Total segment assets (note 41.3)	14,883,358	14,785,696	4,854,186	5,093,381	32,573	12,585	19,770,117	19,891,662
Unallocated assets (note 41.3)							4,690,452	4,350,496
Total assets							24,460,569	24,242,158

41.3 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts. Unallocated assets include long term investment, long term loans and advances, loans, advances, prepayments and other receivables, taxes recoverable, and cash and bank balances.

(Amounts in thousand)

42. TRANSACTIONS WITH RELATED PARTIES

42.1 Transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2016	2015
		Rupees	
Holding Company			
- Engro Corporation Limited	Mark-up on subordinated loan	301,483	110,981
	Reimbursement made	108,068	92,646
	Reimbursement received	1,945	7,917
	Purchase of services	2,450	-
	Life insurance contribution	619	506
	Medical insurance contribution	181	221
	Sub-ordinated long term loan received	850,000	2,150,000
	Sub-ordinated short term loan received	1,000,000	-
	Sub-ordinated short term loan repaid	1,600,000	-
Subsidiary Company			
- Engro Polymer Trading (Private) Limited	Short-term loan received	15,906	69,094
	Mark-up on short-term loan	7,594	1,075
Associated Company			
- Mitsubishi Corporation	Purchase of goods	4,316,101	7,447,889
	Sale of goods	91,262	94,696
	Purchase of services	-	48
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Sale of goods	13,569	14,757
	Sales of utilities	65,282	95,427
	Use of operating assets	9	1,417
	Reimbursement made	18,694	33,213
	Reimbursement received	8,825	2,495
- Engro Vopak Terminal Limited	Purchase of services	1,027,914	1,024,413
	Reimbursement made	-	15,016
	Reimbursement received	355	8,354
- Engro Elengy Terminal Limited	Reimbursement received	126	464
	Reimbursement made	-	88
- Engro Foundation	Reimbursement made	12	2,022
	Donation	-	2,000
- Engro PowerGen Qadirpur Limited	Reimbursement received	4,338	4,196
	Reimbursement made	8,306	-
- Engro PowerGen Limited	Reimbursement received	15,045	-
- Engro Thar Power Limited	Reimbursement received	94	-
- The Hub Power Company Limited	Sales of goods	2,782	-
- Engro Foods Limited	Sale of goods	26,536	38,239
	Reimbursement received	3,397	814
	Reimbursement made	6,859	-
	Use of operating assets	165	145

(Amounts in thousand)

Nature of relationship	Nature of transactions	2016	2015
		Rupees	
- Sindh Engro Coal Mining Company Limited	Reimbursement received	705	-
- Shell Pakistan Limited	Purchase of goods	5,875	3,471
- Dawood Hercules Corporation Limited	Purchase of services	-	14,493
- Lahore University of Management Sciences	Purchase of services	328	418
- Pakistan Institute of Corporate Governance	Purchase of services	463	-
	Annual subscription	-	75
- Institute of Business Administration - Sukkur	Reimbursement made	-	88
- Pakistan Japan Business Forum	Annual subscription	100	50
- Overseas Investors Chamber of Commerce & Industries	Annual subscription	-	396
- Pakistan Society for Human Resource Management	Annual subscription	-	20
Other related party			
- Arabian Sea Country Club	Purchase of services	191	41
	Annual subscription	-	393
Directors	Fee	2,250	1,350
	Advance paid	-	4,950
	Repayment of advance	4,125	825
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	45,304	55,128
	- Gratuity fund	37,791	60,373
	- Pension fund	2,880	2,963
Key management personnel	Managerial remuneration	73,480	70,248
	Retirement benefit funds	12,055	8,755
	Bonus	21,557	23,367
	Other benefits	17,167	15,203

42.2 The related party status of outstanding balances as at December 31, 2016 are disclosed in the respective notes.

(Amounts in thousand)

43. FINANCING STRUCTURE / MODE

	2016	2015
	Rupees	
Conventional mode:		
Assets		
Short term investments	740,000	300,000
Cash and bank balances	351,700	151,801
	1,091,700	451,801
Liabilities		
Borrowings	7,500,000	5,162,612
Short term running finance	114,638	2,833,887
	7,614,638	7,996,499
Mark-up / Interest	819,650	928,383
Shariah compliant mode:		
Assets		
Cash and bank balances	19,916	2,978
Liabilities		
Borrowings	1,250,000	100,000
Short term borrowings	300,000	192,293
	1,550,000	292,293
Mark-up / Interest	20,999	29,633

44. GENERAL

44.1 Number of employees

Number of permanent employees as at December 31, 2016 was 421 (2015: 433) and average number of employees during the year was 418 (2015: 438).

44.2 Production capacity

	Designed Annual Capacity		Actual Production		Remarks
	2016	2015	2016	2015	
	Kilo tons				
PVC	178	178	172	162	Production planned as per market demand and in house consumption needs
EDC	127	127	106	100	
Caustic soda	106	106	103	98	
VCM	204	204	174	162	
	Mega Watts				
Power	66	66	48	50	

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 7, 2017 by the Board of Directors of the Company.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

consolidated financial statements

A·F·FERGUSON&Co.

auditors' report to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Engro Polymer and Chemicals Limited (the Holding Company) and its subsidiary company, Engro Polymer Trading (Private) Limited 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 Engro Polymer and Chemicals Limited and Engro Polymer Trading (Private) Limited.

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 Polymer and Chemicals Limited (the Holding Company) and its subsidiary company as at December 31, 2016 and the results of their operations, changes in equity and cash flows for the year then ended.

Chartered Accountants
Karachi
Dated: March 9, 2017
Engagement Partner: Waqas A. Sheikh

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■ KARACHI ■ LAHORE ■ ISLAMABAD

consolidated balance sheet

as at december 31, 2016

(Amounts in thousand)	Note	2016 Rupees	2015 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	16,008,366	16,249,050
Intangibles	5	90,855	90,345
Long term loans and advances	6	69,971	66,372
Deferred taxation	7	549,328	908,103
		16,718,520	17,313,870
Current Assets			
Stores, spares and loose tools	8	1,545,381	1,539,344
Stock-in-trade	9	3,024,268	2,941,206
Trade debts - considered good	10	456,396	436,852
Loans, advances, deposits, prepayments and other receivables	11	436,471	395,547
Taxes recoverable	12	1,123,578	1,115,723
Short term investments	13	740,000	300,000
Cash and bank balances	14	376,147	169,222
		7,702,241	6,897,894
TOTAL ASSETS		24,420,761	24,211,764
EQUITY AND LIABILITIES			
Equity			
Share capital	15	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(1,475)	(11,993)
Accumulated loss		(1,593,063)	(2,252,996)
		6,004,179	5,333,728
Non-Current Liabilities			
Long term borrowings	16	8,750,000	5,262,612
Derivative financial instruments	17	-	17,382
		8,750,000	5,279,994
Current Liabilities			
Current portion of long term borrowings	16	416,903	3,064,064
Derivative financial instruments	17	2,107	23,982
Service benefit obligations	18	45,622	38,976
Short term borrowings	19	329,638	2,957,086
Trade and other payables	20	6,731,452	6,310,020
Accrued interest / mark-up	21	11,096	55,041
Provisions	22	2,129,764	1,148,873
		9,666,582	13,598,042
TOTAL EQUITY AND LIABILITIES		24,420,761	24,211,764
Contingencies and Commitments	23		

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

engro polymer & chemicals

consolidated profit and loss account

for the year ended december 31, 2016

[Amounts in thousand except for Profit / (Loss) per share]	Note	2016	2015
		Rupees	
Net revenue	24	22,854,024	22,263,742
Cost of sales	25	(18,919,015)	(19,490,499)
Gross profit		3,935,009	2,773,243
Distribution and marketing expenses	26	(1,179,769)	(1,211,496)
Administrative expenses	27	(518,896)	(515,348)
Other operating expenses	28	(150,137)	(326,315)
Other income	29	20,677	62,967
Operating profit		2,106,884	783,051
Finance costs	30	(919,587)	(1,143,122)
Profit / (Loss) before taxation		1,187,297	(360,071)
Taxation	31	(527,364)	(284,053)
Profit / (Loss) for the year		659,933	(644,124)
Profit / (Loss) per share - basic and diluted	32	0.99	(0.97)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

consolidated statement of comprehensive income

for the year ended december 31, 2016

(Amounts in thousand)	Note	2016	2015
		Rupees	
Profit / (Loss) for the year		659,933	(644,124)
Other comprehensive income :			
Items that will not be reclassified to profit or loss			
Deferred tax charge relating to revaluation of equity related items - share issuance cost		-	(4,946)
Items that may be reclassified subsequently to profit or loss			
Hedging reserve			
Loss arising during the year, net		(698)	(5,417)
Reclassification adjustments for losses included in profit or loss		15,973	32,449
Income tax relating to hedging reserve		(4,757)	(9,268)
		10,518	7,764
Other comprehensive income for the year - net of tax		10,518	12,818
Total comprehensive income / (loss) for the year		670,451	(631,306)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

consolidated statement of changes in equity

for the year ended december 31, 2016

(Amounts in thousand)

		RESERVES			
		CAPITAL	REVENUE		
	Share Capital	Share premium	Hedging reserve	Accumulated loss	Total
	Rupees				
Balance as at January 1, 2015	6,634,688	964,029	(29,757)	(1,603,926)	5,965,034
Total comprehensive loss for the year ended December 31, 2015	-	-	17,764	(649,070)	(631,306)
Balance as at December 31, 2015	6,634,688	964,029	(11,993)	(2,252,996)	5,333,728
Total comprehensive income for the year ended December 31, 2016	-	-	10,518	659,933	670,451
Balance as at December 31, 2016	6,634,688	964,029	(1,475)	(1,593,063)	6,004,179

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

consolidated statement of cash flows

(Amounts in thousand)	Note	2016	2015
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	4,306,429	228,524
Finance costs paid		(877,001)	(994,685)
Long term loans and advances		(3,599)	(21)
Retirement benefits paid		(137,752)	(161,593)
Income tax paid		(181,200)	(263,666)
Net cash generated from / (utilized in) operating activities		3,106,877	(1,191,441)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(629,683)	(607,339)
- intangible assets		(14,974)	(53,369)
Proceeds from disposal of property, plant and equipment		6,655	10,896
Income on short term investment and bank deposits		1,234	38,692
Net cash utilized in investing activities		(636,768)	(611,120)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		6,600,000	2,150,000
Repayments of long term borrowings		(5,795,736)	(2,998,192)
Proceeds from short term borrowings		-	750,000
Repayments of short term borrowings		(1,050,000)	-
Net cash utilized in financing activities		(245,736)	(98,192)
Net increase / (decrease) in cash and cash equivalents		2,224,373	(1,900,753)
Cash and cash equivalents at beginning of the year		(1,137,864)	762,889
Cash and cash equivalents at end of the year	36	1,086,509	(1,137,864)

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

consolidated notes to the financial statements

for the year ended december 31, 2016

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 The Group consists of Engro Polymer and Chemicals Limited and its wholly owned subsidiary company, Engro Polymer Trading (Private) Limited.

1.2 Engro Polymer and Chemicals Limited (EPCL) was incorporated in Pakistan in 1997 under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited.

1.3 EPCL is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The address of its registered office is 16th Floor, The Harbor Front Building, HC-3 Marine Drive, Block 4 Clifton, Karachi. The Company's principal activity is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Caustic soda and other related chemicals. The Company is also engaged in the supply of surplus power generated from its power plants to Engro Fertilizers Limited.

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 years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 These consolidated financial statements have been prepared under the historical cost convention as modified by remeasurement of certain financial assets and financial liabilities (including derivative financial instruments) at fair 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 the 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 (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 or the requirements of the said directives take precedence.

2.1.3 The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving high degree of judgment 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 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 January 1, 2016 and are relevant to the Company:

- IFRS 7, 'Financial instruments: Disclosures'. There are two amendments:

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

(Amounts in thousand)

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

These amendments only affects the disclosures in the Company's financial statements.

- IAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2016). The amendments provide clarifications on a number of issues, including:

  - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

  - Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

  - Notes – confirmation that the notes do not need to be presented in a particular order.

  - OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

  According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments only affects the disclosures in the Company's financial statements.

- 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 only affects the disclosures in the Company's interim financial information.

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 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.

(Amounts in thousand)

- 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 stupulates clarifications of the guidance on identifying performance obligations, accounting for License of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Company is yet to assess the full impact of the standard; however, initial indicators are that it may not affect the Company's financial statements significantly.

- 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 Company is yet to assess the full impact of the standard.

- 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 the 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 the amendment will have any significant impact on the Company's financial statements.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments / receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation 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 cost less accumulated depreciation and impairment, if any, except capital work-in-progress. Cost in relation to fixed assets signifies historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Capital work-in-progress is stated at historical cost less impairment, if any.

(Amounts in thousand)

Depreciation on assets is charged to income using the straight line method to allocate their cost to their residual values over their estimated useful lives at rates given in note 4.1. Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal.

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. All other repairs and maintenance costs are charged to income during the year in which these are incurred.

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognized in income. The recoverable amount is the higher of fair value less expected selling expenses and value in use. Reversal of impairment is effected in the case of indications of a change in recoverable amount and is recognized in income, however, is restricted to the original cost of the asset.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period of disposal or retirement.

2.3 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.

2.4 Intangible assets - Computer software

Costs associated with developing and maintaining computer software programmes are recognized as an expense as incurred. 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 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 a period of 5 to 10 years. The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount and is recognized in income. Reversal of impairment losses are also recognized in income, however, is restricted to the original cost of the asset.

2.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost net of provision for impairment, if any. This investment is classified as long term investment.

(Amounts in thousand)

2.6 Financial instruments

2.6.1 Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity 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. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise of 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the consolidated balance sheet.

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 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. These are included in non-current assets unless the investment matures or management intends to dispose off the financial assets within 12 months of the balance sheet date.

Recognition and measurement

Regular way 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. Financial assets 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 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 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 financial assets are 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 profit and loss account within 'other income / 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 profit and loss account as part of 'other income' when the Company's right to receive payments is established. Gains or losses on sale of investments at 'fair value through profit or loss' are recognized in the profit and loss account as 'gains and losses from investment securities'.

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

(Amounts in thousand)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the profit and loss account. Impairment losses recognized in profit and loss on equity instruments are not reversed through profit and loss.

2.6.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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 profit and loss account.

2.6.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 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 balance sheet date. Provision is made for slow moving items older than ten years, and is recognized in the profit and loss account.

2.8 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost in relation to raw materials represent the weighted average cost and in relation to finished goods and work-in-process represents weighted average cost comprising direct materials, labour and related manufacturing overheads.

Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving stocks, where considered necessary.

2.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment is established when 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 the provision is charged to income. 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.

(Amounts in thousand)

2.10 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, balance with banks, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and short term finances. Short term finances on the balance sheet are shown as part of current liabilities.

2.11 Share capital

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

2.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for atleast twelve months after the balance sheet date.

2.13 Retirement and other service benefits

2.13.1 Gratuity fund

The employees of the Company participate in a defined contribution gratuity fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. As per the terms of the defined contribution plan, the Company contributes to the Fund at the rate of 8.33% of basic salary. Annual contribution by the Company is charged to profit and loss account.

2.13.2 Provident fund

The employees of the Company participate in defined contribution provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Equal monthly contributions at the rate of 10% of the basic salary are made both by the Company and the employees to the Fund. Annual contribution by the Company is charged to profit and loss account.

2.13.3 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay.

2.13.4 Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Company'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.

2.14 Trade and other payables

These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

(Amounts in thousand)

2.15 Provisions

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

2.16 Taxation

2.16.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

2.16.2 Deferred

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax is charged or credited in the profit and loss account except to the extent that it relates to the items recognized directly in equity, in which case it is recognized in equity.

2.17 Foreign currency transactions and translation

These financial statements are presented in Pakistan Rupees, which is the 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 profit and loss account.

2.18 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or

b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the 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.

(Amounts in thousand)

Cash flow hedge

On an ongoing basis, the Company assesses whether each derivative continues to be highly effective in offsetting changes in the cash flows of hedged items. If and when a derivative is no longer expected to be highly effective, hedge accounting is discontinued.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in other comprehensive income are reclassified to the profit and loss account in the periods when the hedged item affects profit or loss account i.e. when the transaction occurs. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the profit and loss account or the cost of the related asset for which the borrowing is being utilized. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for e.g. stock-in-trade or property, plant and equipment) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in cost of sales in case of stock-in-trade, or in depreciation in case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit and loss account or the cost of the related non-financial asset (for e.g. stock-in-trade or property, plant and equipment) as applicable. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 18. Movements on the hedging reserve are shown in statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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:

- sales are recognized when the product is dispatched to customers;
- revenue from the supply of electricity is recognized based upon the output delivered;
- dividend income is recognized when the Company's right to receive the payment is established; and
- return on deposits is recognized on accrual basis using the effective interest method.

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 from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

2.21 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 Company that makes strategic decisions.

(Amounts in thousand)

2.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the consolidated 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 Property, plant and equipment and intangible assets

The Company reviews appropriateness of the useful life and residual value, where applicable, used in the calculation of depreciation / amortization on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. During the year, the Company has reassessed the useful lives of its property, plant and equipment as disclosed in note 4.1.1.

3.2 Derivative financial instruments designated as cash flow hedges

The Company 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.

3.3 Stock-in-trade

The Company regularly 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 expenditure to make the sales.

3.4 Income taxes

In making the estimates for current income taxes payable by the Company, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past.

3.5 Deferred tax asset

In assessing the recognition of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences, become deductible. Management considers the scheduled reversal of deferred tax liabilities, projects future taxable income and tax planning strategies in making this assessment. The amount of deferred tax assets considered realizable, however, could change in the near term if future estimates of projected taxable income during the carry forward period are revised.

4. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	Rupees	
Operating assets, at net book value - note 4.1	15,245,662	15,520,580
Capital work-in-progress - note 4.4	679,306	642,520
Capital spares	83,398	85,950
	16,008,366	16,249,050

(Amounts in thousand)

4.1 Operating assets

	Leasehold land	Building on leasehold land	Plant and machinery	Pipelines				Furniture, fixtures and equipment	Vehicles	Total
				Water	VCM	Ethylene	Gas			
					Rupees					
As at January 1, 2015										
Cost	194,127	503,682	22,511,487	398,968	26,122	50,315	33,849	186,651	98,908	24,004,109
Accumulated depreciation	(36,954)	(120,566)	(6,977,462)	(165,636)	(19,753)	(12,790)	(10,812)	(128,813)	(58,848)	(7,531,634)
Net book value	157,173	383,116	15,534,025	233,332	6,369	37,525	23,037	57,838	40,060	16,472,475
Year ended December 31, 2015										
Opening net book value	157,173	383,116	15,534,025	233,332	6,369	37,525	23,037	57,838	40,060	16,472,475
Additions - note 4.4	-	1,099	315,102	-	-	-	-	10,683	2,700	329,584
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	(283)	(33,421)	(33,704)
Accumulated depreciation	-	-	-	-	-	-	-	44	21,335	21,379
	-	-	-	-	-	-	-	(239)	(12,086)	(12,325)
Write offs - note 4.3										
Cost	-	-	-	-	-	-	-	(125)	-	(125)
Accumulated depreciation	-	-	-	-	-	-	-	79	-	79
	-	-	-	-	-	-	-	(46)	-	(46)
Depreciation charge - note 4.2	(3,934)	(20,471)	(1,195,745)	(19,999)	(1,317)	(2,516)	(1,693)	(15,838)	(7,595)	(1,269,108)
Net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
As at January 1, 2016										
Cost	194,127	504,781	22,826,589	398,968	26,122	50,315	33,849	196,926	68,187	24,299,864
Accumulated depreciation	(40,888)	(141,037)	(8,173,207)	(185,635)	(21,070)	(15,306)	(12,505)	(144,528)	(45,108)	(8,779,284)
Net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
Year ended December 31, 2016										
Opening net book value	153,239	363,744	14,653,382	213,333	5,052	35,009	21,344	52,398	23,079	15,520,580
Additions - note 4.4	-	-	558,399	-	-	-	-	37,050	-	595,449
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	(146)	(21,838)	(21,984)
Accumulated depreciation	-	-	-	-	-	-	-	138	15,592	15,730
	-	-	-	-	-	-	-	(8)	(6,246)	(6,254)
Write offs - note 4.3										
Cost	-	-	-	-	-	-	-	(1,194)	-	(1,194)
Accumulated depreciation	-	-	-	-	-	-	-	813	-	813
	-	-	-	-	-	-	-	(381)	-	(381)
Depreciation charge - note 4.2	(3,933)	(20,851)	(791,136)	(19,999)	(1,317)	(2,516)	(1,693)	(18,919)	(3,368)	(863,732)
Net book value	149,306	342,893	14,420,645	193,334	3,735	32,493	19,651	70,140	13,465	15,245,662
As at December 31, 2016										
Cost	194,127	504,781	23,384,988	398,968	26,122	50,315	33,849	232,636	46,349	24,872,135
Accumulated depreciation	(44,821)	(161,888)	(8,964,343)	(205,634)	(22,387)	(17,822)	(14,198)	(162,496)	(32,884)	(9,626,473)
Net book value	149,306	342,893	14,420,645	193,334	3,735	32,493	19,651	70,140	13,465	15,245,662
Annual Rate of Depreciation (%)	2 to 2.14	2.5 to 10	2.5 to 25	5	5	5	5	5 to 33	5 to 25	

(Amounts in thousand)

4.1.1 During the year, as required under the Company's accounting policy, the Company re-assessed useful lives of its plant and machinery. For this purpose, the Company 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.

4.2 Depreciation charge has been allocated as follows:

	2016	2015
	Rupees	
Cost of sales - note 26	849,672	1,247,190
Distribution and marketing expenses - note 27	3,348	3,839
Administrative expenses - note 28	10,712	18,079
	863,732	1,269,108

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

	Cost	Accumulated depreciation	Net book value	Proceeds	Mode of disposal	Particulars of purchaser
	Rupees					
Vehicle	750	600	150	574	By auction	Waqar Ahmed
"	654	523	131	568		Imran Ahmed
Vehicle	8,000	5,625	2,375	2,000	Under Company policy to existing/ separating employees	Jahangir Piracha
"	1,638	1,152	486	410		Ikram Nabi
"	1,648	1,030	618	464		Rahim Anwar
"	1,638	1,203	435	409		Mudassir Bashir
"	2,058	1,447	611	515		Najam Saeed
"	2,176	1,632	544	544		Syed Ali Akbar
"	1,638	1,203	435	410		Muhamamd Imran Baloch
"	1,638	1,177	461	410		M. Saad Khan
	21,838	15,592	6,246	6,304		
Laptop	146	138	8	8	Under specific approval to separating employees	Adeeb Malik
Computer equipment	1,194	813	381	343	Written-off	EFU Insuarance Claim
2016	23,178	16,543	6,635	6,655		
2015	33,829	21,458	12,371	10,966		

(Amounts in thousand)

4.4 Capital work-in-progress

	Building on leasehold land	Plant and machinery	Furniture, fixtures and equipments	Advances for vehicles & software	Total
	Rupees				
Year ended December 31, 2015					
Balance as at January 1, 2015	4,975	343,163	1,959	16,562	366,659
Additions during the year	3,604	572,521	27,325	55,364	658,814
Transferred to:					
-Operating assets - note 4.1	(1,099)	(315,102)	(10,683)	(2,700)	(329,584)
-Intangible assets note 5		-	-	(53,369)	(53,369)
Balance as at December 31, 2015	7,480	600,582	18,601	15,857	642,520
Year ended December 31, 2016					
Balance as at January 1, 2016	7,480	600,582	18,601	15,857	642,520
Additions during the year	2,175	612,464	23,045	9,525	647,209
Transferred to:					
-Operating assets - note 4.1	-	(558,399)	(37,050)	-	(595,449)
-Intangible assets - note 5	-	-	-	(14,974)	(14,974)
Balance as at December 31, 2016	9,655	654,647	4,596	10,408	679,306

5. INTANGIBLE ASSETS - Computer software

	Rupees
As at January 1, 2015	
Cost	107,686
Accumulated amortization	(55,839)
Net book value	51,847
Year ended December 31, 2015	
Opening net book value	51,847
Additions at cost - note 4.4	53,369
Amortization charge - note 28	(14,871)
Closing net book value	90,345
As at December 31, 2015	
Cost	161,055
Accumulated amortization	(70,710)
Net book value	90,345
Year ended December 31, 2016	
Opening net book value	90,345
Additions at cost - note 4.4	14,974
Amortization charge - note 28	(14,464)
Closing net book value	90,855
As at December 31, 2016	
Cost	176,029
Accumulated amortization	(85,174)
Net book value	90,855

5.1 The cost is being amortized over a period of 5 to 10 years.

(Amounts in thousand)

6. LONG TERM LOANS AND ADVANCES

- Considered good

	2016	2015
	Rupees	
Executives - notes 6.1, 6.2, 6.4 and 6.5	101,029	101,023
Less: Current portion shown under current assets - note 11	(31,058)	(34,653)
	69,971	66,370
Employees - notes 6.3 and 6.5	806	16
Less: Current portion shown under current assets - note 11	(806)	(14)
	-	2
	69,971	66,372

6.1 Reconciliation of the carrying amount of loans and advances to executives is as follows:

	2016	2015
	Rupees	
Balance at beginning of the year	101,023	99,847
Add: Disbursements	57,079	70,725
Less: Repayments / Amortizations	(57,073)	(69,549)
Balance at end of the year	101,029	101,023

6.2 These include interest free loans and advances to executives for house rent, vehicles, home appliances and investments given in accordance with the terms of employment. Loans for house rent and investments are repayable in 18 to 36 equal monthly installments. Loans for home appliances are repayable in 5 equal annual installments. Advances for vehicles are charged to profit and loss account over a period of 4 years.

6.3 These include interest free loans to employees for home appliances and investments, given in accordance with the terms of employment. Loans are repayable in accordance with the terms stated in note 6.2.

6.4 The maximum aggregate amount due from the executives at the end of any month during the year was Rs. 121,646 (2015: Rs. 139,119). These are secured by way of promissory notes.

6.5 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 material defaults in recent history.

(Amounts in thousand)

	2016	2015
	Rupees	
7. DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(3,178,960)	(2,995,947)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 7.1	2,778,309	3,424,568
- recoupable minimum turnover tax - note 7.2	168,659	-
- unpaid liabilities	87,783	70,720
- provision for Gas Infrastructure Development Cess and Special Excise Duty	618,568	325,412
- provision for net realizable value of stock-in-trade	7,208	14,312
- provision for slow moving stores and spares	17,662	14,182
- fair value of hedging instrument	632	5,389
- share issuance cost, net to equity	49,467	49,467
	3,728,288	3,904,050
	549,328	908,103

7.1 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 aggregate tax losses available for carry-forward as at December 31, 2016 amount to Rs. 9,261,030 (2015: Rs. 11,415,228).

7.2 During the year, the Company has recognized deferred tax asset on recoupable minimum turnover tax in respect of current year amounting to Rs. 168,659 (2015: Nil) as the Company, based on its financial projections, expects to recoup it in the ensuing years. In 2013, the High Court of Sindh, in respect of another company, overturned the interpretation of the Appellate Tribunal on Section 113 (2) (c) of the Income Tax Ordinance, 2001 and decided that 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 Company's management is however of the view, duly supported by the legal advisor, that the above order would not be maintained by the Supreme Court, which the Company intends to approach if required. Accordingly, the Company has recognized deferred tax asset on recoupable minimum turnover tax.

	2016	2015
	Rupees	
8. STORES, SPARES AND LOOSE TOOLS		
Consumable stores and spares	1,606,707	1,621,069
Less:		
- Provision for slow moving stores and spares - note 8.1	61,326	52,525
- Stores and spares written-off - note 26	-	29,200
	1,545,381	1,539,344

8.1 The movement in the provision for slow moving stores and spares is as follows:

	2016	2015
Balance at beginning of the year	52,525	28,023
Add: Recognized during the year - note 25	8,801	24,502
Balance at end of the year	61,326	52,525

(Amounts in thousand)

		2016	2015
		Rupees	
9.	STOCK-IN-TRADE		
	Raw and packing materials - notes 9.1 and 9.2	1,876,110	1,975,662
	Work-in-process	2,635	23,533
	Finished goods - own manufactured product - notes 9.1 and 9.3	1,145,523	942,011
		3,024,268	2,941,206

9.1 This includes stocks held at the storage facilities of the following parties:

	2016	2015
- Engro Vopak Terminal Limited, a related party	345,812	459,663
- Fatima Fertilizer Company Limited (formerly Dawood Hercules Corporation Limited	4,286	8,755
- Al-Rahim Trading Company (Private) Limited	14,083	108,297
- Al-Hamd Traders	1,581	-
	365,762	576,715

9.2 This includes goods in transit amounting to Rs. 548,142 (2015: Rs. 416,837).

9.3 This includes carrying value of Poly Vinyl Chloride resin, net of realizable value reduction of Rs. 25,028 (2015: Rs. 51,299).

		2016	2015
		Rupees	
10.	TRADE DEBTS - considered good		
	Secured - notes 10.1 and 10.2	291,581	301,035
	Unsecured - note 10.2	164,815	135,817
		456,396	436,852

10.1 These debts are secured by way of bank guarantees and letters of credit from customers.

10.2 Includes amounts due from the following related parties:

	Aging Analysis			
	Upto 1 month	2 to 6 months	2016	2015
	Rupees			
Engro Fertilizer Limited	8,614	15,107	23,721	16,896
Engro Foods Limited	397	28	425	2,689
	9,011	15,135	24,146	19,585

10.3 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 default in recent history.

(Amounts in thousand)

	2016	2015
	Rupees	
11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Current portion of long term loans and advances - note 7		
- executives	31,058	34,653
- employees	806	14
	31,864	34,667
Advances to employees	2,184	2,829
Advances to suppliers and others	54,735	71,605
Deposits	20,883	19,957
Prepayments	88,529	85,746
Receivable from Government of Pakistan		
- Sales tax and Federal excise duty refundable	230,005	174,071
- Octroi / duty claims	152	152
	230,157	174,223
Due from related parties:		
Engro Vopak Terminal Limited	8	1,800
Engro Foods Limited	39	7
Engro Powergen Limited	4,124	-
Sindh Engro Coal Mining Company Limited	220	-
Engro Corporation Limited	290	-
Engro Foundation	7	-
Engro Powergen Qadirpur Limited	9	253
	4,697	2,060
Other receivables	3,422	4,460
	436,471	395,547
Considered doubtful		
Custom duty claims refundable - note 11.1	18,043	18,043
Less: Provision for impairment - note 11.3	(18,043)	(18,043)
	-	-
Special Excise Duty (SED) refundable - note 11.2	36,687	36,687
Less: Provision for impairment - note 11.3	(36,687)	(36,687)
	-	-
	436,471	395,547

11.1 The Customs Appellate Tribunal, Karachi Bench, through its order dated October 31, 2011, disposed off the Company's appeal 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 the 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 Company'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 the Company.

The Company has filed an appeal with the High Court of Sindh against the aforesaid order of the Tribunal. However, based on prudence, the Company is maintaining full provision against the aforementioned custom duty refundable till such time that all available legal courses are exhausted.

(Amounts in thousand)

11.2 During the year 2007, Special Excise Duty (SED) amounting to Rs. 91,616 was paid on import of certain fixed assets. 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, the Company has fully provided the said amount on the basis of prudence. However, the Company 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.

11.3 As at December 31, 2016, receivables aggregating to Rs. 54,870 (2015: Rs. 54,870) were deemed to be impaired and have been provided for in full, based on prudence. The remaining balances of loans, deposits, due from related parties and other receivables are neither past due nor impaired.

12. TAXES RECOVERABLE

12.1 Tax year 2008

The Deputy Commissioner Inland Revenue (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.

The Company filed an appeal against the aforesaid order before the Commissioner Inland Revenue Appeals [CIR(A)], 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(A) 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 the Company before the Appellate Tribunal Inland Revenue (ATIR). The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed off by accepting Company'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.

The Company 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 the Company. The management of the Company, 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.

(Amounts in thousand)

12.2 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. 36,687; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by the Company before the CIR(A). Through his appellate order, the CIR(A) 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(A), 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 Company'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.

The Company 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 the Company. The management of the Company, 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 financial statements.

	2016	2015
	Rupees	
13. SHORT TERM INVESTMENTS		
Held to maturity		
Term Deposits Receipts - note 13.1	740,000	300,000

13.1 These Term Deposits Receipts mature on January 28, 2017 and carry mark-up ranging from 6.15% to 7% (2015: 7.6%) per annum.

	2016	2015
	Rupees	
14. CASH AND BANK BALANCES		
Cash in hand	919	886
Cash at bank:		
- current accounts	37,242	40,122
- saving accounts - note 14.1	337,986	128,214
	375,228	168,336
	376,147	169,222

14.1 Includes Rs. 32,943 (2015: Rs. 36,679) held in foreign currency bank account.

(Amounts in thousand)

	2016	2015
	Rupees	

15. SHARE CAPITAL

	2016	2015
Authorized capital		
800,000,000 (2015: 800,000,000) ordinary shares of Rs. 10 each	8,000,000	8,000,000
400,000,000 (2015: 400,000,000) preference shares of Rs. 10 each	4,000,000	4,000,000
Issued, subscribed and paid-up capital		
663,468,788 (2015: 663,468,788) ordinary shares of Rs. 10 each, fully paid in cash - note 15.1	6,634,688	6,634,688

15.1 As at December 31, 2016, Engro Corporation Limited (the Holding Company) held 372,809,989 (2015: 372,809,989) ordinary shares of Rs.10 each.

16. LONG TERM BORROWINGS, secured

Title	Mark-up rate per annum	Installments Number	Installments Commencing from	2016 Rupees	2015 Rupees
Master Istisna IV	6 months KIBOR + 2.6%	Single	April 2016	-	100,000
Syndicated term finance I	6 months KIBOR + 2.25%	13 half yearly	November 2010	-	1,385,616
Syndicated term finance I	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
Bilateral Loan I	6 months KIBOR + 2%	6 half yearly	June 2016	-	544,291
International Finance Corporation (IFC) (note 16.3)	6 months LIBOR + 2.6% to 3%	15 half yearly	June 2010	416,903	1,246,479
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 (notes 16.1 and 16.4)	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - V (notes 16.1 and 16.4)	6 months KIBOR + 0.8%	10 half yearly	July 1, 2019	1,500,000	-
Bilateral - VI (notes 16.1 and 16.4)	6 months KIBOR + 0.8%	10 half yearly	June 1, 2019	750,000	-
Bilateral - VII (notes 16.1 and 16.4)	6 months KIBOR + 0.8%	10 half yearly	June 28, 2019	1,250,000	-
Bilateral - VIII (notes 16.1 and 16.4)	6 months KIBOR + 0.8%	6 half yearly	June 1, 2019	750,000	-
Subordinated loan from Engro Corporation Limited (ECL) (note 16.2)	3 months KIBOR + 3.5%	Repayable full in five years		3,000,000	2,150,000
				9,166,903	8,326,676
Current portion shown under current liabilities				(416,903)	(3,064,064)
				8,750,000	5,262,612

(Amounts in thousand)

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

16.2 The Company entered into a financing arrangement with the Holding Company to obtain a subordinated facility of Rs. 4,000,000 payable at the end of five years from the date of disbursement. The loan carries markup at the rate of 3 months KIBOR plus 3.5% per annum, payable on quarterly basis. As at December 31, 2016 Rs. 3,000,000 (2015: Rs. 2,150,000) have been drawn from the available facility.

16.3 These facilities are secured by a ranking hypothecation charge over the present and future movable assets of the Company.

16.4 These finances are secured by way of hypothecation charge over all the present and future moveable fixed assets (excluding land and building) of the Company. The charges have been initially registered as ranking charges, to be upgraded to pari pasu charge in a period of upto 120 days from the date of first drawdown.

17. DERIVATIVE FINANCIAL INSTRUMENTS

17.1 As at December 31, 2016, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating US$ 2,666 (2015: US$ 8,000) to hedge its interest rate exposure on floating rate foreign currency borrowings from International Finance Corporation (IFC). Under the swap agreements, the Company would receive six month USD-LIBOR on respective notional amounts and will pay fix rates, which will be settled semi-annually. Details of these swap agreements are as follows:

Notional Amounts		Effective Date	Termination Date	Fixed Rate %	Fair Values as at	
2016	2015				2016	2015
US $					Rupees	
1,000	3,000	December 15, 2008	June 15, 2017	3.385	790	7,602
333	1,000	June 15, 2009	June 15, 2017	3.005	264	2,132
1,000	3,000	June 15, 2009	June 15, 2017	2.795	790	5,731
333	1,000	June 15, 2009	June 15, 2017	2.800	263	1,917
2,666	8,000				2,107	17,382

17.2 As at December 31, 2016, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating Nil (2015: US$ 24,471) to neutralize exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Company would pay respective rate agreed at the initiation of the agreements on settlement dates. As at December 31, 2016 the fair value of these derivatives is Nil (2015 : Rs. 23,982).

(Amounts in thousand)

		2016	2015
		Rupees	
18.	SERVICE BENEFIT OBLIGATIONS		
	Service incentive plan - note 18.1	45,622	38,976

18.1 This represents provision for annual employment benefit payable to eligible employees who have successfully completed 3 years vesting period with the Company.

		2016	2015
		Rupees	
19.	SHORT TERM BORROWINGS		
	Running finance utilized under mark-up arrangements - note 19.1	29,638	527,086
	Export refinance facility - note 19.2	300,000	750,000
	Money market loans - note 19.3	-	1,080,000
	Sub-ordinated loan from Engro Corporation Limited - note 19.4	-	600,000
		329,638	2,957,086

19.1 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,300,000 (2015: Rs. 3,050,000). The corresponding purchase price is payable on various dates during the ensuing year. Mark-up is chargeable at rates net of prompt payment rebate, ranging from relevant period KIBOR plus 0.9% to 1.25% (2015: relevant period KIBOR plus 0.9% to 1%) per annum. During the year, the mark-up rates, net of prompt payment rebate, ranged from 7.02% to 7.52% (2015: 7.44% to 11.15%) per annum. These facilities are secured by a floating charge over stocks and book debts of the Company.

19.2 This represents export refinancing facility carrying mark-up at the rate of 3% (2015: 4.5%) on rollover basis for six months. This facility is secured by a floating charge over stocks and book debts of the Company.

19.3 These represent money market loans obtained from commercial banks carrying mark-up ranging from 6.9% to 7.06% per annum. These loans were obtained for a period ranging from 7 to 40 days and were secured by a hypothecation charge over the current assets of the Company.

19.4 This represented short term loan from Engro Corporation Limited (the Holding Company) for meeting the working capital requirements. The loan is subordinated to the finances provided to the Company by its banking creditors and carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum, payable quarterly.

(Amounts in thousand)

19.5 The facility for opening letters of credit as at December 31, 2016 aggregates to Rs. 11,800,000 (2015: Rs. 13,175,000). The amount utilized thereagainst as at December 31, 2016 was Rs. 5,503,000 (2015: Rs. 4,436,000). The facilities carry commission at the rate of 0.05% to 0.1% flat (2015: 0.05% to 0.1% flat).

20. TRADE AND OTHER PAYABLES

	2016	2015
	Rupees	
Trade and other creditors - note 20.1	4,964,249	4,474,429
Accrued liabilities	1,283,414	1,240,189
Advances from customers - note 20.1	291,490	437,624
Retention money	10,895	11,887
Security deposits	28,955	41,937
Workers' welfare fund	58,490	52,490
Withholding tax payable	-	4,858
Workers' profits participation fund - note 28	62,424	-
Others	31,535	46,606
	6,731,452	6,310,020

20.1 Includes due to following related parties:

	2016	2015
- Engro Corporation Limited	-	392
- Mitsubishi Corporation	2,682,171	2,195,710
- Engro Fertilizers Limited	108	485
- Engro Vopak Terminal Limited	-	93,654
	2,682,279	2,290,241

21. ACCRUED INTEREST / MARK-UP

	2016	2015
Finance cost accrued on:		
- long term borrowings	859	27,435
- short term borrowings	10,237	27,606
	11,096	55,041

22. PROVISIONS

	2016	2015
Provision for Gas Infrastructure Development Cess	2,129,764	1,148,873

(Amounts in thousand)

Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs. 13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under OGRA Ordinance 2002, Finance Act, 2014 and GIDC Ordinance 2014 against which the Company has obtained ad-interim stay orders from the Sindh High Court. However, on prudent basis the Company recognized a provision of Rs. 1,345,789 till May 21, 2015.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

The Company based on the advice of its legal counsel, is of the view that as per GIDC Act, 2015, the uncollected portion of cess levied through GIDC Act, 2011 and GIDC Ordinance 2014, shall not be collected from the industrial sector. Therefore, the Company reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs. 592,125 in respect of captive power.

Further, the Company has also obtained ad-interim stay order against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained Sui Southern Gas Company Limited (SSGCL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. However, based on prudence, the Company has recognized a further provision of Rs. 1,577,639 pertaining to the period subsequent to promulgation of GIDC Act, 2015.

23. CONTINGENCIES AND COMMITMENTS

23.1 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. The Company filed thereagainst before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against the Company 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 the Company. 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 the Company, 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.

23.2 The aggregate facilities for issuance of performance guarantees by the banks on behalf of the Company as at December 31, 2016 amounts to Rs. 1,156,750 (2015: Rs. 1,098,000). The amount utilized there against as at December 31, 2016 is Rs. 1,140,950 (2015: Rs. 1,097,280).

23.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Fatima fertilizer, for storage and handling of Ethylene Di Chloride (EDC) and Caustic soda, respectively. The total lease rentals due under these lease arrangements are payable in monthly installments till July 2019. The future aggregate lease payments under these arrangements are as follows:

	2016	2015
	Rupees	
Not later than 1 year	14,400	16,834
Later than 1 year and no later than 5 years	22,800	37,200
	37,200	54,034

23.4 The Company has entered into contracts with Engro Vopak Terminal Limited, a related party, for storage and handling of Ethylene, Vinyl Chloride Monomer (VCM) and Ethylene Di-Chloride (EDC), valid till March 2026, December 2018 and May 2018, respectively. Annual fixed cost payable to Engro Vopak Terminal Limited, under these contracts, approximates to US $ 9,165.

(Amounts in thousand)

		2016	2015
		Rupees	
24.	NET REVENUE		
	Gross local sales	26,542,263	23,997,674
	Less:		
	- Sales tax	3,839,807	3,436,585
	- Discounts	317,322	240,797
		4,157,129	3,677,382
		22,385,134	20,320,292
	Export sales	415,759	1,872,443
	Supply of electricity - note 24.1	53,131	71,007
		22,854,024	22,263,742

24.1 Represents supply of surplus power to Engro Fertilizers Limited - a related party.

		2016	2015
		Rupees	
25.	COST OF SALES		
	Opening stock of work-in-process	23,533	21,632
	Raw and packing materials consumed - note 25.1	10,874,303	11,277,158
	Salaries, wages and staff welfare - note 25.2	878,117	889,095
	Fuel, power and gas - note 25.3	4,386,364	3,400,214
	Repairs and maintenance	331,951	362,967
	Depreciation - note 4.2	849,672	1,247,190
	Consumable stores	312,977	314,741
	Purchased services	187,020	165,669
	Storage and handling	1,024,998	1,019,968
	Training, conveyance and travelling	96,490	107,477
	Communication, stationery and other office expenses	9,921	7,459
	Insurance	110,825	95,478
	Provision for slow moving stores and spares - note 8.1	8,801	24,502
	Stores and spares written-off - note 8	-	29,200
	Other expenses	30,190	24,068
		19,101,629	18,965,186
	Closing stock of work-in-process	(2,635)	(23,533)
	Cost of goods manufactured	19,122,527	18,963,285
	Opening stock of finished goods	942,011	1,469,225
	Closing stock of finished goods	(1,145,523)	(942,011)
		(203,512)	527,214
		18,919,015	19,490,499

25.1 This is net of reversal of provision amounting to Nil (2015: Rs. 90,418) in respect of duty on import of raw materials.

(Amounts in thousand)

25.2 Includes Rs. 71,814 (2015: Rs. 81,352) in respect of staff retirement and other service benefits, referred to in note 33.

25.3 This is net of reversal of provision amounting to Nil (2015: Rs. 753,664), in respect of GIDC of prior periods, as disclosed in note 22.

26. DISTRIBUTION AND MARKETING EXPENSES

	2016	2015
	Rupees	
Salaries, wages and staff welfare - note 26.1	123,923	143,706
Sales promotion	124,043	108,706
Product transportation and handling	860,571	899,332
Rent, rates and taxes	29,100	23,067
Purchased services	13,237	8,261
Depreciation - note 4.2	3,348	3,839
Training, conveyance and travelling	12,032	10,868
Communication, stationery and other office expenses	4,139	3,209
Others	9,376	10,508
	1,179,769	1,211,496

26.1 Includes Rs. 10,213 (2015: Rs. 21,414) in respect of staff retirement and other service benefits, referred to in note 33.

27. ADMINISTRATIVE EXPENSES

	2016	2015
	Rupees	
Salaries, wages and staff welfare - note 27.1	265,958	252,208
Rent, rates and taxes	57,945	65,902
Purchased services	101,959	97,031
Insurance	2,751	631
Depreciation - note 4.2	10,712	18,079
Amortization - note 5	14,464	14,871
Training, conveyance and travelling	27,612	26,285
Communication, stationery and other office expenses	18,690	18,500
Others	18,805	21,841
	518,896	515,348

27.1 Includes Rs. 19,110 (2015: Rs. 15,698) in respect of staff retirement and other service benefits, referred to in note 33.

(Amounts in thousand)

		2016	2015
		Rupees	
28.	**OTHER OPERATING EXPENSES**		
	Legal and professional charges	23,665	15,973
	Auditors' remuneration - note 28.1	4,485	6,458
	Donations - notes 28.2 and 28.3	4,575	11,127
	Workers' welfare fund	6,000	117
	Workers' profits participation fund	62,424	-
	Loss on disposal of operating assets	-	1,429
	Foreign exchange loss - net	38,218	291,165
	Operating assets written-off, net - note 4.1	-	46
	Others	10,770	-
		150,137	326,315
28.1	**Auditors' remuneration**		
	Fee for:		
	- Annual statutory audit	875	1,035
	- Half yearly review	210	260
	- Review of compliance with Code of Corporate Governance	40	40
	Taxation and other advisory services	3,078	4,844
	Reimbursement of expenses	282	279
		4,485	6,458

28.2 Includes donation to Engro Foundation - a related party amounting to Nil (2015: Rs. 2,000) which is a related party of the Company as at year end.

28.3 The Directors and their spouses do not have any interest in any donees except for Mr. Imran Anwer who is the trustee of Engro Foundation.

		2016	2015
		Rupees	
29.	**OTHER INCOME**		
	On financial assets		
	Income on bank deposits	1,234	26,876
	Income from short term investments	-	11,816
	On non-financial assets		
	Profit on disposal of operating assets	20	-
	Scrap sales	11,582	6,965
	Others	7,841	17,310
		20,677	62,967

(Amounts in thousand)

	2016	2015
	Rupees	

30. FINANCE COSTS

	2016	2015
Interest / mark-up on:		
- long term borrowings	642,454	781,117
- short term borrowings	132,354	141,531
- running finances	58,247	34,293
	833,055	956,941
Foreign exchange (gain) / loss on borrowings	(2,400)	62,412
Guarantee commission	1,255	4,247
Bank charges and others	87,677	119,522
	919,587	1,143,122

31. TAXATION

	2016	2015
Current		
- for the year - note 31.1	175,058	192,453
- for prior years	(1,712)	47,797
	173,346	240,250
Deferred		
- for the year	354,018	43,803
- for prior years	-	-
	354,018	43,803
	527,364	284,053

31.1 Represents minimum tax at the rate of 1% (2015: 1%) on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

31.2 Relationship between tax expense and accounting loss

	2016	2015
	Rupees	
Profit / (Loss) before taxation	1,187,297	(360,071)
Tax calculated at applicable rate of 31% (2015: 32%)	368,062	(115,223)
Tax effect of presumptive tax regime and income subject to lower tax rates	(9,160)	(39,631)
Prior year tax charge / (reversal), net	(1,712)	47,797
Effect of inadmissible expenses / permanent differences	1,795	4,505
Effect of non-recognition of deferred tax on minimum turnover tax	-	172,487
Derecognition of deferred tax asset on minimum turnover tax	-	154,348
Impact of change in tax rates	170,794	58,161
Others	(2,415)	1,609
	527,364	284,053

(Amounts in thousand)

32. PROFIT / LOSS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2016	2015
	Rupees	
Profit / Loss for the year	659,933	(644,124)
	Number in thousands	
Weighted average number of ordinary shares	663,469	663,469

33. RETIREMENT AND OTHER SERVICE BENEFITS

33.1 Provident fund

In 2013, the Company replaceds its provident fund with the provident fund (the Fund) operated and managed by Engro Corporation Limited - the Holding Company. Accordingly, the following information is based on the latest audited financial statements of the Fund maintained by the Holding Company as at June 30, 2015 and unaudited financial statements as at June 30, 2016.

33.1.1 Details of the Fund

	June 30, 2016	June 30, 2015
	Rupees	
Size of Fund	3,205,658	3,161,499
Cost of the investment made	2,800,793	2,333,996
Percentage of investments made	94%	87%
Fair value of investments	3,015,867	2,736,879

33.1.2 Break-up of investments in terms of amount and percentage of size of the Fund is as follows:

	June 30, 2016		June 30, 2015	
Description	Investments (Rupees)	Percentage of investment made	Investments (Rupees)	Percentage of investment made
National savings scheme	790,505	26%	223,037	8%
Government securities	702,336	23%	1,045,090	38%
Listed securities	927,211	31%	1,164,311	43%
Balances within savings account	595,815	20%	304,441	11%
	3,015,867	100%	2,736,879	100%

(Amounts in thousand)

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

33.1.4 During the year Rs. 55,632 (2015: Rs. 55,128) has been recognized in the consolidated profit and loss account in respect of the defined contribution provident fund, maintained by Engro Corporation Limited, the Holding Company.

33.2 During the year Rs. 42,625 (2015: Rs. 60,373) has been recognized in the consolidated profit and loss account in respect of the defined contribution gratuity fund, maintained by Engro Corporation Limited, the Holding Company.

33.3 During the year Rs. 2,880 (2015: Rs. 2,963) has been recognized in the consolidated profit and loss account in respect of the defined contribution pension fund, maintained by Engro Corporation Limited, the Holding Company.

34. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts for rumuneration, including all benefits, to Chief Executive, Directors and effective of the company are the below:

	2016			2015		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	Rupees					
Managerial remuneration	24,066	-	564,380	18,962	-	564,285
Retirement benefit funds	2,713	-	88,571	1,324	-	88,007
Bonus - note 34.3	39,309	-	80,321	17,640	-	80,524
Other benefits	2,788	-	121,224	2,164	-	109,786
Directors fee	-	2,250	-	-	1,350	-
Total	68,876	2,250	854,496	40,090	1,350	842,602
Number of persons including those who worked part of the year	1	6	241	2	6	259

34.1 The Company also provides certain household items and vehicles for the use of Chief Executive and certain executives.

34.2 Premium charged in respect of Directors' indemnity insurance policy, purchased by the Company, amounts to Rs. 752 (2015: Rs. 720).

34.3 Bonus paid to Chief Executive includes bonus paid during the year to outgoing Chief Executive amounting to Rs. 26,111 (2015: Nil)

(Amounts in thousand)

		2016	2015
		Rupees	
35.	CASH GENERATED FROM OPERATIONS		
	Profit / (Loss) before taxation	1,187,297	(360,071)
	Adjustments for non cash charges and other items:		
	Provision for staff retirement and other service benefits	144,398	160,832
	Depreciation and amortization	878,196	1,283,979
	Provision for slow moving stores and spares	8,801	24,502
	Stores and spares written-off	-	29,200
	(Reversal of Provision) / Provision for net realizable value of stock-in-trade, net	(26,271)	(672,350)
	Write-off of damaged items of property, plant and equipment	-	46
	Income on bank deposits and short term investments	(1,234)	(38,692)
	Unrealized foreign exchange (gain) / loss on borrowings	(9,544)	32,895
	Amortization of prepaid financial charges	45,507	27,069
	Unrealized foreign exchange (gain) on imports and derivatives	(23,982)	(95,589)
	Finance costs	833,055	956,941
	Loss / (Profit) on disposal of operating assets	(20)	1,429
	Provisions against concessionary duty on import of raw materials and GIDC, net	980,891	134,690
	Working capital changes - note 35.1	289,335	(1,256,357)
		4,306,429	228,524

		2016	2015
		Rupees	
35.1	WORKING CAPITAL CHANGES		
	(Increase) / Decrease in current assets		
	Stores, spares and loose tools	(14,838)	(116,285)
	Stock-in-trade	(56,791)	1,628,647
	Trade debts	(19,544)	117,814
	Loans, advances, deposits, prepayments and other receivables - net	(40,924)	149,534
		(132,097)	1,779,710
	Increase / (Decrease) in current liabilities		
	Trade and other payables	421,432	(3,036,067)
		281,335	(1,256,357)

(Amounts in thousand)

36. CASH AND CASH EQUIVALENTS

	2016	2015
	Rupees	
Cash and bank balances - note 14	376,147	169,222
Short term investments - note 13	740,000	300,000
Money market loans - note 19	-	(1,080,000)
Running finance utilized under markup arrangements - note 19	(29,638)	(527,086)
	1,086,509	(1,134,864)

37. FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets as per balance sheet

Held to maturity at amortized cost		
Short term investments - Term Deposits Receipts	740,000	300,000
Loans and receivables as amortized cost		
Long term loans	51,268	45,887
Trade debts - considered good	456,396	436,852
Loans, deposits and other receivables	49,797	50,808
Cash and bank balances	376,147	169,222
	933,608	702,769

37.2 Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost		
Long term borrowings	9,166,903	8,326,676
Short term borrowings	329,638	2,957,086
Trade and other payables	6,319,048	5,815,048
Accrued interest / mark-up	11,096	55,041
	15,826,685	17,153,851
Derivatives at fair value		
Used for hedging purposes	2,107	17,382
At fair value through profit or loss	-	23,982
	2,107	41,364

(Amounts in thousand)

37.3 Fair values estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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

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

	Level 1	Level 2	Level 3	Total
	Rupees			
Liabilities				
- Derivative financial instruments	-	2,107	-	2,107

There were no transfers amongst the levels nor any changes in the valuation techniques during the year.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk factors. Risk management is carried out by the Company's finance department under guidance of the Company's Board of Directors.

a) Market risk

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to US Dollars. The risk arises from outstanding payments for imports, recognized assets and liabilities in foreign currency and future commercial transactions. In the current economic environment, the Company is significantly exposed to currency risk because of the expected volatility in exchange rates. The Company manages the currency risk through forward exchange contracts.

At December 31, 2016, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 165,556 (2015: Rs. 183,824) and Rs. 5,169,209 (2015: Rs. 5,358,286) respectively.

At December 31, 2016, if the Pakistan Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, post-tax profit / loss for the year would have been lower / higher by Rs. 250,183 (2015: Rs. 258,706), mainly as a result of foreign exchange losses / gains on translation of uncovered US Dollar-denominated liabilities. However, this change in profits or losses would be partially offset by a corresponding change in margins as bulk of revenues is linked with movements in exchange rates.

(Amounts in thousand)

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising from long and short term running finances utilized under mark-up arrangements. Borrowing at variable rates exposes the Company to cash flow interest rate risk, whereas, borrowing at fixed rate expose the Company to fair value interest rate risk.

To manage its cash flow interest rate risk, the Company has entered into floating to fixed rate interest swaps on its foreign currency borrowings. Under the interest rate swap agreements, the Company has agreed with the banks to exchange, at half yearly intervals, the difference between contracted rates and the floating rate interest amounts calculated by reference to the agreed notional amounts.

As at December 31, 2016, if interest rate on Company's unhedged borrowings had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by approximately Rs. 91,519 (2015: Rs. 86,919) mainly as a result of higher / lower interest exposure on variable rate borrowings.

iii) Other price risk

Price risk represents the risk that the fair vale of future cash flows of financial instruments 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 financials instruments or its issuers or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity security price risk as the Company deals in securities. However, the Company is not exposed to equity securities price risk as at December 31, 2016 as the Company has no investments in listed securities as at year end.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations. Credit risk arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Company is not materially exposed to credit risk as unsecured credit is provided to selected parties with no history of default. Moreover, major part of trade debts are secured by bank guarantees and letters of credit from customers. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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 follows:

	2016	2015
	Rupees	
Long term loans	51,268	45,887
Trade debts - considered good	456,396	436,852
Loans, deposits and other receivables	49,797	50,808
Short term investments	740,000	300,000
Bank balances	375,228	168,336
	1,672,689	1,001,883

(Amounts in thousand)

The credit quality of receivables can be assessed with reference to their historical performance with no defaults in recent history. As at December 31, 2016 the credit quality of the Company's liquid funds can be assessed with reference to external credit ratings of banks as follows:

Bank	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Commercial Bank Limited	JCR-VIS	A1+	AA
Bank AlFalah Limited	PACRA	A1+	AA
Bank AlHabib Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR-VIS	A1+	AAA
Burj Bank Limited	JCR-VIS	A2	BBB+
Citibank N.A.	Moody	P1	A1
Deutsche Bank A.G	Moody	P2	Baa2
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
Industrial and Commercial Bank of China	Moody	P1	A1
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
National Bank of Pakistan	JCR-VIS	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A1	A-
United Bank Limited	JCR-VIS	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA-
JS Bank Limited	PACRA	A1+	A+
NIB Bank Limited	PACRA	A1+	AA-
Bank Islami Pakistan	PACRA	A1	A+
Soneri Bank Limited	PACRA	A1+	AA-

(Amounts in thousand)

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 maintaining sufficient cash and marketable securities, the availability of funds through an adequate amount of credit facilities and through its ability to close out market positions. Due to the dynamic nature of the business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial liabilities. 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						
Long term borrowings	416,903	8,750,000	9,166,903	3,064,064	5,262,612	8,326,676
Derivative financial instruments	2,107	-	2,107	23,982	17,382	41,364
Trade and other payables	6,319,48	-	6,319,048	5,815,048	-	5,815,048
Accrued interest / mark-up	11,096	-	11,096	55,041	-	55,041
Short term borrowings	329,638	-	329,638	2,957,086	-	2,957,086
	7,078,792	8,750,000	15,828,792	11,915,221	5,279,994	17,195,215

39. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Company may issue new equity, manage dividend payouts to its shareholders or sell assets to reduce debt.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long term borrowings, as disclosed in note 16, divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long term borrowings.

(Amounts in thousand)

The gearing ratio of the Company is as follows:

	2016	2015
	Rupees	
Long term borrowings - note 16	8,750,000	5,262,612
Total equity	6,004,179	5,333,728
Total capital	14,754,179	10,596,340
Gearing ratio	0.593	0.497

40. SEGMENT INFORMATION

40.1 Based on the internal management reporting sstructure, the Company is organized into three business segments based on the products produced and sold as follows:

- Poly Vinyl Chloride (PVC) and allied chemicals: The segment is formed to manufacture and sell PVC and allied chemicals to various industrial customers including pipe manufacturers, shoe and packaging industry. The Company supplies the products throughout Pakistan mainly through dealers. Moreover, PVC is also exported to various countries mainly in Asia Region.

- Caustic soda and allied chemicals: The segment is formed to manufacture and sell caustic soda and allied chemicals mostly to textile and soap industry.

- Power supplies: The segment supplies surplus power generated from its power plants to Engro Fertilizers Limited.

Management monitors the operating results of abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on profit / (loss) after tax for that segement, which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Items which are directly attributable to a particular segment have been allocated to the respective segment, while those which are not directly attributable have been allocated on the basis of revenue.

(Amounts in thousand)

	Poly Vinyl Chloride (PVC) and allied chemicals		Caustic soda and allied chemicals		Power Supply		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees							
Segment profit and loss								
Revenue	18,378,843	17,825,991	4,422,049	4,366,744	53,132	71,007	22,854,024	22,263,742
Less:								
Cost of sales (excluding depreciation)	(15,022,716)	(16,077,297)	(2,999,993)	(2,868,556)	(46,634)	(51,120)	(18,069,343)	(18,996,973)
Reversal of GIDC for prior years	-	-	-	-	-	-	-	753,664
Distribution and marketing expenses (excluding depreciation)	(892,313)	(916,753)	(284,108)	(290,904)	-	-	(1,176,421)	(1,207,657)
Allocated depreciation	(703,977)	(967,104)	(146,729)	(283,189)	(2,314)	(736)	(853,020)	(1,251,029)
Administrative expenses	(415,117)	(412,278)	(103,779)	(103,070)	-	-	(518,896)	(515,348)
Other operating expenses	(102,298)	(232,238)	(47,719)	(36,535)	(120)	(715)	(150,137)	(326,315)
Other income	16,605	51,469	4,072	11,498	-	-	20,677	62,967
Finance costs	(735,276)	(907,703)	(180,422)	(231,652)	(3,889)	(4,842)	(919,587)	(1,143,122)
Profit before tax	523,751	(1,636,913)	663,371	564,336	175	13,594	1,187,297	(360,071)
Taxation	(346,777)	107,806	(180,535)	(149,435)	(52)	(3,599)	(527,364)	(284,053)
Profit / (Loss) for the year	176,974	(1,529,108)	482,836	414,901	123	9,994	659,933	(644,124)
Segment assets								
Total segment assets (note 40.3)	14,883,358	14,785,696	4,854,186	5,093,381	32,573	12,585	19,770,117	19,891,662
Unallocated assets (note 40.3)							4,650,644	4,320,102
Total assets							24,420,761	24,211,764

40.3 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts. Unallocated assets include long term investment, long term loans and advances, loans, advances, prepayments and other receivables, taxes recoverable, and cash and bank balances.

(Amounts in thousand)

41. TRANSACTIONS WITH RELATED PARTIES

41.1 Transactions with related parties, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

Nature of relationship	Nature of transactions	2016	2015
		Rupees	
Holding Company			
- Engro Corporation Limited	Mark-up on subordinated loan	301,483	110,981
	Reimbursement made	108,068	92,646
	Reimbursement received	1,945	7,917
	Purchase of services	2,450	-
	Life insurance contribution	619	506
	Medical insurance contribution	181	221
	Sub-ordinated long term loan received	850,000	2,150,000
	Sub-ordinated short term loan received	1,000,000	-
	Sub-ordinated short term loan repaid	1,600,000	-
Associated Company			
- Mitsubishi Corporation	Purchase of goods	4,316,101	7,447,889
	Sale of goods	91,262	94,696
	Purchase of services	-	48
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Sale of goods	13,569	14,757
	Sales of utilities	65,282	95,427
	Use of operating assets	9	1,417
	Reimbursement made	18,694	33,213
	Reimbursement received	8,825	2,495
- Engro Vopak Terminal Limited	Purchase of services	1,027,914	1,024,413
	Reimbursement made	-	15,016
	Reimbursement received	355	8,354
- Engro Elengy Terminal Limited	Reimbursement received	126	464
	Reimbursement made	-	88
- Engro Foundation	Reimbursement made	12	2,022
	Donation	-	2,000
- Engro PowerGen Qadirpur Limited	Reimbursement received	4,338	4,196
	Reimbursement made	8,306	-
- Engro PowerGen Limited	Reimbursement received	15,045	-
- Engro Thar Power Limited	Reimbursement received	94	-
- The Hub Power Company Limited	Sales of goods	2,782	-
- Engro Foods Limited	Sale of goods	26,536	38,239
	Reimbursement received	3,397	814
	Reimbursement made	6,859	-
	Use of operating assets	165	145

(Amounts in thousand)

Nature of relationship	Nature of transactions	2016	2015
		Rupees	
- Sindh Engro Coal Mining Company Limited	Reimbursement received	705	-
- Shell Pakistan Limited	Purchase of goods	5,875	3,471
- Dawood Hercules Corporation Limited	Purchase of services	-	14,493
- Lahore University of Management Sciences	Purchase of services	328	418
- Pakistan Institute of Corporate Governance	Purchase of services	463	-
	Annual subscription	-	75
- Institute of Business Administration - Sukkur	Reimbursement made	-	88
- Pakistan Japan Business Forum	Annual subscription	100	50
- Overseas Investors Chamber of Commerce & Industries	Annual subscription	-	396
- Pakistan Society for Human Resource Management	Annual subscription	-	20
Other related party			
- Arabian Sea Country Club	Purchase of services	191	41
	Annual subscription	-	393
Directors	Fee	2,250	1,350
	Advance paid	-	4,950
	Repayment of advance	4,125	825
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	45,304	55,128
	- Gratuity fund	37,791	60,373
	- Pension fund	2,880	2,963
Key management personnel	Managerial remuneration	73,480	70,248
	Retirement benefit funds	12,055	8,755
	Bonus	21,557	23,367
	Other benefits	17,167	15,203

41.2 The related party status of outstanding balances as at December 31, 2016 are disclosed in the respective notes.

(Amounts in thousand)

	2016	2015
	Rupees	
42. FINANCING STRUCTURE / MODE		
Conventional mode:		
Assets		
Short term investments	740,000	300,000
Cash and bank balances	351,700	151,801
	1,091,700	451,801
Liabilities		
Borrowings	7,500,000	5,162,612
Short term running finance	114,638	2,833,887
	7,614,638	7,996,499
Mark-up / Interest	819,650	928,383
Shariah compliant mode:		
Assets		
Cash and bank balances	19,916	2,978
Liabilities		
Borrowings	1,250,000	100,000
Short term borrowings	300,000	192,293
	1,550,000	292,293
Mark-up / Interest	20,999	29,633

43. GENERAL

43.1 Number of employees

Number of permanent employees as at December 31, 2016 was 421 (2015: 433) and average number of employees during the year was 418 (2015: 438).

(Amounts in thousand)

44. Production capacity

	Designed Annual Capacity		Actual Production		Remarks
	2016	2015	2016	2015	
	Kilo tons				
PVC	178	178	172	162	Production planned as per market demand and in house consumption needs
EDC	127	127	106	100	
Caustic soda	106	106	103	98	
VCM	204	204	174	162	
	Mega Watts				
Power	66	66	48	50	

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 7, 2017 by the Board of Directors of the Company.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

NOTICE OF AGM AND ANNEXURES

Regaining Solidity

We move ahead with firmness; evaluating the past and devising a plan for future to accelerate. Our solidity makes us undefeatable and unbreakable from the top management to the lower management.

Notice of Meeting

NOTICE IS HEREBY GIVEN, that the Nineteenth Annual General Meeting of Engro Polymer & Chemicals Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Friday, April 14, 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 appoint Auditors and fix their remuneration.

(3) To elect 7 Directors in accordance with the Companies Ordinance, 1984. The retiring Directors are Messrs. Ghias Khan, Imran Anwer, Shahzada Dawood, Kimihide Ando, Shoichi Ogiwara, Feroz Rizvi, Asad Said Jafar, Zafar Hadi, Mazhar Hasnani and Farman Ahmad Khan Lodhi.

B) SPECIAL BUSINESS

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

“RESOLVED that the Company may circulate the annual balance sheet and profit and loss account, Auditors’ Report, Directors’ report etc. to its Members through CD / DVD / USB instead of in hardcopy at their registered addresses”.

By Order of the Board
SCHAANE ANSARI
Company Secretary

Karachi,
Dated: February 07, 2017

N.B.

(1) The Directors of the Company have fixed, under sub-section (1) of Section 178 of the Companies Ordinance, 1984, the number of elected Directors of the Company at 07.

(2) The Share Transfer Books of the Company will be closed from Tuesday, April 04, 2017 to Friday, April 14, 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, Nursery, Block 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, PABX Nos. (92-21) 34380101-5 and email info.shares@famco.com by the close of business (5:00 p.m) on Monday, April 03, 2017 will be treated in time to entitle the transferees to attend and vote at the meeting.

(3) 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.

Statement under Section 160 of the Companies Ordinance 1984

This statement is annexed to the Notice of the Nineteenth Annual General Meeting of Engro Polymer & Chemicals Limited to be held on Friday, April 14, 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

To give effect to the notification S.R.O 470(I) 2016 of the Securities and Exchange Commission of Pakistan ("SECP"), shareholders' 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.

By Order of the Board
SCHAANE ANSARI
Company Secretary

Karachi,
Dated: February 07, 2017

Shareholder Information

Annual General Meeting

The Annual Shareholders Meeting will be held at 10:00 a.m. on April 14, 2017 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of Tuesday, April 04, 2017 are encouraged to participate and vote.

Any shareholder may appoint a proxy to vote on his / 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 Computerised National Identity Card or passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Ownership

On December 31, 2016 there were 30,114, shareholders on record of the Company's ordinary shares.

ELECTION OF DIRECTORS:

Any person who seeks to contest the election of Directors shall file with the Company at its Registered Office not later than fourteen days before the date of the said Meeting a notice of his / her intention to offer himself / herself for election as a Director in terms of Section 178(3) of the Companies Ordinance, 1984 together with:

(a) Consent to act as Director in Form 28, duly completed, as required under Section 184(1) of the Companies Ordinance 1984; and

(b) A detailed personal profile along with office address for placement onto the Company's website in accordance with SRO No. 634(1) / 2014 dated July 10, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP).

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.engropolymer.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.

Quarterly Results

The Company issues quarterly financial statements. The tentative dates for release of the quarterly results in 2017 are:

- 1st quarter : April 18, 2017
- 2nd quarter: August 07, 2017
- 3rd quarter : October 18, 2017

The Company holds quarterly briefings with Security Analysts to discuss the results and the business environment. These sessions are tentative to be held on:

- 1st quarter : April 21, 2017
- 2nd quarter: August 10, 2017
- 3rd quarter: October 23, 2017

All Annual / Quarterly Reports and presentations from quarterly briefings are regularly posted at the Company's website: www.engropolymer.com

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

Calendar of Major Events

2016

February 1st, 2016	Approval of Annual Accounts
April 18th, 2016	Approval of Quarterly Accounts
August 3rd, 2016	Approval of Half Yearly Accounts
October 18th, 2016	Approval of Third Quarterly Accounts
October 7th, 2016	Achieved second position for Best Corporate Report Awards in chemical sector for 2015
April 29th, 2016	Annual General Meeting (AGM) of the year ended December 31st, 2015
December 23rd, 2016	Approval and Commencement of the debottlenecking project

Request for Video Conferencing Facility Form

Members can also avail video conferencing 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 Polymer & Chemicals Limited holder of

_________________ Ordinary share(s) as per Register Folio No. / GDC A/c No. ______________, hereby, opt for

video conference facility at ______________________________

Date: _____________________

____
Signature of Member / Shareholder

engro polymer & chemicals

AFFIX CORRECT POSTAGE

The Company Secretary
Engro Polymer & Chemicals Limited
16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4,
Clifton, Karachi - 75600

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 Polymer and Chemicals Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Name of Member / Shareholder ______________________________

Folio / CDC Account Number ______________________________

CNIC ______________________________

Email Address ______________________________

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

Date: ____________________

____
Signature of Member / Shareholder

AFFIX CORRECT
POSTAGE

The Company Secretary
Engro Polymer & Chemicals Limited
16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4,
Clifton, Karachi - 75600

Proxy form

I/We ____

of ____ being a member of ENGRO POLYMER AND CHEMICALS LIMITED and holder of __________________________ 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 14th day of April, 2017 and at any adjournment thereof

Signed this _______________________________day of _________________ 2017.(Number of Shares)

WITNESSES:

1. Signature: ____________________________

   Name: ____________________________

   Address: ____________________________

   ____

   CNIC or | | | | | |■| | | | | | |■| |

   Passport No. ____________________________

2. Signature: ____________________________

   Name: ____________________________

   Address: ____________________________

   ____

   CNIC or | | | | | |■| | | | | | |■| |

   Passport No. ____________________________

Signature

Revenue Stamp

(Signature should agree with the specimen registered with the Company)

Note:

i) 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.

ii) 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.

AFFIX CORRECT POSTAGE

The Company Secretary
Engro Polymer & Chemicals Limited
16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4,
Clifton, Karachi - 75600

Glossary

AGM: Annual General Meeting

ATIR: Appellate Tribunal Inland Revenue

BAC: Board Audit Committee

BCP: Business Continuity Planning

BoD: The Board of Directors

BSC: British Safety Council

CC: Corporate Communications

CEO: Chief Executive Officer

CIR (A): Commissioner of Inland Revenue Appeals

CLSA: Credit Lyonnais Securities Asia

CNIC: Computerised National Identity Card

COED: Committee for Organisation & Employee Development

CRO: Chief Risk Officer

CSR: Corporate Social Responsibility

E Corp: Engro Corporation - the Holding Company

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation

EDC: Ethylene Di Chloride

EET: Employee Engagement Index

EPTL: Engro Polymer Trading (Private) Limited

F&A: Finance & Accounting

FDSK: The Foundation for Diffusion of Scientific Knowledge

GIDC: Gas Infrastructure Development Coss

GM: General Manager

GRI: Global Reporting Initiative

HCL: Hydrochloric Acid

HR: Human Resources

HRRC: The HR & Remuneration Committee

HSE: Health, Safety & Environment

Hypo: Sodium Hypochlorite

IFC: International Finance Corporation

MAR: Management Attention Required

MMBTU: Million British Thermal Units

MMSCFD: Million Standard Cubic Feet per Day

LSS: Lean Six Sigma

OHSA: Occupational Health and Safety Administration

OICCI: Overseas Investors Chamber of Commerce and Industry

OSHA: Occupational Safety and Health Administration (OSHA)

PADP: Performance Appraisal Development Plan

PAT: Profit after Tax

PBIT: Profit Before Interest and Tax

PJBF: Pakistan Japan Business Forum

PSM: Personnel Safety Management

PSRM: Process Safety and Risk Management

پراکسی فارم

میں/ہم ______ کے ______

اینگرو پالیمر اینڈ کیمیکلز کے رکن اور عام شیئرز 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 29 اپریل 2017 کو منعقد ہوگا، میں/ہمارے لئے اور میری/ہماری طرف سے بحیثیت اپنا پراکسی ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

دستخط: ______ بروز ______ بتاریخ ______ / ______ 2017۔

گواہان:

دستخط: ______

نام: ______

پتہ: ______

______

دستخط شیئر ہولڈر

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______

کمپنی میں رجسٹرڈ نمونے کے
جو مطابق ہونا ضروری ہے۔

یا پاسپورٹ نمبر: ______

دستخط: ______

نام: ______

پتہ: ______

______

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______

یا پاسپورٹ نمبر: ______

نوٹ:

نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہئے۔ 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 شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

AFFIX CORRECT
POSTAGE

The Company Secretary
Engro Polymer & Chemicals Limited
16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4,
Clifton, Karachi - 75600

ڈائریکٹرز رپورٹ

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ نے سال مختتمہ 31 دسمبر، 2016 کے لیے سالانہ رپورٹ اور آڈٹ شدہ کھاتے (اکاؤنٹس) جمع کرا دیے ہیں۔ نظرِ ثانی شدہ مدت میں HSE کے اقدامات پر عمل کرتے ہوئے پراڈکشن کی بلند ترین سطح، سیلز میں مستحکم حجمی تجزیہ اور لاگت کے لحاظ سے بہتر کارکردگی مشاہدے میں آئی، جو کہ کمپنی کے لیے معاشی فائدے کا باعث بنی۔

اہم ترین سرگرمیاں

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ (EPCL یا کمپنی)، اینگرو کارپوریشن لمیٹڈ (ECL یا EPCL کی مالیاتی کمپنی) کا ذیلی ادارہ ہے، جو کہ داؤد ہرکولس کارپوریشن (DH کارپوریشن یا ECL کی مالیاتی کمپنی) کا ذیلی ادارہ ہے۔ EPCL کا قیام 1997 میں کمپنیز آرڈیننس 1984 کے تحت بطور پبلک لمیٹڈ کمپنی عمل میں آیا اور اس نے اپنی کاروباری سرگرمیاں بھی 1997 میں شروع کیں۔ کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج میں مندرج ہیں۔ کمپنی کا اہم ترین کام Chlor-Vinyl پراڈکٹس کی تیاری اور اس کا کاروبار ہے۔ Chlor-Vinyl پراڈکٹس میں پولی ونائل کلورائیڈ (PVC)، ونائل کلورائیڈ مونومر (VCM)، کاسٹک سوڈا، ہائیڈرالک ایسڈ اور سوڈیم ہائپوکلورائٹ شامل ہیں۔ کمپنی کی سب سے زیادہ نمایاں اور ممتاز برانڈ SABZ، ملک میں معیاری PVC کے مترادف بن گئی ہے۔ EPCL اپنے سہ جہتی فلسفے۔ عوام، پلانٹ اور نفع کی توثیق کرتی ہے۔

کاروبار کی نوعیت اور کاروباری ڈھانچہ رماڈل

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ، Chlor-Vinyl کے شعبے میں کام کرتی ہے۔ ملک کے مجموعی اقتصادی حالات اس کی ترقی کو متاثر کرتے ہیں، جبکہ اس کے نفع کے تعین کا انحصار مقامی طلب، ونائل کی بین الاقوامی چین پرائز، توانائی کے نرخ، Chlor Alkali مارکیٹ میں جاری تقابلی رجحان، کام کی کارکردگی اور افراطِ زر پر ہوتا ہے۔ کمپنی نے مقامی PVC مارکیٹ میں وسعت، پلانٹ کی صلاحیت میں اضافے اور کارکردگی کو بہتر بنانے کے عمل پر توجہ مرکوز رکھتے ہوئے کثیر جہتی حکمت عملی کا اطلاق کیا ہے، تاہم عالمی اجناس کے نرخ میں اتار چڑھاؤ، Chlor Alkali مارکیٹ میں جاری مقابلے اور توانائی (بجلی) کے نرخ سے تا حال متاثر ہے۔

مربوط کاروباری ڈھانچہ

مینوفیکچرنگ	پراڈکشن کے فیصلے مارکیٹ کے اندازوں، صارف کے اطمینان کو یقینی بنانے کے لئے معیار اور کارکردگی کے لحاظ سے لاگت پر توجہ کی بنیاد پر کیے جاتے ہیں۔
سپلائی چین	پروکیورمنٹ اسپیشلسٹس انوینٹری بیلنس کو برقرار رکھنے، ممکنہ بچت پر کڑی نظر رکھنے اور مختلف سپلائرز کا کام کرتے ہیں۔
مارکیٹنگ	مارکیٹ کی طلب کا تجزیہ، جاتے ہوئے کسٹمر کی بڑھوتری، مارکیٹ کی ترقی کی ترویج اور پکڑ کا کام کرتے ہیں۔
ہیومن ریسورس	اسٹریٹیجک بزنس پارٹنرز ہوتے ہیں جو نہ صرف ٹیلنٹ تلاش کرتے ہیں بلکہ ادارے کے کلچر، ملازمین کو ادارے کے ساتھ منسلک رکھنے اور ان کی فلاح و بہبود کا کام کرتے ہیں۔
فنانس	قرضہ جات کی خدمات، کام کے اصل سرمائے کے انتظام و انصرام اور اندرونی و بیرونی اسٹیک ہولڈر کی رپورٹنگ کا کام کرتے ہیں۔

کسٹمرز، فراہم کنندگان، ملازمین اور اسٹیک ہولڈرز کو اہمیت دینا EPCLs کے کاروباری ڈھانچے کی جان ہے۔

ادارے کا جائزہ

ادارے نے سال 2015 کے بعداز محصول (ٹیکس) 644 ملین روپے کے نقصان، جو کہ 0.97 روپے فی شیئر کی تخفیفی آمدن میں منتقل ہوگیا تھا، کے مقابلے میں سال 2016 میں بعداز محصول (ٹیکس) 660 ملین روپے کا نفع ظاہر کیا ہے، جو کہ 0.99 روپے فی شیئر کی آمدن میں منتقل ہوگیا ہے۔ مسابقتی مارکیٹ کے حالات کی وجہ سے کاسٹک سوڈا پر کم مارجنز کے باوجود فروخت کے بہتر حجم، بہترین کاروباری کارکردگی، کنٹرول کرنے کے حوالے سے کڑے اقدامات، پلانٹ کی لائف کا بڑھانے کے لیے ازسرِ نو تخمینت اور ساتھ ہی وینائل چین پر اچھے اور اہم مارجنز کمپنی کی مثبت آمدن کا باعث بنے۔

مقاصد، علامات اور حکمتِ عملی

سال 2016 میں کمپنی نے اپنے تمام بنیادی اہداف کامیابی کے ساتھ حاصل کیے۔ آگے بڑھنے کے ساتھ ساتھ کمپنی کے بورڈ کے اہداف برقرار رہے، جبکہ انتظامیہ نے کمپنی کی مالی خوشحالی کو برقرار رکھنے کے لیے ایک جامع حکمتِ عملی وضع کی۔ مختصراً یہ کہ کمپنی اپنی کام میں بہتر کارکردگی، اختتامی حد کے ذریعے پراڈکشن کی صلاحیتوں کو بڑھاتے، لاگت پر نظر رکھ کر اور مارکیٹنگ کے شعبے میں مزید توجہ دیتے ہوئے نفع کی اس طرز کو برقرار رکھنے کی منصوبہ بندی کرتی ہے۔ اس حوالے سے نہ صرف اہداف کا تعین کر دیا گیا ہے بلکہ ان کے حصول کے لیے تفصیلی حکمت عملی بھی مرتب کردی گئی ہے۔ کمپنی HSE پالیسی پر مسلسل توجہ مرکوز رکھنے کے ساتھ ساتھ اہداف کو یقینی بنانے کے لیے تمام اقدامات کرے گی۔

صحت، تحفظ اور ماحول

مقاصد	کارکردگی کے کڑے عوامل	حکمت عملی
کام کے محفوظ ماحول کی فراہمی کو یقینی بنانا	ٹوٹل رکورڈایبل انسیڈنٹ ریٹ (TRIR)، فلیٹ ایکسیڈنٹ فریکونسی ریٹ (FAFR) اہداف اور DuPont کے کام کرنے کے بہترین ریٹنگو سسٹم کے حوالے سے اقدامات	Dupont کے ذریعے ظاہر شدہ اہم تغیرات کا باریک بینی سے معائنہ اور بلائنڈ اسپاٹس معلوم کرنے کے لیے HSE کمیٹیز کو قائم رکھنا۔
ماحولیاتی اثرات کو کم کرنا	کارکردگی کو مختلف طے شدہ ریٹنگو کے حوالے سے جانچا جاتا ہے اور اس کی بیرونی عوامی سے حکام سے تصدیق بھی کی جاتی ہے۔	شفاف ٹیکنالوجی کی بنیاد پر معلومات کی ترویج کے لیے عالمی سطح تک رسائی

اثرات

صحت مند، محفوظ ماحول (HSE) ہمارا اہم خاصہ ہے اور ہم اپنے تمام کاموں میں اس کے اطلاق پر فخر محسوس کرتے ہیں اور اپنے لوگوں اور کمیونٹی کی صحت اور تحفظ کے لیے ادارتی سطح پر بہتر سے بہترین کی تلاش جاری رکھیں گے۔

تیاری (مینوفیکچرنگ)

مقاصد	کارکردگی کے کڑے عوامل	حکمت عملی
زیادہ سے زیادہ پیداواری صلاحیت کو برقرار رکھنا	پراڈکشن کے اہداف اور معیار تمام پراکٹس کے لیے طے گئے ہیں	پراڈکشن کی سہولت کا باریک بینی سے معائنہ، شناخت اور اس میں سے مسائل کا خاتمہ
خام مال ر توانائی کے استعمال کے تناسب کو برقرار رکھنا	خام مال کے استعمال اور بجلی ر توانائی کے خرچ سب تمام اہم تناؤ کو برقرار رکھنا	انتظامی ٹیم کے لیے طے شدہ اہداف کا تناسب
پلانٹ پر انحصار اور کارکردگی میں بڑھوتری	خطرناک ایکوپمنٹ پر انحصار کے کڑی جانچ، کارکرگی، وقت پر باقاعدگی سے معائنہ	خطرناک ایکوپمنٹ کا معائنہ وقفے وقفے سے کیا جاتا ہے

اثرات

صحت مند، محفوظ ماحول (HSE) ہمارا اہم خاصہ ہے اور ہم اپنے تمام کاموں میں اس کے اطلاق پر فخر محسوس کرتے ہیں اور اپنے لوگوں اور کمیونٹی کی صحت اور تحفظ کے لیے اداراتی سطح پر بہتر سے بہترین کی تلاش جاری رکھیں گے۔

مارکیٹنگ

مقاصد	کارکردگی کے کڑے عوامل	حکمت عملی
مقامی مارکیٹ میں جگہ بنانا اور Chlor Alkali کے سیگمنٹ میں سیلز پر نظر رکھنا	حجم میں اضافہ اور انڈسٹری کی مجموعی ترقی	سمت کا تعین اور مارکیٹ کی شناخت اور بڑھوتری کے لیے وسائل کا استعمال
نئی ایپلیکیشن کی ڈیولپمنٹ	نئی PVC ایپلیکیشنز متعارف کرانا اور مارکیٹ کو لاگت کے لحاظ سے موزوں نرخ اور معیار سے آراستہ کرنا	R&D کے ذریعے مواقعوں سے آگہی

اثرات

مقامی مارکیٹ میں وسعت معاشی استحکام کے لیے اہم ہے۔ ان اقدامات سے پراڈکٹ کی اٹھاؤ میں اضافہ اور وسائل کے بہتر استعمال کو بڑھاتا ہے۔

افرادی قوت (ہیومن ریسورس)

مقاصد	کارکردگی کے کڑے عوامل	حکمت عملی
ٹیلنٹ کا ارتقاء اور روانی نیز افرادی قوت میں بڑھوتری	باقاعدہ بنیادوں پر ایچ آر کے خدوخال، انتظامی حالت اور موروثیت کی ہمہ وقت نگرانی	ملازمین کی خوشحالی اور ان کی صلاحیتوں کے نکھار کی روایت کا فروغ
ملازمین کی مصروفیت میں اضافہ	ملازمین کی مصروفیت کی نگرانی، HR کی رائے کے اہم سیشنز کی خاکہ کشی	ملازمین کی مصروفیت کا جائزہ لینے کے عمل اور اہداف میں بہتری کے شعبوں پر سروے کا انعقاد

اثرات

ادارے کی کامیابی میں ہیومن ریسورس کا اہم کردار ہوتا ہے۔ ہم ایک مخلص اور لگن کے کام کرنے والے افراد کی ٹیم بنانے کے لیے ملازمین کے اپنے روابط کو یقینی بناتے ہیں۔

مالیات / فنانس

مقاصد	کارکردگی کے کڑے عوامل	حکمت عملی
زر نقد کی ترسیل کا انتظام و انصرام اور سرمائے کے اسٹرکچر کی پیش کارکردگی	اہم مالیاتی تناسب، کریڈٹ ریٹنگ اور زر نقد کی ترسیل کا انتظام و انصرام	اہم مالیاتی تناسب کی باریک بینی سے نگرانی اور کام کرنے کے موٴثر سرمائے کا انتظام و انصرام

اثرات

مالیاتی انتظام و انصرام کا عمل کاروباری سرگرمیوں کو جاری رکھنے میں اہم کردار ادا کرتا ہے۔ ہم درست طریقے سے کام کی انجام دہی اور کام کے لیے درکار سرمائے پر مسلسل توجہ مرکوز رکھنے نیز اہم تناسب کی نگرانی کرنے کے عمل کو یقینی بناتے ہیں۔

کارکردگی کی جانچ / پیمائش

اینگرو پولیمر کارکردگی کی اہمیت کو سمجھتے ہوئے اسے بہتر بنانے کا سفر جاری رکھے ہوئے ہے اور سب سے اہم بات یہ کہ مقاصد کے حصول کے طریقے کو اپنایا گیا۔ انتظامیہ کی کارکردگی کی جانچ مخصوص پیچیدہ کارکردگی کا اظہار کرنے والے علامات سے کیا جاتا ہے۔ یہاں اہداف کی جانچ کے لیے موجود جامع نظام کمپنی کی کارکردگی کے معیار اور بھروسے کو حسب معمول جاری رکھتا ہے۔ انتظامیہ کی جانب سے ادارے سے حاصل ہونے والے نتائج کو پیچیدہ پرفارمنس انڈیکیٹرز کو ہفتہ وار بنیاد پر باریک بینی سے دیکھا جاتا ہے۔ حکمت عملی کو مستقل بنیادوں پر جانچا، بڑھایا نیز کام کے حوالے مستحکم کیا جاتا ہے تاکہ معیار کے اہداف کو حاصل کیا جائے۔ ہر سہ ماہی پر کمپنی سالانہ مقاصد کی نگرانی، شعبہ جاتی کارکردگی کی جانچ اور آنے والے چیلنجز کے حوالے سے طریقے وضع کرنے کی غرض سے ملکی سطح پر اسٹیورڈ شپ میٹنگ منعقد کرتی ہے۔ کمپنی کارکردگی کی جانچ کے لیے بیرونی اداروں جیسے DuPont سیفٹی مینجمنٹ سسٹمز، برٹش سیفٹی کونسل، ISO 14001 انوائرمنٹ مینجمنٹ سسٹم اور ISO-9001 کوالٹی مینجمنٹ سسٹم کو بھی ساتھ منسلک کرتی ہے۔

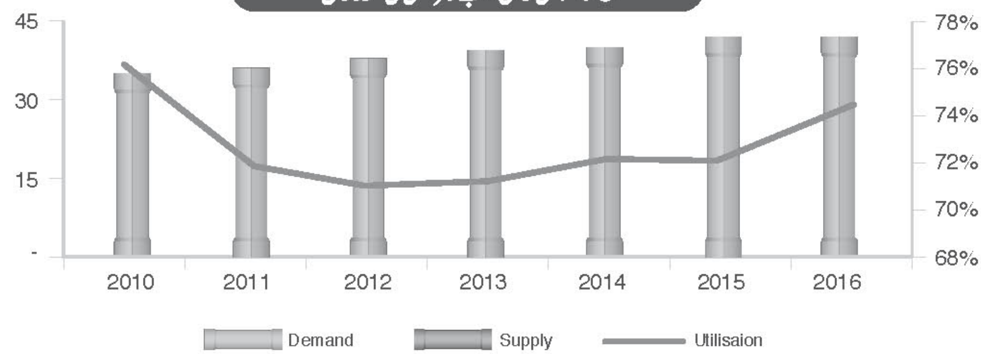
وسیع اقتصادی عوامل

سال 2016 پاکستان کی معاشی خوشحالی کا سال ثابت ہوا۔ GDP میں بڑھوتری تواتر سے جاری رہی، جو کہ 4.71 فیصد کے اضافے کے ساتھ گزشتہ آٹھ سالوں میں سب سے بلند ترین رہی۔ کپاس کی پیداوار میں بڑے پیمانے پر کمی کے سبب زرعی شعبے کو درپیش رکاوٹ کے باوجود GDP میں مناسب حد تک اضافہ ہوا۔ جس کی تلافی صنعتی اور سروسز کے شعبہ جات میں نمایاں اضافے کی بدولت ہوئی اور ان دونوں شعبہ جات نے دیئے گئے اہداف کو پار کرتے ہوئے توقعات سے زیادہ بہتر کارکردگی کا مظاہرہ کیا۔ مزید برآں ملک کی معاشی ترقی کا دارومدار امن وامان کی صورتحال، توانائی کے بحران کے حل اور سماجی معاشی حالات کو بہتر بنانے کے لیے مواقع پیدا کرنے پر ہوگا۔ پبلک سیکٹر ڈیولپمنٹ پروگرام (PSDP) کو جاری رکھنے اور چائنا پاکستان اکنامک کوریڈور (CPEC) کا آغاز ملک کی معاشی ترقی کے لیے نئے مواقع پیدا کرنے کے مترادف ہوگا۔ CPEC کے تحت انفرا اسٹرکچر کا ارتقاء اور توانائی کے پراجیکٹس کا اطلاق کئی زاویوں سے ملک کو فوائد پہنچانے کا باعث ہوسکتا ہے۔

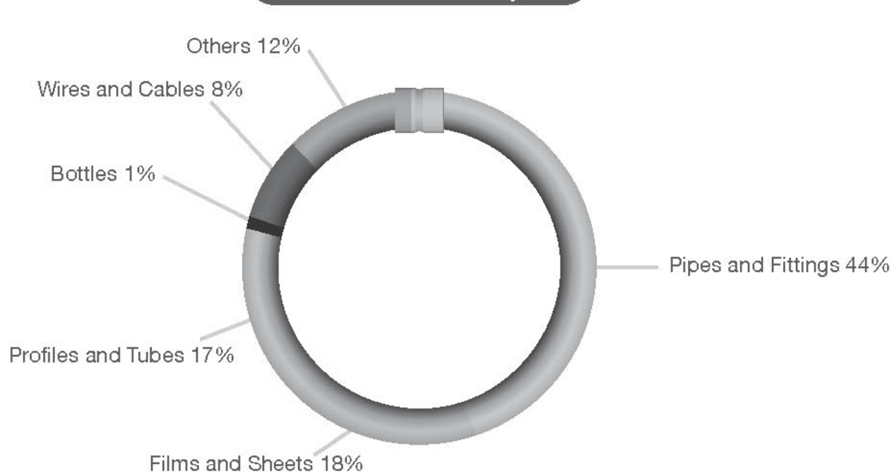
PVC اور منسلک پراڈکٹس

سال 2016 میں عالمی طور پر PVC کی طلب 42 ملین میٹرک ٹن پر پہنچ گئی تھی۔ سال 2016 میں PVC مارکیٹ کو 14 ملین میٹرک ٹن کی معمولی کمی کے ساتھ مجموعی طور پر زیادہ گنجائش کے ساتھ زیادہ رسد کا سلسلہ جاری رہا۔ تیار کنندگان کے لیے بہتر نرخ کے ساتھ مارکیٹ کی زیادہ رسد کی کھپت کو پورا کرنا ایک چیلنج تھا۔ سال 2016 میں آپریٹنگ ریٹ میں گزشتہ سال کے مقابلے میں اضافہ دیکھنے میں آیا۔ جوکہ مایوس کن انڈسٹری آپریٹنگ نرخ کے مقابلے میں 75% پر بند ہوا۔ پائپ اور فٹنگز کا جز و استعمال کا تقریباً 44 فیصد، فلمز اور شیٹس کا حساب 18% اور پروفائلز اور ٹیوبز کا حساب 17% تھا۔

PVC کی عالمی طلب وفراہمی کی صورتحال

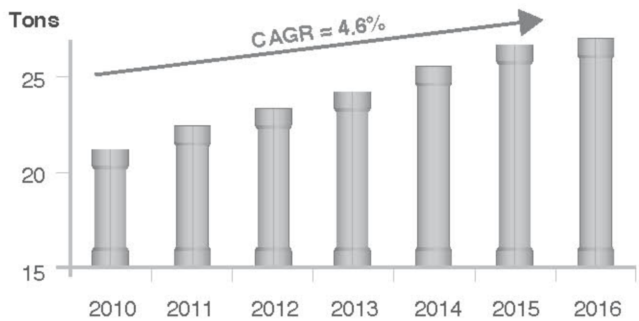


پراڈکٹ کے لحاظ سے اطلاق

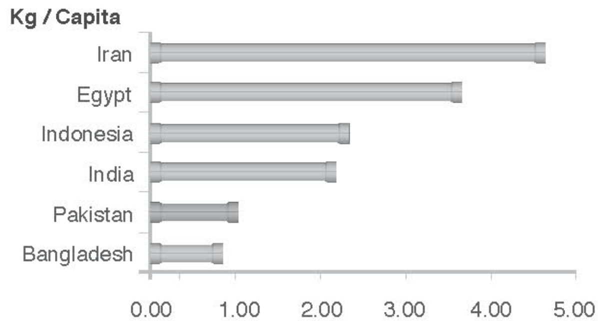


استعمال کے لحاظ سے ایشیاء کی طلب، عالمی طلب کا تقریباً 66 فیصد ہے، جس کا اہم حصہ شمالی مشرقی ایشیاء سے پورا ہوتا ہے، جو کہ تقریباً کل عالمی طلب کا 47% ہے۔ ابتدائی طور پر شمالی مشرقی ایشیاء کی طلب چین سے پوری ہوتی تھی، جہاں مقامی رسد میں اضافہ ہوگیا ہے۔ گزشتہ دو سالوں کے دوران چین کی جمود کا شکار مقامی طلب کی وجہ سے، سطحی معاشی ارتقاء اور زیریں شعبوں میں فراہمی کے دوران شمالی مشرقی ایشیاء کی طلب توقع سے کم ہوگئی ہے۔ ہر چند یہ کہ چین خطے کی طلب کو 85% تک پورا کرنے کا عمل جاری رکھے گا اور خطے کی ترقی میں کلیدی وراہنماء کردار ادا کرے گا۔

ایشیا میں طلب



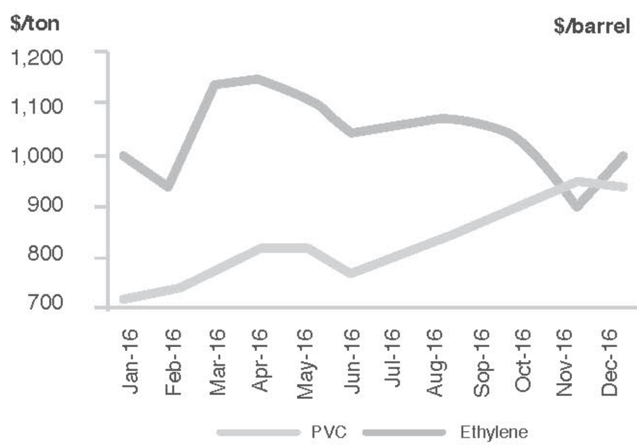
استعمال کا طریقہ۔ Peer گروپ



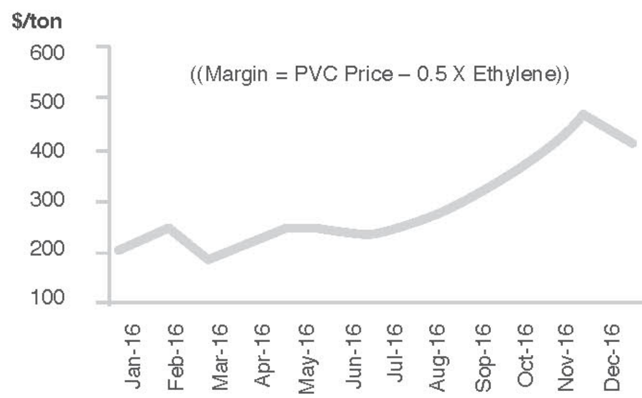
استعمال کے اعتبار سے پاکستان خطے میں فی کس کم ترین PVC کے استعمال کرنے والا ملک ہے؛ جو کہ بنگلہ دیش سے 1.03 کلوگرام آگے ہے۔ بنگلہ دیش اس وقت 0.85 کلوگرام پر ہے۔ پاکستان میں PVC کا استعمال تعمیراتی کام میں اضافے سے مشروط ہے اور مذکورہ بالا فی کس استعمال یہ ظاہر کرتا ہے کہ یہاں اس حوالے سے ترقی کے عوامل موجود ہیں۔

سال 2016 میں PVC کے بین الاقوامی نرخ 720 ڈالر فی ٹن سے 970 ڈالر فی ٹن تھے۔ چین کے علاوہ ترقی پذیر کئی مارکیٹس میں توقع سے زیادہ مستحکم گروتھ ریٹس دیکھنے میں آئے۔ PVC کی acetylene کے طریقے سے پیداوار اور فراہمی کی وجہ سے PVC کے نرخ میں مثبت ٹھہراؤ قائم رہا۔ انڈیا کی کرنسی کے غیر مروجہ ہونے کے دوران PVC کی طلب میں تھوڑی کمی ہوئی تاہم خطے میں فراہمی کے دباؤ کے باعث نرخ مستحکم رہے۔

بین الاقوامی PVC اور ایتھیلین کے نرخ کا رجحان۔ 2016



بین الاقوامی PVC مارجنز

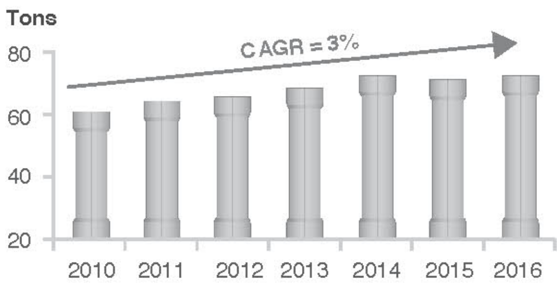


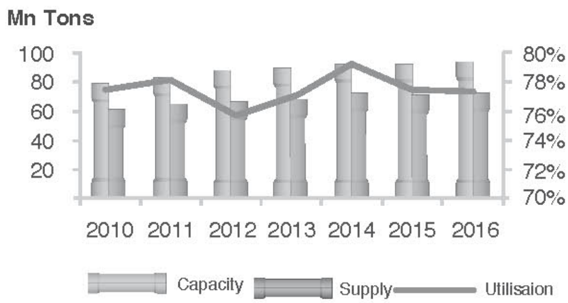
سال 2016 کے دوران Ehylene کے نرخ اعتدال کے ساتھ مستحکم رہے، جس سے ڈاؤن اسٹریم کنزیومرز کو مدد ملی۔ خام تیل کی کم قیمتوں، ایشیاء سے باہر Ehtylene کی آمد، اہم کریکرز کی واپسی سے سال بھر نرخ آن لائن مستحکم رہے۔ سال 2016 میں Ehtylene کے نرخ 868 ڈالر فی میٹرک ٹن سے 1,160 ڈالر فی میٹرک ٹن رہے۔

کاسٹک اور منسلک پراڈکٹس

سال 2016 میں گلوبل کاسٹک سوڈا کی طلب 3% کے CAGR کی نمو کے ساتھ 73 ملین ٹن تک پہنچ گئی۔ اقتصادی نمو، عالمی Chlor الکلی کی طلب کی بدولت ہے۔ بڑھتی ہوئی اقتصادی حالت طلب میں اضافے کی اصل وجہ تھی۔ خطے کے لحاظ سے اگر دیکھا جائے تو ایشیاء نے اپنی ساکھ برقرار رکھتے ہوئے استعمال کے تقریباً 62 فیصد کے ساتھ سرفہرست رہا۔ سال کے دوران فراہمی میں اضافہ اہم ترین امر رہا۔

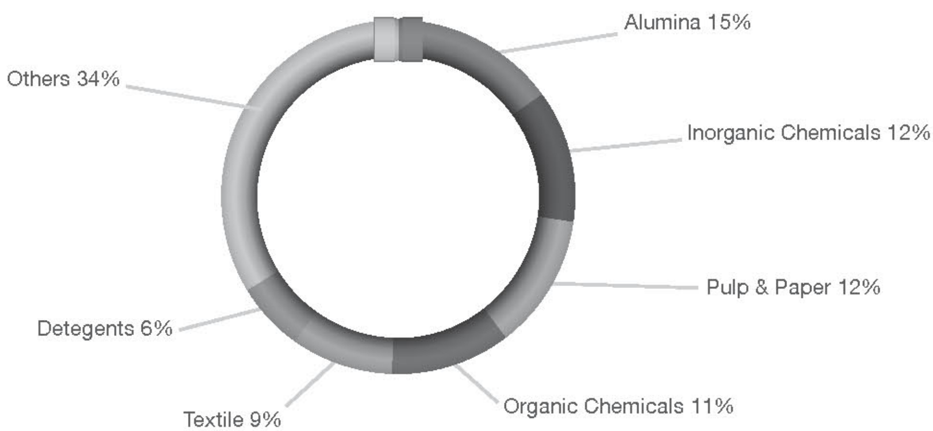
کاسٹک کی عالمی طلب و فراہمی کے حالات



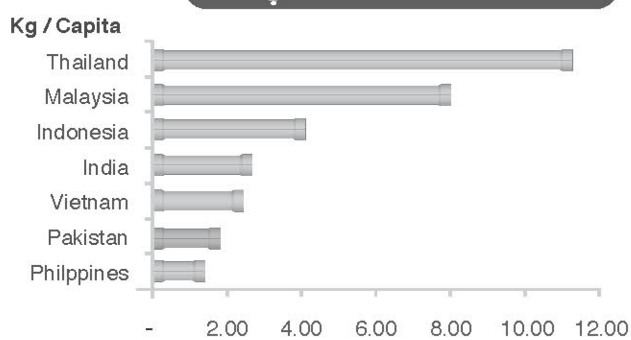


کاسٹک سوڈا کی زیادہ تر پیداوار Alumina، غیر نامیاتی کیمیکلز، پلپ اینڈ پیپر، نامیاتی کیمیکلز، ٹیکسٹائل اور ڈٹرجنٹس میں استعمال ہوتی تھی۔ سال 2016 میں عالمی سطح پر فی کس کاسٹک سوڈا کا استعمال اندازاً تقریباً 10 کلوگرام تھا۔

کاسٹک کا عالمی سطح پر اطلاق



استعمال کا طریقہ۔PEER گروپ



Alumina شعبہ کی جانب سے زیادہ طلب کی وجہ سے گزشتہ سالوں کے مقابلے میں عالمی سطح پر کاسٹک سوڈا کے نرخ میں اضافہ دیکھنے میں آیا؛ جنوب مشرقی ایشیائی مارکیٹ میں اس کے نرخ 333 ڈالر فی میٹرک ٹن سے 465 ڈالر فی میٹرک ٹن تھے۔

حالیہ سالوں میں مارکیٹ کی طلب کو پورا کرنے کے لیے تقریباً 78% یوٹیلائیزیشن ریٹس میں بڑھوتری کے ساتھ اضافی گنجائش شامل ہونے کی وجہ سے عالمی سطح پر کام کرنے کے نرخ پچھلی سطحوں کی نسبت کم تھے۔ آنے والے وقت میں یہ توقع کی جاتی ہے کہ ترقی یافتہ ممالک، ترقی پذیر ممالک کے مقابلے میں سست اقتصادی روش کا مظاہر کریں گے۔ کاسٹک سوڈا کی طلب میں بڑھوتری کے حوالے سے یہ حلقے اہم تصور کیے جاتے ہیں۔

مقامی مارکیٹ کا جائزہ

PVC اور منسلک پراڈکٹس

سال 2016 میں PVC کی مقامی مارکیٹ نے 17% کی صحت مندانہ نمو ظاہر کی۔ کمپنی نے سیلز میں مستحکم حجمی تجزیاتی بڑھوتری حاصل کی۔ اس بڑھوتری کی بنیادی وجہ مقامی مارکیٹ شمولیت میں اضافہ اور درآمدی متبادل تھا۔ مقامی PVC کلی طور پر اینگرو پولیمر اینڈ کیمیکلز تیار کرتا ہے، جس کی فروخت "SABZ" کے برانڈ کے نام کے ساتھ کی جاتی ہے۔ 2016 میں EPCL کی مارکیٹ کا شیئر 80% تھا۔ کمپنی مارکیٹ کی ضرورت کا اندازہ لگانے اور ممکنہ مواقعوں تک رسائی کے لیے اپنی فروخت کی مسلسل جانچ کرتی ہے۔

سال 2016 میں PVC کے اسکریپ کی درآمدات تقریباً 4.8KT تھی، جو سال 2015 کے مقابلے میں تقریباً 20% کم ہے۔ ریزن اور اسکریپ کی قیمت میں فرق کم ہونے کے باعث، تیارکنندگان کو ریزن (Resin) کے استعمال کی جانب راغب کیا جس سے مقامی مارکیٹ میں ECL کی فروخت میں معاونت ملی۔

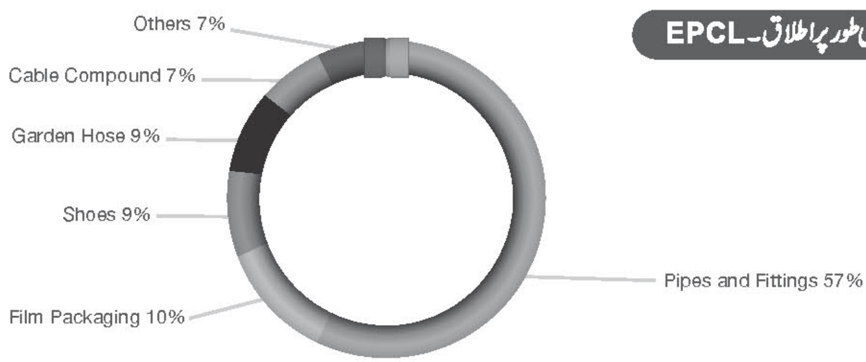
سال 2016 میں PVC مارکیٹ میں پائپس اور فٹنگز کا غلبہ رہا۔ رہائشی اور تجارتی پراجیکٹس کی تعمیر میں PVC پائپس اور فٹنگز نے تیزی سے مقبولیت حاصل کی۔ تعمیراتی شعبے کی جانب سے مستحکم طلب اور ساتھ ہی سرکاری اور بڑے پیمانے پر انفرااسٹرکچر کے پراجیکٹس میں PVC کے استعمال نے EPCL کی فروخت میں بڑے پیمانے پر اضافے میں اہم کردار ادا کیا۔

کمپنی ملک میں PVC کی مزید بڑھتی ہوئی طلب کو پورا کرنے کے لیے کوشاں ہے اور مقامی مارکیٹ میں داخل ہونے کے لیے مواقعوں پر اپنی توجہ مرکوز کیے ہوئے ہے۔ EPCL دیگر تھرمو پلاسٹکس اور مسابقتی مواد کے مقابلے میں PVC کے اعلیٰ معیار کو سامنے لانے کے لیے ڈاؤن اسٹریم کنزیومرز کی معاونت کرے گی۔ کمپنی مارکیٹنگ کی بہترین حکمت عملی کے ساتھ آگے بڑھتے ہوئے PVC کی مارکیٹ کو وسعت دینے اور مقامی مارکیٹ میں کمپنی کی سیلز کو بڑھانے کی غرض سے اپنے صارفین، سرکاری اداروں، آرکیٹیکٹس اور تعمیراتی مشیروں کے ساتھ وسیع بنیادوں پر کام کر رہی ہے۔ کمپنی امید کرتی ہے کہ اس کی یہ کوششیں آنے والے وقت میں اسٹیک ہولڈرز کے لیے فوائد کی حامل رہیں گی۔

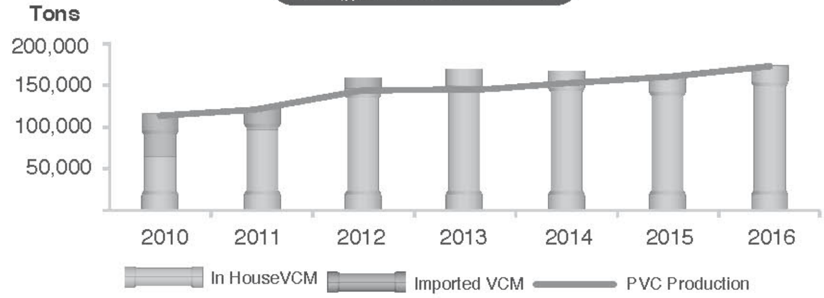
تعمیراتی شعبے کے مستحکم رجحان، پبلک سیکٹر ڈیولپمنٹ پروگرام مع مثبت اقتصادی سرگرمی بالخصوص چائنا پاکستان اکنامک کوریڈور (CPEC) کے آغاز کی وجہ سے PVC کے استعمال کے باعث مقامی مارکیٹ میں PVC کی طلب میں مدد ملے گی۔

پیداواری لحاظ سے، ہم VCM سے PVC کی جانب منتقلی کی اپنی حکمت عملی پر ثابت قدم رہے اور ہم نے اپنی PVC کی تمام پیداواری ضروریات کو اندرون خانہ VCM کے ذریعے پورا کیا۔ سال 2016 میں ہم نے PVC کی بڑی پیداوار کی جو کہ 172 کلوٹن تھی۔

PVC کا مقامی طور پر اطلاق۔ EPCL



PVC اور VCM کی پیداوار



مارکیٹ کو بڑھانے کے کام

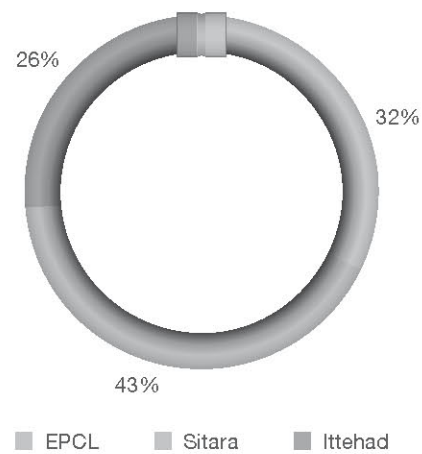
PVC کے استعمال کے لحاظ سے پاکستان دنیا کی چھٹی سب سے بڑی اور خطے میں PVC کے فی کس استعمال سب سے کم استعمال کی آبادی ہے، جو ایک بہترین مارکیٹ فراہم کرتی ہے۔ اس وقت ہماری زیادہ تر فروخت پائپ اور فٹنگ کی ہے۔ ہم اس شعبے میں جدت اور تیکنیکی اعتبار سے جدید طرز کے خواہاں ہیں اور ہمارا مقصد مقامی مارکیٹ کو عالمی جدت کے شانہ بشانہ رکھنا ہے۔ پائپ اور فٹنگز کے ساتھ ساتھ، ہم پاکستان میں PVC کے نئے انداز میں اطلاق کے لیے بھی کوشاں ہیں اور اس حوالے سے ہم نے پاکستان میں نئی PVC پراڈکٹس کے لیے تیکنیکی اعتبار سے اور مارکیٹ کی سہولت کے لحاظ سے کام کرنے کے لیے ایک مخصوص ٹیم مختص کر دی ہے۔

کاسٹک اور منسلک پراڈکٹس

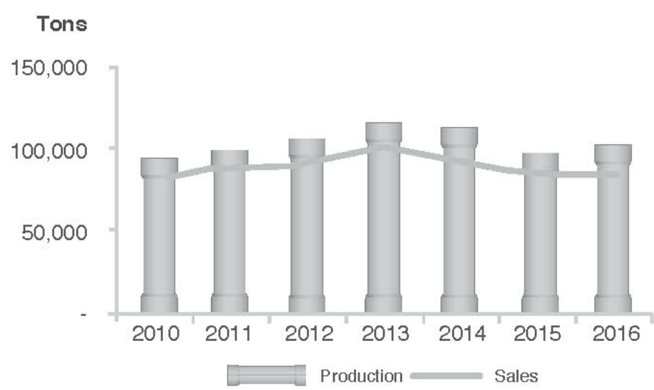
سال 2016 میں کاسٹک سوڈا کی مارکیٹ کا حجم 265KT رہا۔ EPCL نے گزشتہ سال کے اعداد و شمار کے مقابلے میں مقامی مارکیٹ میں 2016 میں 83KT فروخت کیئے، جو 32% مارکیٹ شیئر کے مساوی ہے۔ توانائی کے لحاظ سے کارکردگی اور مسلسل پلانٹ آپریشن کی جانب توجہ سے صنعت کا رخ اس سال کی جانب موڑ دیا۔

پنجاب میں صنعت کو مسلسل گیس کی فراہمی اور توانائی کے بحران کے حل اور اس میں بہتری کے ساتھ اہم تیار کنندگان کی جانب سے رسد کی فراہمی میں بھی بے حد اضافہ ہوا۔ جو اسے دوران سال عمومی مسابقتی مارکیٹ کی جانب لے گیا۔

کاسٹک کی فروخت اور پیداوار



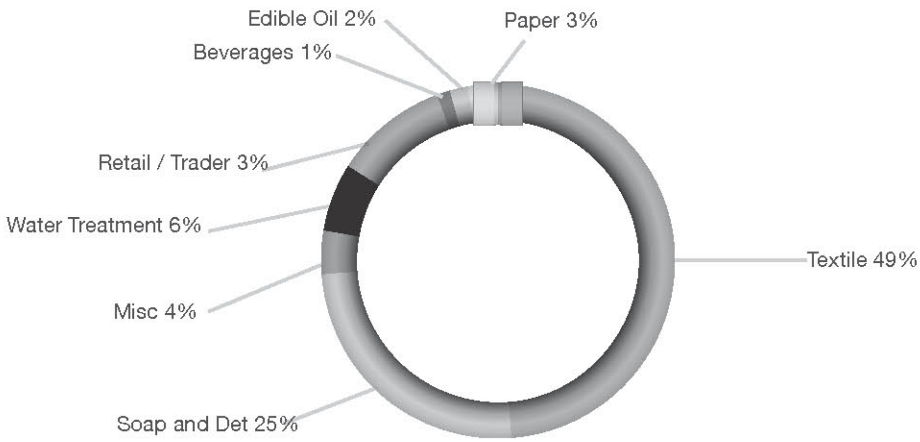
سال 2016* میں کاسٹک کا مارکیٹ شیئر



*مارکیٹ شیئر اور پراڈکٹ کا استعمال انفرادی ذرائع سے تصدیق شدہ نہیں ہے نیز یہ کمپنی کے اندازے کی بنیاد پر جاری کیا گیا ہے۔

ٹیکسٹائل اور صابن بنانے کی صنعتوں کی جانب سے کاسٹک کی طلب قائم رہی اور یہی اس کے اہم کردار رہے۔ ٹیکسٹائل کی طلب مستقل رہی جبکہ ڈینم کے سیگمنٹ کی جانب سے کچھ نمو سامنے آئی جو کہ ووون سیکٹر کے کم استعمال کے سبب متوازن تھی۔ صابن اور ڈٹر جنٹ کے سیگمنٹ کی جانب سے 3 % نمو دیکھنے میں آئی۔ کچھ سیگمنٹس میں یہ موقع میسر ہے کہ آنے والے سالوں میں صحت، صفائی اور حفظانِ صحت پر مزید توجہ مرکوز رکھتے ہوئے ڈاؤن اسٹریم کے استعمال کو مزید بہتر بنایا جائے۔

مقامی کاسٹک کا اطلاق/استعمال۔EPCL



آپریشنل (کام کے حوالے سے) تجزیہ۔2016

سال 2016 میں تیاری کے عمل میں بہتری دکھائی دی۔ اس دوران PVC کی پیداوار 172KT، وی سی ایم 174 KT، جبکہ کاسٹک سوڈا 103KT پر رہی۔ PVC اور VCM کی پیداوار پہلے سے کہیں زیادہ تھی جبکہ کاسٹک سوڈا کی پیداوار پاور پلانٹ میں مرمت کے بڑے کام کی وجہ سے منصوبے سے کم تھی، جسے اب پورا کر لیا گیا ہے۔

پیٹروکیمیکل سہولت پر کام کے ساتھ منسلک خطرات کو مدنظر رکھتے ہوئے، حفاظتی نقطہ نظر سے خطرات کو کم کرنے کی غرض سے پلانٹ سائٹ پر بہت زیادہ کام کیا گیا تھا۔ اس سہولت کے حوالے سے اہم ردوبدل اور اضافی معائنوں کا عمل مکمل کیا گیا، جس سے سائٹ پر HSE کے خدشات کافی حد تک کم ہوئے۔

سال 2016 میں کارکردگی کو بڑھانے کے لیے جو اقدامات کئے گئے ان میں مخصوص سرمایہ کار پراجیکٹس شامل ہیں: OXY گرڈ کی ترمیم، ہائیڈرو جنریٹر اور کلورینیشن پراجیکٹس سے نہ صرف کارکردگی میں اضافہ ظاہر ہوگا بلکہ سائٹ پر مزید مستحکم آپریشن بھی یقینی ہوگا۔ منتقلی کی لاگت میں کمی پر توجہ مرکوز رکھتے ہوئے کئے جانے والے مختلف Lean Six Sigma کاموں کی انجام دہی سے ان کی کارکردگی میں بہتری آئی۔

جہاں تک انحصار کرنے کا تعلق ہے تو دونوں گیس ٹربائنز کو اندرونِ خانہ اوورہال کر کے احتیاط سے مکمل کیا گیا تھا اور پہلی بار کولنگ ٹاورز کی کامیاب بحالی کا کام کیا گیا، ساتھ ہی کنزورفرنس ٹیوبز اور پلانٹ ہیٹ ایکسچینجرز کی تبدیلی کا کام بھی کیا گیا تھا، جس سے کام میں بہتری آئی اور اسے تقویت ملی۔ ماہ مئی ۔2016 میں پلانٹ کی کارگزاری کا کام کامیابی کے ساتھ انجام دیا گیا۔

خود کو پاکستان میں PVC کی بڑھتی ہوئی طلب سے ہم آہنگ رکھنے کے لیے PVC اور VCM پلانٹس کی پیداوار کو بڑھانے کے لیے مشاہدہ کیا گیا۔ پراڈکٹ کے معیار کو باریک بینی سے جانچا گیا اور صارفین کے اطمینان کے لحاظ سے اس کے اعلیٰ معیار کا تعین کیا گیا۔

سال 2017 کا بنیادی مقصد طریقہ کار اور لوگوں کی حفاظت کے حوالے سے بہتری کی سطح کے موجودہ معیار کو برقرار رکھنا، VCM سے PVC resin میں منتقلی کے عمل کو بڑھانا اور Chlor Alkali آپریشنز کو مارکیٹ کی طلب کے مطابق رکھنے کے لئے مستحکم بنانا ہے۔ آگے کی جانب بڑھتے ہوئے PVC کی پیداوار کو کامیابی کے ساتھ بڑھانا نہ صرف ہمارے لیے چیلنج ہوگا، بلکہ اندرون خانہ VCM کی دستیابی کے لیے VCM پلانٹ کی مسلسل کارکردگی کو یقینی بنانا ہے۔

مزید یہ کہ پلانٹ آپریشنز کی کارکردگی کا خیال رکھنا، خام مال کی تبدیلی کے تناسب کو کم کرنا اور توانائی اور وسائل کی تبدیلی کے تمام ممکنہ مواقعوں سے فائدہ اٹھانا 2017 کے منصوبے کا حصہ ہیں۔

مالی تجزیہ اور انتظام و انصرام

سال 2016 کے دوران کمپنی کا بعد از محصول حاصل شدہ نفع 660 ملین روپے رہا، جو کہ سال 2015 میں بعد از ٹیکس 644 ملین روپے کے خسارے پر مبنی تھا۔ خام مال کے مختلف ذرائع، پلانٹ آپریشنز کو سہل انداز میں چلانے، مؤثر فنڈ مینجمنٹ اور لاگت کم کرنے پر مکمل کنٹرول پر توجہ نے کمپنی کی کارکردگی کو بہتر بنانے میں اہم کردار ادا کیا۔ PVC انڈسٹری کی بین الاقوامی صورتحال بھی مشکل اور مغلوب سال 2015 کے بعد بہتر ہوئی اور کمپنی کو مالی طور پر آسودگی میسر آئی۔ پلانٹ آپریشنز کی مؤثر کارکردگی اور عالمی سطح کی فراہمی تک پہنچنے کے انتظامیہ کے عہد نے سال 2016 کی راہ ہموار کی۔ Chlor-Alkali سیگمنٹ میں مسابقتی منظرکشی کے باوجود، کمپنی نے بنیادی مارکیٹ میں اپنا شیئر برقرار رکھا، جبکہ وینائل سیگمنٹ میں اپنا سابقہ ریکارڈ برقرار رکھتے ہوئے سال 2016 میں PVC کی بلند ترین فروخت کے اہداف حاصل کیے۔

منافع

گزشتہ سال کے مقابلے میں PVC کی قیمتوں اور حجم میں اضافے کی وجہ سے کمپنی کو 3% اضافی منافع ملا۔ Chlor-Alkali میں آنے والی کمی نے کمپنی کے نفع پر دباؤ ڈالا، تاہم قدرتی گیس کی قیمتوں میں استحکام اور وینائل میں ہونے والے اضافے نے اس حوالے سے قابل غور معاونت کی اور کیمیکل سیگمنٹ پر پڑنے والی دراڑ کو ختم کیا۔ جہاں تک ٹیکس کا تعلق ہے، کمپنی نے تقریباً 153 ملین روپے کی ملتوی ٹیکس کی رقوم کو منہا کرنے کا فیصلہ کیا۔

اس سال کے دوران انتظامیہ نے پلانٹ کے اثاثہ جات کے کارآمد ہونے کی دوبارہ تشخیص کی تا کہ کمپنی کو آنے والے سالوں میں موجودہ اثاثہ جات کی بہتر حالت سے اقتصادی طور پر فائدہ حاصل کیا جا سکے۔ اس حوالے سے کمپنی نے ایک معروف مشیر کی خدمات حاصل کی اور اپنے پلانٹ کے اثاثوں کے مادی حالت، ٹوٹ پھوٹ اور قابل استعمال ہونے کا تخمینہ لگایا۔ مختص شدہ ٹیم نے پلانٹس کی مؤثر لائف کی تخمینیت کو دوبارہ دہرانے کی منظوری دی، جس سے تخفیفی اخراجات میں مثبت انداز میں 297 ملین روپے کا بعد از محصول تصفیہ عمل میں آیا۔

لیکویڈیٹی اور زرِ نقد کی ترسیل

کمپنی کی مالیاتی کارکردگی نے اپنے آپریشنز سے بہتر طرز پر زرِ نقد کی صحت مندانہ سرگرمی کو بحال کیا۔ اس کے علاوہ زرِ نقد کے مؤثر انداز میں انتظام و انصرام نے کمپنی کو مطلوبہ CAPEX اور Debt کی ذمہ داریوں پر سمجھوتے کے بغیر آپریشنز کو مستحکم رکھا۔ کمپنی نے قرض کی ری پروفائلنگ، آپریشنز کے لیے آسان ایکو سسٹم کی تخلیق کے ذریعے اپنی بیلنس شیٹ کی کامیابی کے ساتھ دوبارہ سرمایہ بندی کی۔

مارکیٹنگ کی جارحانہ حکمت عملی کی بدولت کمپنی کے حجم میں نہ صرف اضافہ ہوا بلکہ کم لاگت پر کام کے سخت اقدامات کے نتیجے میں کام کرنے کے سرمائے کا مؤثر انتظام و انصرام عمل میں آیا۔ پلانٹ کے کاموں کے مؤثر انتظام اور سپلائی چین نیٹ ورک کے ارتقاء کے ذریعے بھی زرِ نقد کے انتظام و انصرام کو تقویت ملی۔ جہاں تک محصول کا تعلق ہے، ٹیکس کریڈٹس کے بہتر استعمال کی بدولت کثیر بچت حاصل ہوئی۔

فنانسنگ / مالیات

اس سال کے دوران کمپنی ڈیبٹ کو ری پروفائل کرنے کی کاوشوں پر قائم رہی۔ کمپنی نے 5.75 بلین روپے کے طویل المیعاد قرضے کا انتظام کیا ہے تا کہ اس کے موجودہ طویل المیعاد اور قلیل المیعاد قرض کو ری پروفائل کرنے کے لیے اسے استعمال کیا جائے۔ عمومی طور پر ان قرضہ جات کا دورانیہ سات سال مع 2 سال رعایتی مدت ہوتا ہے۔ جس سے کمپنی کو اپنے مالیاتی نظام اور ادارے نیز پراجیکٹس کی توسیع پر غور کرے۔ دوبارہ ادائیگیوں کو احتیاط کے ساتھ مستقبل کی متوقع آمدن کے تناسب سے پھیلایا جاتا ہے اور یہ امید کی جاتی ہے کہ وہ زرِ نقد کی ترسیل پر غیر ضروری دباؤ کا باعث نہ ہوں۔ نیا طویل المیعاد ڈیبٹ بھی 0.8% کے پرکشش مارک اپ اور معاہدے کی سہل شرائط کا حامل ہے۔

سال بھر کمپنی کی توجہ اپنے ورکنگ کیپیٹل کی لاگت کو نیچے لانے کی جانب مبذول رہی۔ ایکسپورٹ ری فنانس کی سہولت اور منی مارکیٹ قرضوں کے استعمال سے رننگ فنانس کی ضروریات کو مؤثر انداز میں پورا کرنے میں مدد ملی ہے۔ LC سے متعلق لاگت کو مؤثر بنانے کے لیے اس سال کے دوران ٹریڈ فنانس کی تشکیل بھی کی گئی ہے۔

کمپنی نے مالیاتی لاگت کو مزید نیچے لانے کے لیے مزید اقدامات کی پہلے سے ہی نشاندہی کی ہے، جن پر سال 2017 میں غور کیا جائے گا۔

سرمائے کا خاکہ

کمپنی کے اثاثہ جات کو سال 2015 کے 50:50 کے تناسب کے مقابلے میں 40:60 کے تناسب سے ڈیبٹ اور ایکویٹی کے ذریعے فنانس کیا جاتا ہے۔

رسک مینجمنٹ فریم ورک

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ نے سال 2011 میں Lean انٹر پرائز رسک مینجمنٹ فریم ورک کا آغاز کیا۔ رسک مینجمنٹ کی تخلیق، تحفظ اور غیر یقینی معاملات اور اندیشوں (جو کارپوریٹ سطح پر ہمارے طے شدہ مقاصد اور اہداف کے حصول کو ممکنہ طور پر متاثر کر سکتے ہیں) کے انتظام کے ذریعے شیئر ہولڈر میں اضافہ اینگرو پولیمر اینڈ کیمیکلز کی پالیسی کا خاصہ ہے۔

ہمیں معلوم ہے کہ ہم ایک پیچیدہ کاروباری نظام میں کام کر رہے ہیں۔ کمپنی ادارے کی حکمت عملی اور نقصان کے اندیشے کے نظریہ کی تشخیص تفویض کرتی ہے، جس سے یہ واضح ہوتا ہے کہ کمپنی پورے ادارے میں ذمہ داریوں کو موزوں انداز میں تفویض کرنے کی خواہاں ہے۔ EPCL تمام سطحوں پر احتساب نیز مانٹرنگ کی ضرورت، رسک انوائرمنٹ میں گفت و شنید اور رپورٹنگ کی تبدیلی اور باقاعدہ بنیاد پر شناخت شدہ رسک کے انتظام و انصرام پر یقین رکھتی ہے۔

پورے ادارے میں رسک کی شناخت کی جاتی ہے اور پھر اس کے اثرات اور وقوع پذیری کی بنیاد پر اس کی درجہ بندی کی جاتی ہے۔ رسک کی شناخت پر اس کے اثرات کو زائل کرنے کی غرض سے حکمت عملی ترتیب دی جاتی ہے، جس کی نگرانی باقاعدہ بنیاد پر انتظامی کمیٹی کرتی ہے۔ رسک مینجمنٹ کا عمل چیف رسک آفیسر (CRO) کے ذریعے انجام دیا جاتا ہے، جس کی بورڈ آڈٹ کمیٹی (BAC) توثیق کرتی ہے۔

شناخت شدہ اہم رسک مع ان کے نتائج درجِ ذیل ہیں:

اسٹریٹجک رسک

پلانٹ کے آپریشنز میں اتار چڑھاؤ

حکمت عملی/اسٹریٹجی

محتاط مرمتی اور معائنہ جاتی حکمت عملی کا اطلاق، تبدیلی کے عمل کے دوران درپیش خطرات پر کام، تکنیکی مسائل کے حل کے لیے بین الاقوامی مشیران کے ساتھ لائیسنس کے معاہدے کرنا نیز موثر اور ہموار طرز پر پیچیدہ اثاثہ جات کی تبدیلی کو یقینی بنانا۔

نتائج

اس حکمت عملی سے کمپنی میں نہ صرف VCM کی زیادہ پیداوار مستحکم ہوئی بلکہ اس سے پلانٹ پر انحصار کرتے ہوئے PVC کی بلند ترین پراڈکشن بھی حاصل کی گئی۔

VCM اور PVC پلانٹس پر بہتر نتائج کے لیے مستحکم پراڈکشن دی گئی، بورڈ نے اضافی سرمایہ کاری کے ساتھ 20K کی گنجائش تک پراڈکشن بڑھانے کی منظوری دی ہے۔ پراجیکٹ اپنی مارکیٹ کوریج کو وسعت دینے اور وینائل مارجن کو بڑھانے میں معاونت فراہم کرے گا۔

کمرشل/آپریشنل رسک

بنیادی خام مال پر محصول کا نفاذ

حکمت عملی

وینائل چین ڈیوٹی اسٹرکچر پر توجہ اور برآمدات میں خام مال کے استعمال کے لیے DTRE کے حصول کی غرض سے متعلقہ سرکاری حکام کے ساتھ پیش رفت

نتیجہ

انتظامیہ کی ان کوششوں کی بدولت EDC پر امپورٹ ڈیوٹی کو دوبارہ طے کرنے میں کامیابی ملی، جس سے یہ پہلے کے 6% کے مقابلے میں کم ہو کر 4% ہو گئی۔

بین الاقوامی اجناس کی قیمتیں

حکمت عملی

اِن ہاؤس بزنس انٹیلیجنس کی تخلیق، بین الاقوامی قیمت کے رجحان اور بنیادی مارکیٹ کی صورتحال سے متعلق بہتر معلومات کے حصول کے لیے بین الاقوامی Olefins تجزیہ کاروں کے ساتھ نیٹ ورک

نتیجہ

گو ٹو مارکیٹ اسٹریٹیجی کو جانچنے نیز نرخ کے رجحانات اور مارکیٹ کے منافع کے لیے مواقعوں کے حصول کے لیے ہفتہ وار بنیادوں پر اہم حصوں پر انتظامیہ کی جانب سے نظر ثانی کی جاتی ہے۔

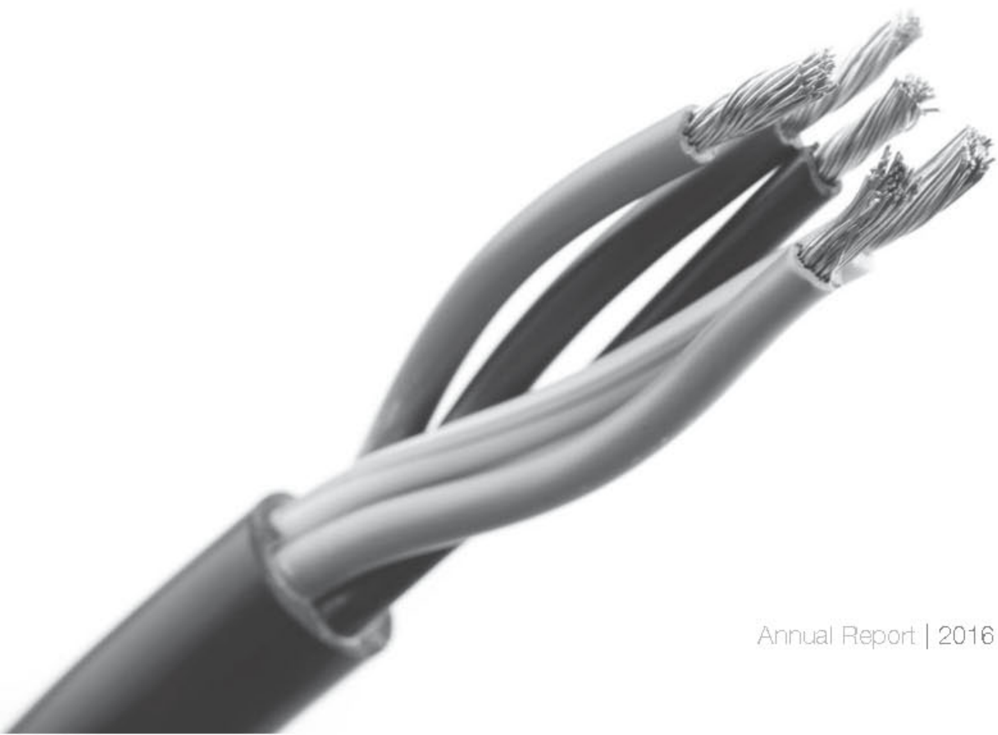
توانائی کے نرخ

حکمت عملی

توانائی کی بچت کے پراجیکٹس کا اطلاق اور قدرتی گیس کے مختلف نرخوں کے لیے حکمت عملی

نتیجہ

کارکردگی کو مؤثر بنا کر گیس کے بڑھتے ہوئے نرخ کے اثرات کا انتظام کیا گیا تاہم کمپنی گیس کے نرخوں میں بھاری اضافے کے باعث خطرات سے دوچار رہی ہے۔ ایندھن کے متبادل ذرائع جیسے کوئلہ/ایل این جی سے متعلق معلومات کے حصول کے اقدامات کیے جا رہے ہیں۔



مالیاتی/فنانشل رسک

لیکویڈیٹی رسک/بیلنس شیٹ پروفائل

حکمت عملی

ایکویٹی انجیکشن اور بیلنس شیٹ کی ری پروفائلنگ کے لیے حکمت عملی کی تخلیق، ہولڈنگ کمپنی کے ذریعے فنانسنگ کا انتظام اور کمپنی کی زر نقد کی ترسیل کی ضروریات کے درمیان خلاء کو پُر کرنے کے لیے رننگ فنانس کو بڑھانا

نتیجہ

کمپنی اپنی بیلنس شیٹ 6 بلین روپے تک ری کیپیٹلائزڈ کرنے کے قابل ہوئی اور ساتھ ہی قلیل المدت قرضوں کے حصول کی سہولت کو بڑھایا گیا تاکہ قلیل المدت آپریشنل لیکویڈیٹی قائم کی جائے۔

غیرملکی زرمبادلہ/فارن ایکسچینج رسک

حکمت عملی

بینکوں کے ساتھ قریبی تعاون اور اہم اقتصادی علامات کی مانٹرنگ تاکہ فارورڈ کنٹریکٹس کو استعمال کرتے ہوئے رقم دینے کی جوابدہی پر غیرملکی زرمبادلہ کی رکاوٹ منکشف کی جائے۔

نتیجہ

متبادل ریٹ کی اچانک حرکات سے کمپنی کو درپیش خطرات میں کمی ہوئی تاہم تخفیفی لاگت نے موافق حرکات تک محدود کردیا؛ ساتھ ہی اس حکمت عملی کا اطلاق مارکیٹ میں "فارورڈز" کی دستیابی پر منحصر ہے۔

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ کاروباری آپریشنز کو چلانے اوراس کے تحفظ کو کسی بھی قسم کے خلل سے محفوظ رکھنے کی ذمہ داری کو بخوبی سمجھتا ہے۔اس نظریے کے تحت کمپنی نے سال 2013 میں کاروباری تسلسل کا منصوبہ شروع کیا۔یہ منصوبہ غیر یقینی صورتحال اور مشکل حالات میں کاروبار کے پیچیدہ عمل کو سہل انداز میں جاری رکھنے کو یقینی بناتا ہے۔اس کے مندرجہ ذیل مقاصد ہیں:

- ابھرنے کے صلاحیت تعمیر اور مؤثر ردعمل کی صلاحیت کے لیے فریم ورک کی فراہمی، جو اہم اسٹیک ہولڈرز، ادارے کی ساکھ، برانڈ کو تحفظ دینے کے ساتھ ساتھ اہمیت کو اجاگر کرنے کی سرگرمیاں بھی انجام دے۔
- آپریشنز کو درپیش خطرات کی تشخیص اوران کے اثرات کو سمجھنا اور کیا انہیں کاروباری ترجیحات اور ادارے کے باہمی انحصار کو سامنے رکھتے ہوئے عملی جامہ پہنایا جانا چاہیئے۔
- ردعمل کو منظم کرنا اور کسی بھی ممکنہ خلل کے بعد مؤثر اور مخصوص انداز میں اثرات کو کم کرنا
- کاروباری آپریشنز کو جتنا جلد ممکن ہو بحال کرنا
- باقاعدہ وقفوں اور دہرانے کے عمل کی جانچ اور نظرثانی (جہاں ضرورت ہو)، پلان کاروباری تسلسل کو برقرار رکھنے میں معاونت کرتا ہے۔

یہ منصوبہ EPCL کی رسپانس اسٹریٹیجی، کم از کم آپریٹنگ ضروریات، BCP ٹیم آرگنائزیشن، نقصان کی تشخیص اور ابتدائی طور پر سائٹ کی بحالی کے کاموں پر مشتمل ہے۔یہ پلان ڈیزاسٹر کی بحالی کے عمل میں اہم عناصر کی نشاندہی کے ذریعے پیچیدہ کو انُف کو محفوظ کرنے کے عمل کو یقینی بناتا ہے۔انتظامیہ نے کاروبار اور انفرااسٹرکچر کو لاحق خطرات کا تخمینہ لگا کر کسی بھی غیر متوقع چیلنج کا موزوں انداز میں سامنا کرنے کے لیے حکمت عملی مرتب کی ہے۔

ذمہ دارانہ شہریت

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ ماحول اور معاشرے سے متعلق اپنی ذمہ داری سے بخوبی آگاہ ہے۔اس حوالے سے ہم اس بات کو یقینی بناتے ہیں کہ ہمارے کام بہترین طرز مہارت پر انجام دیئے جائیں۔

خارج شدہ مواد اور کیمیکل ڈسچارج کو تلف کرنے کا طریقہ

Chlor وینائل پلانٹ کی سائٹ پر کیمیائی طور پر ایکٹیو مواد استعمال کیے جاتے ہیں اور ہم اس طرح کے کیمیکلز کی محفوظ انداز میں سنبھال کی اپنی ذمہ داری سے بخوبی واقف ہیں۔ کمپنی مواد تلف کرنے کے پلانٹ، ایئر اسٹرائپرز اور ایواپوریشن پاونڈ سے مکمل طور پر آراستہ ہے تاکہ خارج شدہ مواد اور زہریلے مادوں کو محفوظ طریقے سے تلف کرنے کے عمل کو یقینی بنایا جائے۔ماحولیاتی کارکردگی اور اس کے متعین اعداد و شمار کے حوالے سے مقررہ طے شدہ وقت میں انوائرمنٹ پروٹیکشن ایجنسی (EPA) سندھ کو رضاکارانہ طور پر مطلع کیا جاتا ہے۔

معیار کی تصدیق اور جانچ

کمپنی کے پاس PVC کی ڈاؤن اسٹریم انڈسٹری میں معیارات کو بلند کرنے پر ایک مخصوص ٹیم مختص کی ہے۔اس حوالے سے EPCL نے پاکستان اسٹینڈرڈز اینڈ کوالٹی کنٹرول اتھارٹی (PSQCA) کے ساتھ اتصال کیا ہے۔جس کا مقصد پائپ انڈسٹری اور ابتدائی طور پر PVC جیوممبرین کے لیے اعلیٰ معیار کو رائج کرنا ہے۔PSQCA، PVC اسپائرل اور PVC جیوممبرین کے مختلف اسٹیک ہولڈرز بشمول تیار کنندگان، صارفین، مشیران اور اسپیشلسٹ کو ان معیارات پر نظرثانی اور منظوری کے لیے مدعو کرتی ہے۔ اسپائرل اور جیوممبرین کی پراڈکٹ لائف سائیکل مجوزہ معیار کا پابند ہے، جس سے صارفین کے اعتماد میں اضافہ ہوگا۔

EPCL نہ صرف اپنے ابتدائی صارفین، اینڈ یوزر کو بھی بہترین اور اعلیٰ معیار فراہم کرنے کے لیے کوشاں ہے۔یہ مشاہدہ کیا گیا کہ پائپس میں غیر خالص اجزاء کی جانچ کی صلاحیت نہ ہونے سے، صارفین بالخصوص پبلک سیکٹر پراجیکٹس کو غیر معیاری مواد فراہم کیا جاتا تھا۔

کمپنی نے ہاؤسنگ اینڈ اربن ڈیولپمنٹ (HUD) اور پبلک ہیلتھ انجینئرنگ (PHE) لاہور کے ڈپارٹمنٹ میں پائپ کوالٹی ٹیسٹنگ لیب قائم کی ہے، جو پراڈکٹ کی جانچ کے مطلوبہ آلات سے مکمل طور پر آراستہ ہے۔اس اقدام سے پبلک سیکٹر ڈپارٹمنٹس، پبلک میونسپلٹیز میں اعلیٰ معیار کی تنصیبات کو یقینی بناتے ہیں۔اس کے علاوہ، ہماری موبائل ٹیسٹنگ لیب پراجیکٹ کے مالک اور اینڈ یوزر کو پائپس میں غیر خالص مواد کی جانچ کے لیے سائٹ پر جانچ کی سہولت کی پیشکش کرتی ہیں۔

کاروباری ضابطۂ اخلاق اور انسداد بدعنوانی

کاروباری ضابطہ اخلاق ہماری بنیاد ہے، جو ہر اس کام کے قلب میں شامل ہے جو ہم اینگرو پولیمرز اینڈ کیمیکلز لمیٹڈ میں انجام دیتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے باہمی طور پر قابل قبول کاروباری مشقوں اور ضابطہ اخلاق کو Code of Conduct میں ترتیب دیا ہے، تا کہ تمام کاروباری امور کو مجوزہ بلند ترین معیارات کے مطابق رکھنے کو یقینی بنایا جائے۔ ہم ضابطہ اخلاق کے خلاف کسی بھی قسم کے کام پر زیرو ٹالرنس رکھتے ہیں، خواہ اس کے نتائج کچھ بھی ہوں۔ اس کا تعین مؤثر ڈیزائن کے اطلاق اور آڈٹ پلانز کے اجراء نیز یقین دہانی کے طرز عمل سے ہوتا ہے، جو ضابطہ اخلاق کے خلاف تمام اقسام کے امور کو روکتا ہے اور کاروباری امور کے حوالے سے متعلقین کے معاملات کو اجاگر کرتا ہے۔

علاوہ ازیں ہمارے اسٹیک ہولڈرز کو دیگر کئی ذرائع دستیاب ہیں، جن کے ذریعے وہ ہماری اساس اور اقدار کے منافی ضابطہ اخلاق کو شناخت اور ان سے متعلق بتا سکتے ہیں۔

کارپوریٹ گورننس ہمارے کمپنی کے چلانے کے طریقہ کار اور خواہشمند پارٹیوں سے ہمارے تعلقات کو متاثر کرتی ہے۔ انتظامیہ شفافیت اور ضابطہ اخلاق کے مطابق کام کرنے پر باضابطہ زور دیتی ہے۔ یہ طرز عمل نہ صرف ہمارے ملازمین کے ارتقاء میں بنیادی کردار ادا کرتا ہے بلکہ ساتھ ہی ان لوگوں پر بھی اثر انداز ہوتا ہے جو ایک ذمہ پیشہ ور فرد اور کارپوریٹ شہری کے طور پر بحیثیت وینڈرز اور کسٹمرز ہمارے ساتھ معاملات میں منسلک ہیں۔

توانائی کا انتظام وانصرام

توانائی ہمارے کاموں کے لیے اشد ضروری ہے، گو کہ کمپنی بجلی کے حوالے سے خود کفیل ہے تاہم بجلی کی پیداوار کے لیے گیس پر انحصار کرتی ہے اور گیس کے نرخ میں اتار چڑھاؤ سے متاثر ہے۔ اس حوالے سے کمپنی نے ہر پراڈکشن یونٹ کے لیے توانائی کے استعمال کے اہداف مقرر کئے ہیں، جس کے مطابق اس کی کارکردگی کو جانچا جاتا ہے۔ ہم ان تجزیوں اور توانائی کی بچت کے پراجیکٹس کو جاری رکھیں گے۔

قومی خزانے میں اعانت

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ قومی خزانے میں اعانت کرنے والا اہم رکن ہے۔ سال 2016 میں کمپنی نے سیلز اور انکم ٹیکس کی مد میں تقریباً 4.9 بلین روپے کی اعانت کی۔

کارپوریٹ سماجی بہبود کی ذمہ داری

کمپنی کا CSR پروگرام، اینگرو فاؤنڈیشن اور ساتھ ہی اینگرو کے تمام ذیلی اداروں کی چھتری تلے انجام دیا جاتا ہے، جس کا مقصد معاشرے پر بڑے پیمانے پر مثبت اثرات مرتب کرنا ہے۔

کمیونٹی انویسٹمنٹ اور ویلفیئر اسکیمز

ہمارے ملازمین کمیونٹی کو کچھ دینے کے جذبے کے تحت انویژن (Envision)، ایمپلائی وولنٹیر پروگرام کے ذریعے اپنی شرکت کا اظہار کرتے ہیں۔ کمپنی سے رضا کار پورٹ قاسم کے اطراف کے علاقوں میں سال بھر مختلف ڈپارٹمنٹل سرگرمیاں انجام دیتے ہیں۔ اس حوالے سے زر تعاون عمومی طور پر ملازمین ہی کی جانب سے جمع کیا جاتا ہے، جسے ان سرگرمیوں میں استعمال کیا جاتا ہے جو کم آمدن والی کمیونٹیز میں اسکولز اور اسپتالوں کو فائدہ پہنچاتا ہے۔

EPCL پلانٹ کے Envision کے رضا کاروں نے اللہ بخش گوٹھ، المصطفیٰ ایجوکیشنل اکیڈمی میں افطار کا اہتمام کیا۔ انڈس اسپتال نے مریضوں کے مفت علاج کے لیے فنڈز جمع کرنے کے حوالے سے ایک کارنیول کا انعقاد کرتا ہے اور اینگرو پولیمر اینڈ کیمیکلز کے رضا کار اس ایونٹ کے انتظامات اور فنڈز جمع کرنے کے لیے کام کرتے ہیں۔ HWIT کے ساتھ مقامی تھیلیسیمیا کے مریضوں کے لیے بھی کافی کام کیا گیا۔ رضا کاروں کی جانب سے مقامی کمیونٹی میں اس بیماری کے بارے میں آگاہی نشستوں کا اہتمام کیا گیا اور اینگرو پولیمر اینڈ کیمیکلز پلانٹ پر خون کا عطیہ دینے کی مہم کا بھی انعقاد کیا گیا، جہاں ملازمین نے اس عظیم مقصد کے لیے خون کے عطیات دیے۔

دیہی علاقوں کی ترقی اور عطیات

کمپنی نے دی سٹیزن فاؤنڈیشن کے ساتھ دسمبر۔ 2013 میں گھگھر پھاٹک میں ایک اسکول قائم کرنے کے حوالے باہمی مفاہمتی یادداشت (MOU) پر دستخط کیے تھے۔ یہ اسکول اپریل 2015 سے کام کر رہا ہے۔ اطراف کے چھوٹے گاؤں اور آبادیوں سے آنے والے بچوں کو اس کیمپس کی وجہ سے معیاری تعلیم تک رسائی حاصل ہے۔ EPCL کے رضا کاروں کی جانب سے اس کیمپس میں مختلف تعلیمی اور معلومات نشستوں کا انعقاد کیا جاتا ہے۔ سال 2016 میں ادارے کے مارکیٹنگ ڈپارٹمنٹ نے اس اسکول میں 25 دسمبر کو یوم قائداعظم منایا۔ حب الوطنی کے حوالے سے منعقد ہونے والے مختلف مقابلوں میں طلباء نے بھرپور شرکت کی اور ان میں انعامات بھی تقسیم کیے گئے۔ یہاں پودے لگانے کی مہم بھی شروع کی گئی۔

صحت، تحفظ اور ماحولیات

صحت، تحفظ اور ماحولیات کمپنی کی بنیادی اقدار میں سے ہیں۔ HSE کے اطلاق اور روزمرہ کے معاملات میں اس کے استعمال کو یقینی بنانے کے لیے EPCL میں سخت پالیسیز، طریقہ کار اور نظام پر عمل کیا جاتا ہے۔ ہم محفوظ طریقے سے کام کرنے کی روایت پر یقین رکھتے ہیں جہاں ملازمین کسی بھی حادثے یا زخم یا کام سے متعلق بیماری کی وجہ سے پھیلنے والے ذہنی دباؤ کو کم سے کم رکھنے کی صلاحیت رکھتے ہوں۔

کمپنی اپنے تمام کاموں میں ملازمین، ٹھیکیداروں، کمیونٹی اور اس کام میں شامل تمام لوگوں کی صحت اور حفاظت کے تحفظ کو خاص طور پر خیال رکھتی ہے۔ کمپنی کے تمام کاروباری فیصلوں میں سیفٹی ایک اہم جزو ہے اور ملازمین اپنے اہداف کمپنی کی HSE پالیسیز اور اصولوں کے عین مطابق پورے کرتے ہیں۔

سال 2016 میں کسی قسم کی لاسٹ ٹائم انجری نہیں ہوئی۔ کمپنی کا ٹوٹل ریکارڈ ایبل انجری ریٹ (TRIR)، 0.12 پر کھڑا ہے، جو ورلڈ کلاس Personnel سیفٹی پرفارمنس کے عین مطابق ہے۔ کمپنی "گول زیرو" یعنی زیرو انجریز، واقعات اور ماحولیات اختلاف کے حوالے سے مکمل طور پر عہد کیے ہوئے ہے۔

ہمارے DuPont پراسس اور Personnel سیفٹی سسٹم مع نظرثانی شدہ 22 ایلیمنٹ سیفٹی ماڈل کے ساتھ منسلک ہونے سے سیفٹی نئے اور جدید ماڈل کی جانب مائل تھی۔

PVC پلانٹ کے سیفٹی انٹگریٹی لیول (SIL) اور لیئر آف پروٹیکشن اینالیسس (LOPA) کے انعقاد کے ذریعے رسک اسسمنٹ اور خطرات کے تجزیہ کے حوالے سے جدت کی جانب سفر جاری ہے۔ IHS Sphera (نئے سیفٹی مینجمنٹ انفارمیشن سسٹم) کی کامیاب جانچ کا عمل مکمل ہوگیا ہے اور پلان کے مطابق کام کر رہا ہے۔

آکوپیشنل ہیلتھ اور انڈسٹریل ہائیجن مینجمنٹ پر سیکنڈ پارٹی کا تشخیصی عمل مکمل ہوگیا ہے اور اس حوالے سے کمپنی کو 3.7 کی ریٹنگ تفویض کی گئی ہے۔ یہ ریٹنگ ظاہر کرتی ہے کہ EPCL نے DuPont کے اطلاق کے ذریعے OHIH کے OSHA قواعد میں شاندار کارکردگی کا مظاہرہ کیا ہے۔

کمپنی، دی برٹش سیفٹی کونسل 5 اسٹار پروگرام اور WWF گرین آفس کے مطابق شاندار کارکردگی کا مظاہرہ کر رہی ہے۔ یہ اقدام اس بات کا خواہاں ہے کہ انوائرمنٹل پروگرام کو ISO-14001 کے کم از کم قواعد (انوائرمنٹ مینجمنٹ سسٹم) سے آگے بڑھایا جائے۔ اس سال کے دوران WWF سے 2 نئی عمارتیں گرین آفس سرٹیفائیڈ اور 8 موجودہ عمارتیں دوبارہ سے گرین آفسز سرٹیفائید ہوگئیں۔

اینگرو پولیمر اینڈ کیمیکلز کے پاس لیکوڈ پراڈکٹس اور انٹرمیڈیٹس کے لیے 58 مخصوص گاڑیوں کا کارواں موجود ہے۔ فلیٹ سیفٹی پروگرام اینڈ سیفٹی پرفارمنس کی ڈائیریکٹریز دنیا کے بہترین کام کا معیار ہے اور یہ دونوں پراڈکٹس، انٹرمیڈیٹس اور ملازمین کی آمدورفت پر لاگو کیا گیا ہے۔ اسی طرح فلیٹ کی سیفٹی کے حوالے سے اصل تصور کو بہتر کیا گیا، جس کے نتیجے میں اس حلقے میں اضافی کارکردگی دیکھنے میں آئی۔ ادارے میں فلیٹ کے حادثات کا تناسب 2.5 تھا، جو کسی بھی اچھے ادارے کے لحاظ سے معیاری ہے۔

EPCL نے CCPS (سینٹر فار کیمیکل پراسس سیفٹی)، NSC (نیشنل سیفٹی کونسل) اور BSC (برٹش سیفٹی کونسل) کے ساتھ اپنی رکنیت برقرار رکھی۔ ان کے ذریعے کمپنی HSE پریکٹس پر تازہ ترین معلومات حاصل کرتی ہے۔

کمپنی نے کوالٹی مینجمنٹ سسٹم (QMS)، انوائرمینٹل مینجمنٹ سسٹم (EMS) اور OSHAS-18001 (آکوپیشنل سیفٹی اینڈ ہیلتھ اسسمنٹ سیریز) کو یکساں کرنے کے لیے انٹیگریٹڈ مینجمنٹ سسٹم (IMS) میں اپنی سابقہ کارکردگی کو بڑھانے کے حوالے سے کامیاب اقدامات کیے ہیں۔ کمپنی اس سال کامیابی کے ساتھ دوبارہ سے سرٹیفائیڈ ہوگئی۔

آنے والا سال آڈٹ کا سال ہوسکتا ہے، کیوں کہ ہمارا ہدف PSM 22 ایلیمنٹ سیکنڈ پارٹی، برٹش سیفٹی کونسل ایکسٹرنل اور DuPont OHIH آڈٹس کی تکمیل ہے۔ مزید یہ کہ نظرثانی شدہ معیارات 2015 پر انٹیگریٹڈ مینجمنٹ سسٹم سرٹیفکیشن کو شیڈول کیا گیا ہے۔

آگے بڑھتے ہوئے کمپنی نے IHS Sphera کو صحت، تحفظ اور ماحولیات کے ایک نئے چہرے کے طور پر متعارف کرانے کا فیصلہ کیا ہے۔ HSE رپورٹنگ، ریکارڈ کیپنگ اور تجزیہ کاری میں نئی وسعتوں کے حصول کے لیے HSE پریکٹس اور سافٹ ویئر انجینئرنگ اسکلز بہترین امتزاج ہے۔ IHS Sphera کا سال 2017 میں آغاز کیا جائے گا، جو آنے والے سالوں کے ساتھ اس سسٹم سے مکمل طور پر مربوط ہوگا۔

معلوماتی نظام

پلانٹ پر Maxico کو تبدیل کرنے کے لیے میٹیریل مینجمنٹ کے حوالے سے SAP کا منصوبہ بنایا اور اس کا آغاز کیا گیا۔ ساتھ ہی مؤثر انداز میں گفت وشنید کے ذریعے اور پلانٹ کے استعمال کنندگان کے لیے کم لاگت کے لائسنس آپشنز کے ذریعے بچت بھی شروع کی گئی۔ اس کے ذریعے سال 2017 میں SAP فیز-II (پراڈکشن، پلاننگ اور پلانٹ مینٹیننس) کے اطلاق کے لیے آئندہ مواقع میسر ہوں گے۔

انفارمیشن ٹیکنالوجی ڈپارٹمنٹ نے پوری کمپنی میں مختلف قسم کے اہم اقدامات میں بھی معاونت کی۔ جن میں وینڈر کی معاونت کا پورٹل، SECP کی ضرورت کے مطابق EPCL ویب سائٹ کی اردو میں تبدیلی، مختلف مقامات پر آن لائن ٹریڈ اپرنٹس اور SAP میں کنٹریکٹس کا اطلاق شامل ہے۔

انفارمیشن ٹیکنالوجی کی "سسٹمز آف ریکارڈز" سے "سسٹمز آف انگیجمنٹ" میں تبدیلی کے پیش نظر سسٹمز اور طریقہ کار کی بہتری کا یہ سفر سال 2017 میں بھی جاری رہے گا۔ جس کے نتیجے میں یہ حقیقی طور پر ایک انٹرپرائز آرگنائیزیشن ہوگی، جو عام معیارات سے جدت کی ترسیل تک کے کاموں کے ساتھ ہماری تمام تر فن ومہارت کی حامل ہوگی۔ جس سے اینگرو اور اس کے کاروباری شراکت داروں کو حقیقی انداز میں مثبت فوائد میسر آئیں گے۔

ہیومن ریسورسز

2016 وہ سال تھا، جس کے دوران کمپنی میں ملازمین کی مصروفیت اور ان کی حوصلہ افزائی پر بنیادی طور پر زیادہ زور دیا گیا۔ اس حوالے سے دوران سال مختلف پروگرامز اور نشستوں کا انعقاد کیا گیا۔

پیداواری صلاحیت اور کارکردگی میں بہتری

پیداواری صلاحیت کی بہتری کے لحاظ سے سال 2016 میں Lean Six Sigma پروگرام پہلے کے مقابلے میں زیادہ کامیاب ثابت ہوا۔ Lean Six Sigma فن مہارت کا حامل ہے، جو پراسس کی کارکردگی میں بہتری کے ذریعے فاضل مادوں کو کم کرتا ہے۔ اس سال کے دوران 15 گرین بیلٹ پراجیکٹس مکمل ہوئے اور متعلقہ 15 ملازمین Lean Six Sigma گرین بیلٹ سرٹیفائیڈ ہوئے۔

ہنرمند افراد کی فراہمی کے تسلسل کو برقرار رکھنا مساوی طور پر اہم ہے۔اس سے ادارہ کسی بھی ہنرمند فرد کو کھونے سے محفوظ رہتا ہے۔مزید یہ کہ ملازمین کی ترقی اور ان کی صلاحیتوں کو نکھارنے کی غرض سے وسیع پیمانے پر تربیتی نشستوں کا اہتمام کیا گیا تھا۔اوسط اور اعلیٰ انتظامیہ کو بھی عالمی طور پر معروف تربیتی پروگرام "Situational Leadership" سے گزارا گیا۔

ملازمین کی حوصلہ افزائی کے لیے کئی ایونٹس اور سیشنز کا انعقاد کیا گیا، جبکہ جونیئر کیڈر کے انتظامی ملازمین کے لیے "حج پالیسی" متعارف کرانا سب سے زیادہ اہم بات ہے۔

افرادی قوت کا معیار اور خدمات

کمپنی کی HR کی یہ حکمت عملی ہے کہ وہ ٹرینیز کی شمولیت کے ذریعے EPCL کی لیڈرشپ پائپ لائن کو مستحکم کرے۔اس تصور کے تحت وہ تیار شدہ ہنرمند نوجوانوں کا پول اپنے پاس رکھتے ہیں، جو کمپنی کے طریقہ کار سے متعلق بھی مکمل طور پر آگاہ ہوتا ہے۔

اعلیٰ ہنرمند افراد کی شمولیت کو یقینی بنانے کے لیے ہماری جانب سے کی جانے والی کوششوں اور ان کی تشخیص کے لیے "پروفیشنل لرننگ انڈیکیٹر" کو سال 2013 تک بطور انٹری فلٹر استعمال کیا گیا۔سال 2016 میں، 59 ٹیکنیکل ٹرینیز کو بالخصوص ادارے کی ٹیکنیکل سائیڈ پر طویل المیعاد ضروریات کے حوالے سے ملازمت دی گئی۔

کلی طور پر ملازمتوں کی فراہمی کو اندرون خانہ تیار شدہ ہنرمند افراد ملازمتوں پر رکھنے کے عمل پر توجہ مرکوز رہی۔جس کے نتیجے میں اس سال کے دوران کل ملازمتوں کی فراہمی میں سے 71% کمپنی میں سے ہی تھے، جو کہ ابتدائی طور پر ٹرینی پروگرامز سے لیے گئے تھے۔اس تعداد کو ہم کیریئر گروتھ اور ٹیلنٹ کو موقع فراہم کرنے کے حوالے سے اپنے ملازمین سے کئے گئے وعدے سے منسوب کر سکتے ہیں۔

کاروبار کو بہتر انداز میں جاری رکھنے اور ادارے کی طویل بنیادوں پر ترقی دینے کے لیے ہنرمند افرادی قوت کو برقرار رکھنا اشد ضروری ہے۔چھوڑنے کی لاگت کے دوبارہ ملازمت پر رکھنے، دوبارہ تربیت دینے اور ناگزیر آمدنی کے حوالے سے مالی اثرات ہوتے ہیں۔سال 2016 یہ تعداد سال 2015 کے 10.27% کے مقابلے میں کم ہو کر 9.44% رہ گئی، جو کہ ایک بہتر سطح کی علامت ہے۔

افرادی قوت کی مختلف اشکال اور معذور افراد کو ملازمت کی فراہمی

افرادی قوت کی مختلف اشکال کے تحت خاتون ملازمین اور معذور افراد (PWDs) کی ملازمت کے تناسب کو بہتر بنانے پر توجہ مرکوز رہی۔بدقسمتی سے اس سال کے دوران کوئی بھی موزوں PWD ماسوائے ان کے انٹرویوز اور دیگر ذیلی اداروں کو بھیجنے کے، ادارے میں شامل نہیں کی جاسکی۔ہرچند یہ کہ EPCL، مستقبل میں ممکنہ امیدواروں کو ملازمت پر رکھنے کے حوالے سے NOWPDP کی این جی او کے ساتھ مل کر کام کر رہی ہے۔کمپنی کی جانب سے "Bring Your Child to Work Day" کی تقریب بھی منعقد کی گئی، جس میں ملازمین کی حوصلہ افزائی کی گئی کہ وہ اپنے بچوں کو دفتر لائیں اور تفریح کی سرگرمیوں میں انہیں شریک کریں۔

اسٹیک ہولڈر کی مصروفیت اور تعلق

کمپنی اپنے اسٹیک ہولڈرز کے ساتھ ہر سطح پر تعلق/رابطے کو برقرار رکھنے پر یقین رکھتی ہے، سال کے دوران ہم پریس ریلیزز، سہ ماہی اور سالانہ نتائج پر سیکیورٹیز کی تجزیاتی بریفنگ، حکمت عملی پر اسٹاک ایکسچینجز کے انکشافات (بشمول کمپنی کے مجموعی مالیاتی گوشواروں کے نوٹ 1.4 میں موجود انکشاف)، پلانٹ کا وزٹ اور معلوماتی مباحثوں کے ذریعے اپنے متعلقہ اسٹیک ہولڈرز کے ساتھ رابطے میں رہتے ہیں۔

کمپنی تمام قواعد کی پابندی کرتی ہے اور اس حوالے سے متعلقہ مجاز حکام بشمول اسٹاک ایکسچینج، ٹیکس اتھارٹیز اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے قریبی رابطے میں رہتی ہے۔ EPCL کے سینکڑوں وینڈرز اور صارفین ہیں اور ہم انہیں روایتی اور معلوماتی میٹنگز اور کانفرنسز کے ذریعے وقتاً فوقتاً اپنے ساتھ منسلک رکھنے کے لیے کوشاں رہتے ہیں۔ ہم انڈسٹری کے فائدے کے لیے اپنے کسٹمرز کے ساتھ ان کے کاروبار کے حوالے سے فنی معاونت فراہم کرنے کے لیے باقاعدہ بنیاد پر منسلک رہتے ہیں۔

کمپنی اپنے ملازمین کو ادارے کا لازمی حصہ سمجھتی ہے۔ ہم اپنے ملازمین کی حوصلہ افزائی اور اطمینان کو اپنے متعلقہ منیجرز کے ذریعے مختلف پیمانوں، معلومات اور نتائج پر ناپتے ہیں اور ہماری ایچ آر ان شعبہ جات پر طے شدہ حکمت عملی کے تحت کام کرتی ہے۔

مستقبل کا پیش منظر اور امکانات

سال 2017 میں کمپنی اپنی مستحکم آپریشنل پروفارمنس کو جاری رکھنے کے اظہار سے متعلق پر اعتماد ہے۔ یہ امید کی جاتی ہے کہ اس کی مارکیٹنگ کی سرگرمیاں آنے والے سالوں پر مثبت اثرات مرتب کرنے کا عمل جاری رکھیں گی۔ تعمیرات اور مجموعی سطح کے حوالے سے PVC کی مارکیٹ کا استحکام متوقع ہے۔ تاہم کاسٹک سوڈا کی مارکیٹ میں استحکام متوقع ہے۔ آگے کی جانب بڑھتے ہوئے پلانٹ کی گنجائش میں اضافے اور ہدف شدہ کارکردگی پر توجہ مرکوز رہے گی۔ تاہم کمپنی کے اقتصادی معاملات کنٹرول سے باہر رہنے والے عوامل جیسے وینائل چین پرائزز، انرجی پرائزز اور کرنسی کے عدم استحکام سے متاثر رہیں گے۔

کارپوریٹ جائزہ

کمپنی میں شیئر ہولڈنگ

31 دسمبر، 2016 کو کمپنی میں شیئر ہولڈنگ مندرجہ ذیل کے مطابق ہے:

حصص یافتگان کی قسم	حصص یافتگان کی تعداد	رکھے گئے حصص کی تعداد	ہولڈنگ کی شرح فیصد
ڈائریکٹرز، چیف ایگزیکٹیو آفیسر، زوجہ، اور چھوٹے بچے	11	5,010	0.001%
منسلک کمپنیز، معاہدہ اور متعلقہ پارٹیز	4	538,955,827	81.23%
بینکس، DFIs، نان بینکنگ فنانشل ادارے	4	161,000	0.02%
انشورنس کمپنیز	3	1,225,000	0.18%
مضاربہ اور میوچل فنڈز	7	4,780,000	0.72%
حصص یافتگان کی ہولڈنگز 10%	3	537,914,987	81.08%
عوام الناس (انفرادی اشخاص)			
a۔ مقامی	29,984	91,995,710	13.87
b۔ بین الاقوامی			
دیگر	101	26,346,241	3.97%

شیئر ہولڈنگ کی قسم

1۔ شیئر ہولڈنگ کی مطلوبہ معلومات مندرجہ ذیل رپورٹنگ فریم ورک کے تحت ہے:

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
اینگرو کارپوریشن لمیٹڈ	372,809,989
انٹرنیشنل فنانس کارپوریشن	97,155,000
Mitsubishi کارپوریشن	67,949,998
EPCL ایمپلائیز ٹرسٹ	1,040,840
	538,955,827

2۔ مضاربہ اور میوچل فنڈ

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
ٹرسٹی فیصل بیلنسڈ گروتھ فنڈ	100,000
ٹرسٹی AKD اپارچونیٹی فنڈ	1,500,000
ٹرسٹی UBL اسٹاک ایڈوانٹیج فنڈ	825,000
ٹرسٹی NADA ملٹی ایسٹ فنڈ	985,000
ٹرسٹی فرسٹ حبیب اسٹاک فنڈ	40,000
ٹرسٹی نافع ایسٹ ایلوکیشن فنڈ	1,005,000
ٹرسٹی UBL ریٹائرمنٹ سیونگز فنڈ۔ ایکویٹی سب فنڈ	325,000
	4,780,000

3۔ ڈائریکٹرز اور ان کی ازواج اور چھوٹے بچے

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
جناب اسد سید جعفر	1
جناب فیروز رضوی	1
جناب عمران انور	1
جناب غیاث الدین خان	1
جناب Kimihide Ando	1
جناب شہزادہ داؤد	5,001
جانب Shoichi Ogiwara	1
جناب ظفر ہادی	1

4۔ ایگزیکٹیوز

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
ایگزیکٹیوز	772,949

5۔ پبلک سیکٹر کمپنیز اور کارپوریشنز

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
پبلک سیکٹر کمپنیز اور کارپوریشنز	250,000

6۔ بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، انشورنس، تکافل، مضاربہ اور پینشن فنڈز

حصص یافتگان کی قسم	رکھے گئے حصص کی تعداد
بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس کمپنیز، انشورنس، تکافل، مضاربہ اور پینشن فنڈز	161,000

7۔ شیئر ہولڈنگ پانچ فیصد یا کمپنی میں مزید ووٹنگ کے خواہشمند

حصص یافتگان کے نام	رکھے گئے حصص کی تعداد	ہولڈنگ کی شرح فیصد
اینگرو کارپوریشن لمیٹڈ	372,809,989	56%
انٹرنیشنل فنانس کارپوریشن	97,155,000	15%
Mitsubishi کارپوریشن	67,949,998	10%

8۔ ڈائیریکٹرز، ایگزیکٹوز اوران کی ازواج رچھوٹے بچوں کی جانب سے خرید رفروخت کی تفصیلات

نام	خریدے گئے حصص	فروخت شدہ حصص	شرح	خرید رفروخت کی تاریخ
محمد سعید شاکر		500	9.29	7 مارچ، 2016
ایم کامران اناری		46,775	9.77	24 مئی، 2016
محمد عرفان الٰہی		25,000	9.6	یکم جون، 2016
سید وقار حسین		2,000	9.05	10 جون، 2016
سید وقار حسین		2,000	9.05	10 جون، 2016
علی حیدر	500		8.65	14 جولائی، 2016
عامر محمود		9,500	8.59	22 جولائی، 2016
محمد بلال احمد	100,000		9.88	19 ستمبر، 2016
حسین حسن علی	100,000		9.83	19 ستمبر، 2016

نام	خریدے گئے حصص	فروخت شدہ حصص	شرح	خرید/فروخت کی تاریخ
خدیجہ رضا	5,000		10.07	21 ستمبر، 2016
محمد بلال احمد	20,000		11.015	10 نومبر، 2016
محمد سعد اللہ ابوالخیری		5,000	12.65	14 نومبر، 2016
محمد سعد اللہ ابوالخیری		2,500	12.97	14 نومبر، 2016
محمد سعد اللہ ابوالخیری		2,500	12.97	14 نومبر، 2016
محمد بلال احمد	120,000		12.62	15 نومبر، 2016
انتھونی سیتا ماریہ	5,000		12.73	17 نومبر، 2016
انتھونی سیتا ماریہ	5,000		13.45	18 نومبر، 2016
انتھونی سیتا ماریہ	5,000		13.01	18 نومبر، 2016
علی محسن بھگت	19,000		12.75	24 نومبر، 2016
محمد بلال احمد	125,000		15.68	29 نومبر، 2016

9۔ 31 دسمبر، 2015 پر شیئر ہولڈنگ کا طریقہ کار

حصص یافتگان کی تعداد	ہولڈنگ کی جسامت	حصص کی تعداد
446	1 - 100	11,415
19,819	101 - 500	9,499,138
6,130	501 - 1,000	4,353,907
2,383	1,001 - 5,000	5,786,796
488	5,001 - 10,000	3,923,345
194	10,001 - 15,000	2,525,198
115	15,001 - 20,000	2,174,818
95	20,001 - 25,000	2,283,579
46	25,001 - 30,000	1,309,336
28	30,001 - 35,000	935,324
31	35,001 - 40,000	1,209,353
17	40,001 - 45,000	745,630
51	45,001 - 50,000	2,525,512
16	50,001 - 55,000	847,394
11	55,001 - 60,000	651,475
14	60,001 - 65,000	885,750
3	65,001 - 70,000	201,150
12	70,001 - 75,000	890,629
8	75,001 - 80,000	633,000
4	80,001 - 85,000	328,600

حصص کی تعداد	ہولڈنگ کی جسامت	حصص یافتگان کی تعداد
173,500	85,001 - 90,000	2
466,691	90,001 - 95,000	5
4,295,000	95,001 - 100,000	43
516,500	100,001 - 105,000	5
541,375	105,001 - 110,000	5
228,000	110,001 - 115,000	2
491,500	120,000 - 125,000	4
267,000	130,001 - 135,000	2
700,500	140,000 - 145,000	5
750,000	150,000 - 155,000	5
322,500	160,000 - 165,00	2
519,000	170,000 - 175,000	3
529,500	175,001 - 180,000	3
378,000	185,001 - 190,000	2
4,598,000	195,001 - 200,000	23
406,500	200,001 - 205,000	2
417,000	205,001 - 210,000	2
641,000	210,001 - 215,000	3
229,500	225,001 - 230,000	1
465,500	230,001 - 235,000	2
1,002,500	250,000 - 255,000	4
540,500	270,000 - 275,000	2
559,500	275,001 - 280,000	2
283,000	280,001 - 285,000	1
1,195,000	295,000 - 300,000	4
305,875	305,001 - 310,000	1
316,869	315,001 - 320,000	1
650,000	325,000 - 330,000	2
718,651	355,001 - 360,000	2
1,091,925	360,001 - 365,000	3
366,500	365,001 - 370,000	1
382,000	380,001 - 385,000	1
1,601,000	400,000 - 405,000	4
845,000	420,000 - 425,000	2
475,000	475,000 - 480,000	1
490,000	490,000 - 495,000	1
4,010,000	500,000 - 505,000	8
1,047,500	520,001 - 525,000	2
540,000	540,000 - 545,000	1
555,000	555,000 - 560,000	1
600,000	600,000 - 605,000	1
618,199	615,001 - 620,000	1

حصص کی تعداد	ہولڈنگ کی جسامت			حصص یافتگان کی تعداد
672,850	670,001	-	675,000	1
675,500	675,001	-	680,000	1
2,095,000	695,000	-	700,000	3
715,000	715,000	-	720,000	1
1,453,000	725,000	-	730,000	2
731,500	730,001	-	735,000	1
762,000	760,001	-	765,000	1
781,500	780,001	-	785,000	1
825,000	825,000	-	830,000	1
861,500	860,001	-	865,000	1
985,000	985,000	-	990,000	1
2,005,000	1,000,000	-	1,005,000	2
1,040,840	1,040,001	-	1,045,000	1
2,104,000	1,050,000	-	1,055,000	2
1,157,000	1,155,001	-	1,160,000	1
1,189,500	1,185,001	-	1,190,000	1
1,340,000	1,340,000	-	1,345,000	1
1,388,500	1,385,001	-	1,390,000	1
1,500,000	1,500,000	-	1,505,000	1
1,600,000	1,600,000	-	1,605,000	1
1,780,000	1,780,000	-	1,785,000	1
1,795,500	1,795,001	-	1,800,000	1
2,793,677	2,790,001	-	2,795,000	1
9,000,000	3,000,000	-	3,005,000	3
3,600,000	3,600,000	-	3,605,000	1
5,850,000	5,850,000	-	5,855,000	1
67,949,998	67,945,001	-	67,950,000	1
97,155,000	97,155,000	-	97,160,000	1
372,809,989	372,805,001	-	372,810,000	1
663,468,788				**30,114**

بورڈ کے اجلاس اور حاضری

سال 2016 میں بورڈ آف ڈائریکٹرز نے اپنے تمام کاموں کا احاطہ کرنے کے لیے 6 میٹنگز کا انعقاد کیا۔ ڈائریکٹرز کی حاضریوں کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	شرکت شدہ میٹنگز
جناب عمران انور	6/6
جناب Kimihide Ando	5/6
جناب شہزادہ داؤد	3/6

ڈائیریکٹرکا نام	شرکت شدہ میٹنگز
جناب ظفر ہادی	6/6
جناب اسد سید جعفر	4/6
جناب Shoichi Ogiwara	5/6
جناب فیروز رضوی	6/6
جناب عمر یعقوب شیخ (1)	1/6
مسماۃ ناز خان (2)	4/6
جناب خالد سراج سبحانی (3)	5/6
جناب غیاث الدین خان (4)	1/6

1۔ جناب عمر یعقوب شیخ 8 اکتوبر، 2016 کو مستعفی ہو گئے۔

2۔ مسماۃ ناز خان نے 07 نومبر، 2016 کو استعفیٰ دیا۔

3۔ جناب خالد سراج سبحانی 30 نومبر، 2016 کو مستعفی ہو گئے۔

4۔ جناب غیاث الدین خان کی تقرری 09 دسمبر، 2016 کو عمل میں آئی۔

فیصلے سازی کے اہم شعبے

انکم ٹیکس، ڈیریویٹو فنانشل انسٹرومنٹس، تاخیر شدہ ٹیکس اثاثہ جات، ریٹائرمنٹ کے فوائد وغیرہ سے متعلق اہم شعبوں کی تفصیلات اکاؤنٹس کے نوٹس میں موجود ہیں۔

اکاؤنٹنگ کے معیار

کمپنی کی اکاؤنٹنگ پالیسیز کلی طور پر کمپنیز آرڈیننس۔1984 کی مطلوبہ ضروریات کی عکاسی کرتی ہیں اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز سے منظور شدہ ہیں، جو کہ آرڈیننس ہٰذا اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی دی گئی ہدایات کے تحت ہے۔

پراویڈنٹ فنڈ

سال 2013 میں کمپنی نے اپنے پراویڈنٹ فنڈ کو اینگرو کارپوریشن لمیٹڈ (ہولڈنگ کمپنی) کی جانب سے چلائے جانے والے پراویڈنٹ فنڈ (فنڈ) سے تبدیل کر دیا۔ جس کے مطابق مندرجہ ذیل معلومات 30 جون، 2015 تک ہولڈنگ کمپنی کی جانب سے منتظم شدہ فنڈ کے حالیہ آڈٹ شدہ مالی گوشواروں اور 30 جون، 2016 تک غیر آڈٹ شدہ مالی گوشواروں کی بنیاد پر ہے۔

فنڈز کی تفصیلات حسب ذیل ہیں:

رقم روپے میں	پراویڈنٹ فنڈ	
	30 جون، 2016	30 جون، 2015
فنڈ کا حجم۔کل اثاثہ جات	3,205,658	3,161,499
کی گئی سرمایہ کاری کی لاگت	2,800,793	2,333,996
کی گئی سرمایہ کاری کی شرح فیصد	94%	87%
سرمایہ کاری کی فیئر ویلیو	3,015,867	2,736,879

اکاؤنٹنگ کے معیار

کمپنی کی اکاؤنٹنگ پالیسیز کلی طور پر کمپنیز آرڈیننس۔ 1984 کی مطلوبہ ضروریات کی عکاسی کرتی ہیں اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرز اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز سے منظور شدہ ہیں، جو کہ آرڈیننس ہذا اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی دی گئی ہدایات کے تحت ہے۔

کارپوریٹ گورننس کی تعمیل

بورڈ آف ڈائیریکٹرز کمپنی کے تمام اہم معاملات پر نظر ثانی کرتا ہے۔ جس میں کمپنی کی حکمت عملی کی سمت، سالانہ کاروباری منصوبے اور اہداف، طویل المیعاد سرمایہ کاری اور قرضہ جات پر فیصلے شامل ہیں۔ بورڈ آف ڈائیریکٹرز کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کا عہد کیے ہوئے ہے۔

بورڈ آف ڈائیریکٹرز تحریری طور پر یہ رپورٹ پیش کرتا ہے کہ:

- انتظامیہ کی جانب سے تیار شدہ مالی گوشوارے، اس کے معاملات، آپریشنز کے نتائج، زر نقد کی ترسیل اور ایکویٹی میں ردوبدل کو ظاہر کرتے ہیں۔
- کھاتوں (اکاؤنٹس) کی مخصوص بکس باقاعدہ بنیاد پر تیار کی گئی ہے۔
- مالی گوشواروں کی تیاری میں مسلسل مخصوص اکاؤنٹنگ پالیسیز استعمال کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات موزوں اور محتاط فیصلے کی بنیاد پر ہیں۔
- مالی گوشواروں کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور اس میں سے کسی بھی روانگی کو اس کے مطابق جاری کیا گیا ہے۔
- اندرونی کنٹرول کا نظام مستحکم ہے اور موثر انداز میں کام کر رہا ہے اور اس کی نگرانی کی جارہی ہے۔
- اسی طرح جاری رہنے کے حوالے سے کمپنی کی صلاحیت پر کسی قسم کا کوئی شک وشبہ نہیں ہے۔
- کام میں کہیں پر بھی کارپوریٹ گورننس (جس کی تفصیل قواعد کی فہرست میں درج ہے) کی خلاف ورزی نہیں کی گئی ہے۔

شیئرز اور اوسط نرخ

دوران سال پاکستان اسٹاک ایکسچینج پر کمپنی کے 709.5 ملین شیئرز کی تجارت کی گئی تھی۔ کمپنی کے شیئرز کے اوسط نرخ 10.23 روپے کے روزانہ بند ہونے والے نرخ کی بنیاد پر تھے۔ سال 2015 کا 52 کم اور زیادہ رہا جو کہ بالترتیب 8.2 روپے اور 19 روپے فی حصص (شیئر) تھا۔

منافع منقسمہ

مجموعی بنیاد پر کمپنی کا مجموعی نقصان 1,593 ملین روپے پر رہا۔ اس لیے بورڈ نے دوران سال کسی منافع منقسمہ کی اجازت نہیں دی ہے۔

آڈیٹرز

موجودہ آڈیٹرز M/s A.F.Ferguson & Co. سبکدوش ہوگئے ہیں اور خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائیریکٹرز نے ان کی اجازت کی توثیق کردی ہے۔