engro polymer & chemicals

Annual Report 2015

Engro Polymer & Chemicals is proud to present its Annual Report for the year 2015. This report focuses on Stakeholder Information, Corporate Governance, the Directors" Report and Financial Statements for the year ended December 31, 2015.

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

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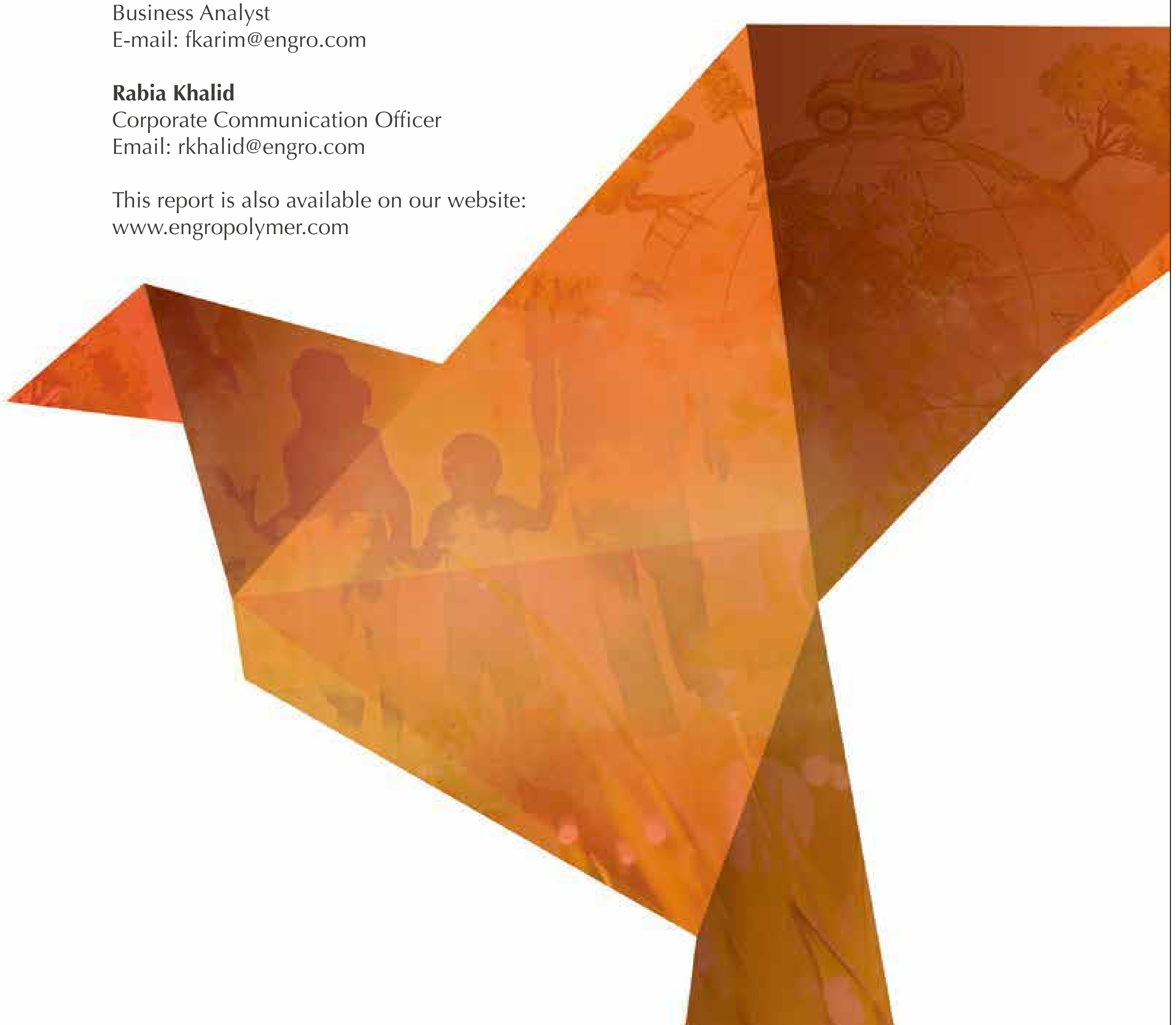
This report is also available on our website:
www.engropolymer.com



Taking the Vision Higher

Engro Polymer and Chemicals, like all companies of the Engro Group, is known for its consistent dedication to quality. We are always looking to take the bird's eye view, and examine how we can set the bar even higher.

As always, our focus remains equally upon our three values of People, Planet and Profit. And it is along these lines that we seek to improve ourselves this year, and every year.

Contents

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
- Ensure safe commissioning of Hydrogenator and Chlorinator
- Enhance penetration in domestic Vinyls market and accelerate new product development initiatives
- Pursue development of pipes & fittings standards through PSQCA
- Develop and optimize manpower and enhance workforce diversity

Our Statement of Best Practices

- Overall, work towards creating an environment which promotes the realization of our Vision and Values, by focusing on behavioral 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 emphasizing attention on safety, quality and continuous improvement.
- Recognize 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.
- Recognize team and individual efforts to change by celebrating both lessons and successes.

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 behavior 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

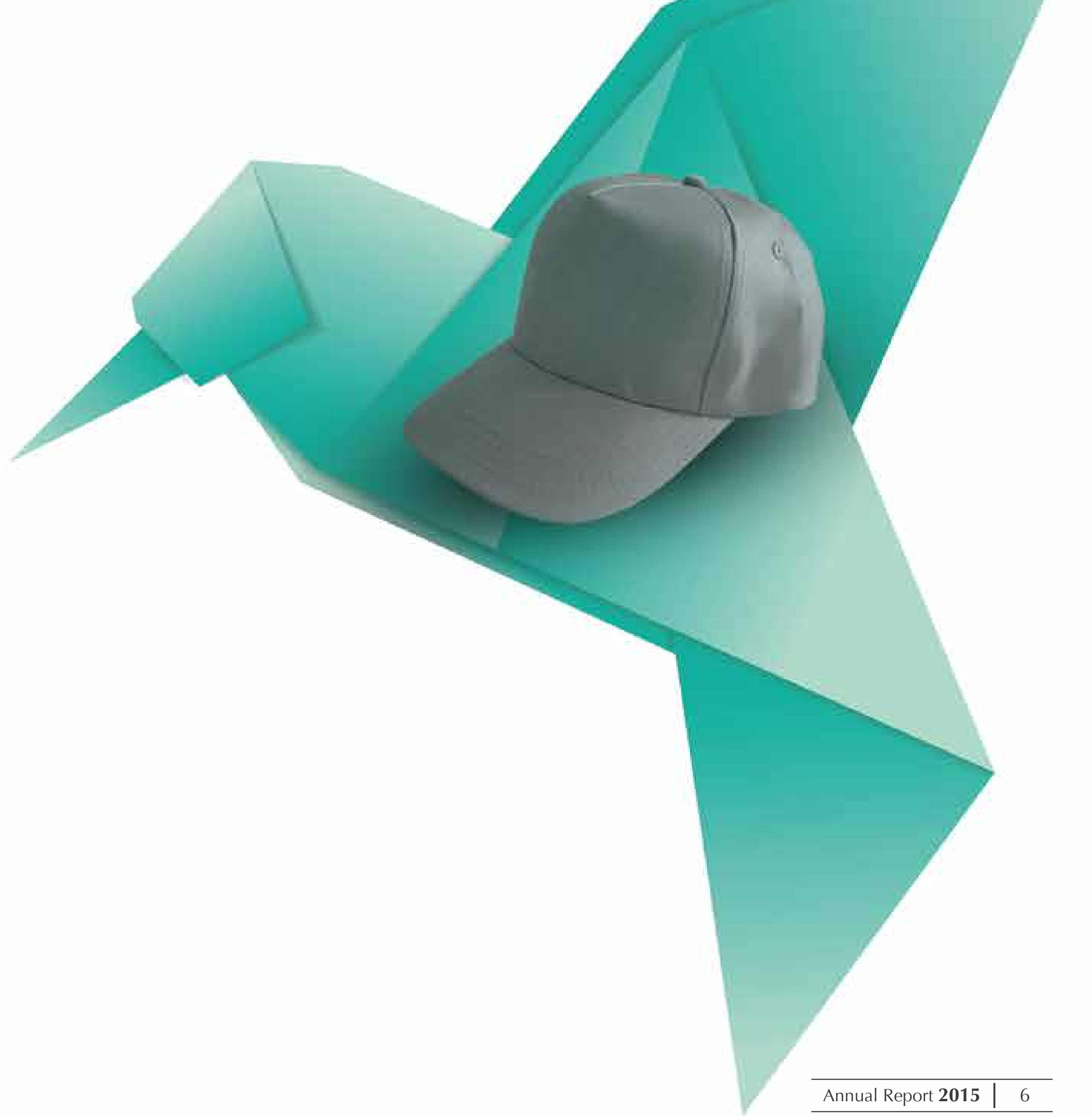
We will manage and utilize resources and operations in such a way that the safety and health of our people, neighbors, customers and visitors is ensured. We believe our safety, health and environmental responsibilities extend beyond protection and enhancement of our own facilities.

Innovation & Risk Taking

Success requires us to continually strive to produce breakthrough ideas that result in improved solutions and services. We encourage challenges to the status quo and seek organizational environments in which ideas are generated, nurtured and developed. Engro appreciates employees for well thought out risks taken in all realms of business and for the results achieved due to them, 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 organizational 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 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 recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing 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 he gets results. He might think it best not to tell higher management all that he is doing, not to record all transactions accurately in his books and records, and to deceive the Company's internal and external auditors. He would be wrong on all counts.

We do care how we get results. We expect compliance with our standards of integrity throughout the organization. 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 results when a manager conceals information from higher management and the auditors is that subordinates within his organization 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 demoralization of an organization. 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 recognizes 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 organization. Further, 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 exchanges, tax authorities and Securities and Exchange Commission of Pakistan (SECP).

Stakeholders’ Information

Company Information

Board of Directors
Mr. Syed Khalid Siraj Subhani
Mr. Imran Anwer (Chief Executive)
Mr. Asad Said Jafar
Mr. Feroz Rizvi
Mr. Omar Yaqoob Sheikh
Ms. Naz Khan
Mr. Zafar Hadi
Mr. Kimihide Ando
Mr. Shahzada Dawood
Mr. Shoichi Ogiwara

Company Secretary
Schaane Ansari

Bankers / Lenders
Allied Bank Ltd
Askari Bank Ltd
Bank Al Falah Ltd
Bank Al Habib Ltd
BankIslami 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

Registered Office
16th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501-10
Fax:+92(21) 35810669
Email: 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
Email: info.shares@famco.com.pk

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, Netherlands, Singapore, Malaysia, Turkey, Qatar, Taiwan, Indonesia
- Ethylene Di Chloride (EDC): Saudi Arabia, Qatar

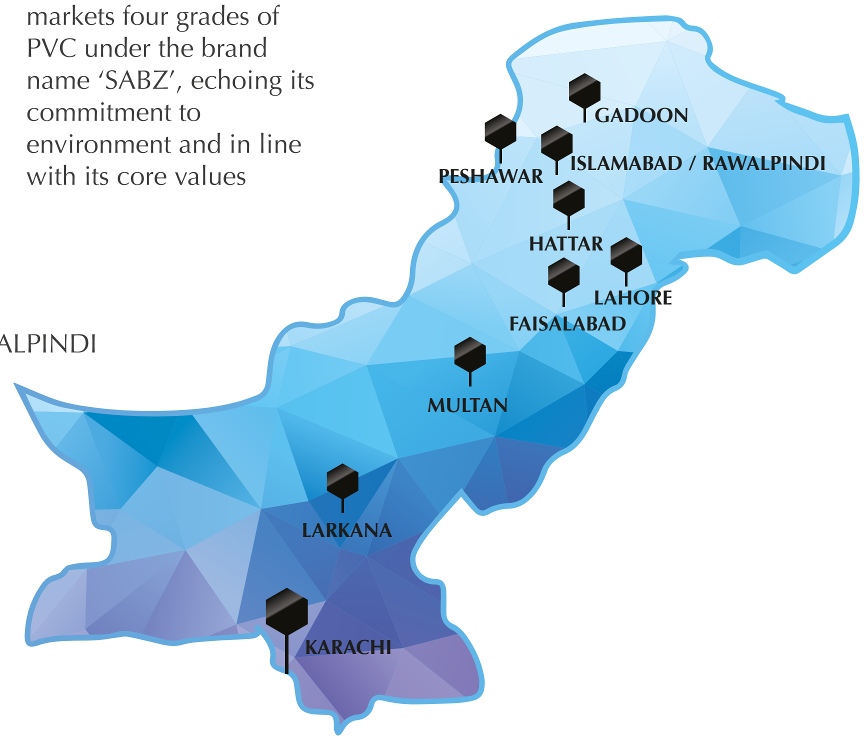
Exporting Countries

- Poly Vinyl Chloride : China, India, Sri Lanka, UAE, Turkey
- Vinyl Chloride Monomer (VCM)

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

Domestic Market



PVC

- KARACHI
- ISLAMABAD / RAWALPINDI
- LARKANA
- PESHAWAR
- MULTAN
- GADOON
- FAISALABAD
- HATTAR
- LAHORE

AU 67 S:
Soft sheet, garden hose

AU 72:
Artificial leather, wire coating, geo-membrane

AU 67 R:
Pipe, soft sheet, window profiles

AU 60:
Rigid sheet, pipe fittings

PVC PLANT INFORMATION

Capacities:

- 178 KTA PVC - as at December 31, 2015
- 127 KTA EDC
- 204 KTA VCM

Caustic & Allied Chemicals

Raw Material

Salt is our primary raw material for Caustic and allied chemicals

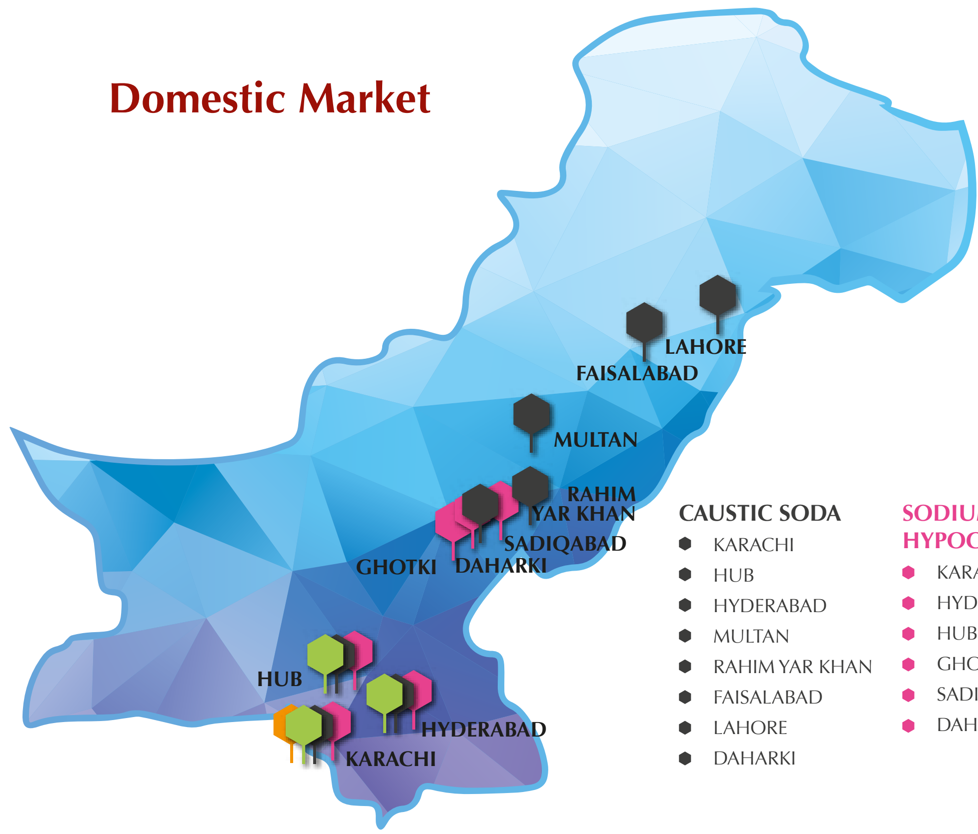
Caustic Plant Information

Capacities:

- 106 KTA Caustic Soda
- 20 KTA Sodium Hypochlorite
- 60 KTA Hydrochloric Acid
- 3 KTA Hydrogen

- Caustic Soda
- Sodium Hypochlorite
- Hydrochloric Acid (HCl)
- Hydrogen

Domestic Market



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

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

HYDROCHLORIC ACID
- KARACHI
- HUB
- HYDERABAD

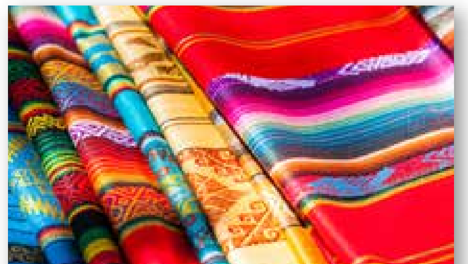
HYDROGEN
- KARACHI

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 utilization
- 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
- Proximity advantage in Caustic enabling dominance in South

Weaknesses

- Increased exposure due to volatility in international commodity prices/currency movements limiting pricing power
- Dependence on specialized 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

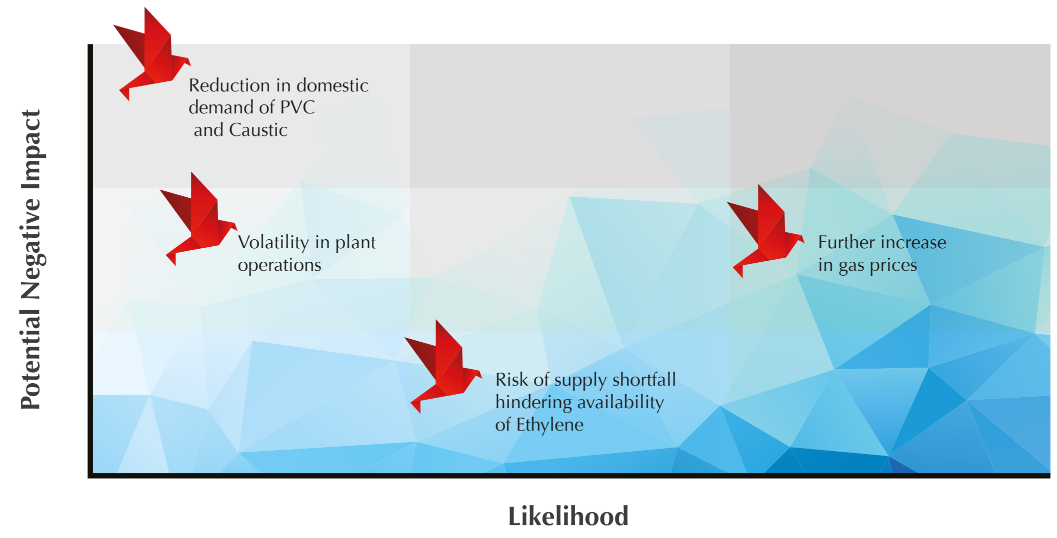
- Low per capita PVC consumption in the Country
- Uptick in PVC demand with increased construction activity, infrastructural projects and spending on public sector development
- Introduction of PVC in large diameter pipe
- Diversified downstream integration and new market development
- Alternate energy projects
- Opportunity for low-cost de-bottlenecking

Threats

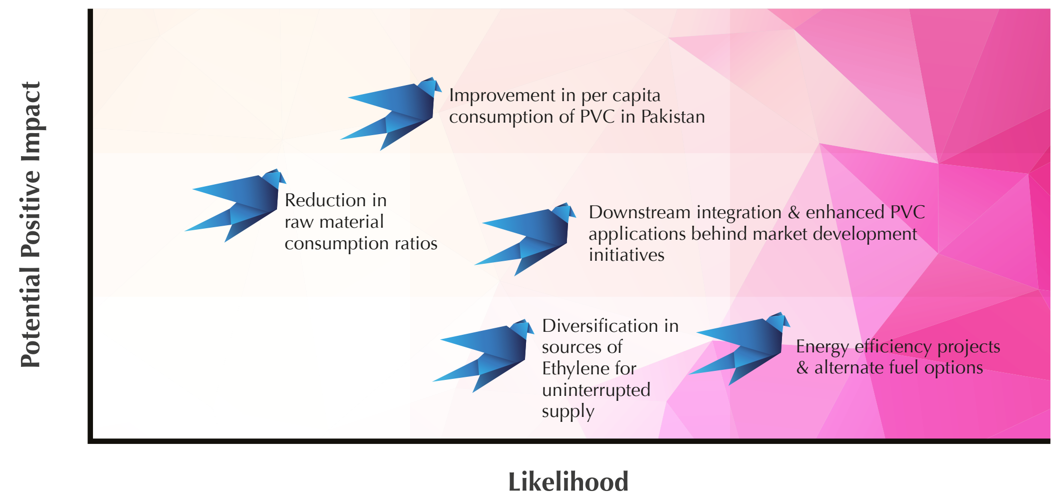
- Regulatory duty on import of primary raw material
- Withdrawal of import duty on finished products (PVC & Caustic)
- Rise in gas prices in Pakistan

Risk & Opportunity Analysis

Risk



Opportunity



Key Figures

Sales Revenue (Rs. in thousands)

2015
22,263,742

2014
23,819,272

Loss Per Share (in rupees)

2015
0.97

2014
1.67

Loss After Tax (Rs. in thousands)

2015
644,124

2014
1,109,318

Capital Expenditure (Rs. in thousands)

2015
658,814

2014
1,052,114

Total Assets (Rs. in thousands)

2015
24,211,764

2014
26,336,715

Market Capitalization (Rs. in thousands)

2015
6,926,614

2014
7,961,625

Share Price (in rupees)

2015
10.44

2014
12.00

Total Equity (Rs. in thousands)

2015
5,333,728

2014
5,965,034

Key Highlights & Major Achievements

- DuPont Operation Excellence Program initiated at the Manufacturing site
- Achieved highest ever PVC production of 161 KT
- Green Office Certification of entire Manufacturing Site by WWF
- Highest ever domestic PVC resin sales of 149 KT were achieved
- Savings during Year 2015 from LSS Projects amounted to Rs 311 million
- Over 1600 volunteer work hours were achieved during the year.

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Organizational Structure

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 organization 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, based on DuPont's best practices. In the year 2014, the Company achieved an OHIH external audit rating of 3.3.

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.

Integrated Management Systems

Engro Polymer is Integrated Management System, ISO-14001, ISO-9001 & OHSAS 18001 certified by SGS, an external auditor.

EMS-ISO 14001 Certification

The Company is ISO 14001 (Environment Management System) certified by a credible third party (SGS). Accordingly, the organization 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, 08 buildings have been WWF GO certified by 2015.

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 2013, 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 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 organizations 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 2014, three more office buildings at the plant site were certified as Green Office by WWF, and in 2015, this certification was achieved for all the remaining buildings at the Plant site.

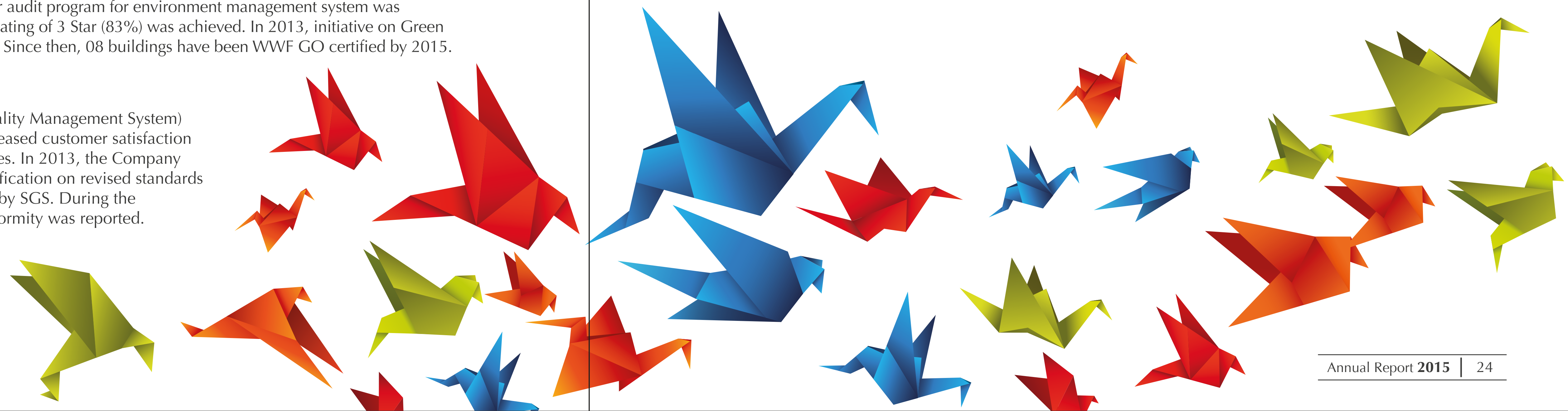
Credibility:

PACRA Rating

In 2015, Pakistan Credit Rating Agency Limited (PACRA) awarded EPCL with long term 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, optimize 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. In 2012, EPCL won fifth position for its sustainability report. These awards represent the Company's commitment and transparency in financial and sustainability



reporting for the benefit of all stakeholders of the Company. The evaluation committee's criterion was based on the transparent disclosure of Information regarding financial statements, directors' report and corporate governance.

EPCL won the third prize for the 'Best Corporate Report' in the chemical sector for their annual report 2014.

SAP & Siemens Award

In the beginning of 2013, HR team launched SAP for which the Company received a SAP & Siemens Award for 'running more efficiently with SAP'. The module was implemented to streamline data, reduce processing time and eliminate computation errors.

Corporate Governance

Governance Framework

Our governance framework is designed to ensure that the Company embodies its core values and principles, institutionalizing 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 organization 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 organization 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 organization also encourages employees to participate in 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.

Framework

An established control framework is maintained by the organization, 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 minimized and stability is ensured.

Long-term and annual plans ere 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 organization and Is fundamental to Engro'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 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

Every employee, director and executive at EPCL is required to and strives to avoid any conflict between their own interests and the interest of the Company in dealing with suppliers, customers and all other organizations/individuals doing or seeking to do business with the Company or any affiliate.

In addition, 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 is ensured. Moreover, a robust mechanism to report exceptions, if any to the office of Internal Audit Function has been established within the Company to ensure that Company resources are utilized in the shareholders best interest.

Investor Relations Policy

Engro Polymer & Chemicals Ltd. strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. It recognizes 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% 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 recognized 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 & regulations.
- Practice transparent public reporting of the HSE performance.
- Ensure that HSE is a major responsibility of appropriately trained, empowered & 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 & 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
- Institutionalize behavioral 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 law and regulations does not exist.
- Conserve natural resources & energy by continuously improving our processes and measuring performance.
- Continuously improve our processes to minimize pollution and waste.

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 property 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 familiarize 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 Khalid S. Subhani, Naz Khan, Shahzada Dawood, Kimihide Ando and Feroze Rizvi during the preceding years from recognized institutions of Pakistan approved by the SECP.

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

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 organization.

Whistleblower Policy

Robust whistleblowing regime is now an integral part of governance best practice for all companies. Our Whistle blower policy – Speak out is an additional measure to promote and strengthen high standards of governance & business conduct and is supported and sponsored by the CEO & the board. EPCL expects all stakeholders to abide by the company's Code of Conduct and encourages all to speak out any concerns they have regarding malpractice and wrongdoings, business ethics including corruption, financial mismanagement, health & safety, environmental performance, harassment, employment related matters or other possible breaches of compliance. All concerns and complaints can be reported directly to the Corporate Audit Department or via divisional and department heads. EPCL provides opportunity for both open and candid communication. In 2015, two incidents were reported and dealt under the policy.

Internal Audit

Internal Audit at EPCL is an independent department functionally reporting into the Board Audit Committee and administratively to the CEO. Internal Audit's role continues to change in reaction to events, risk and regulation affecting the company whilst ensuring that it's mandate is aligned with the organizational objectives and risk.

Reviews of financial and operational level controls and compliance checks for all policies and procedures are performed by the department and findings are shared on a quarterly basis with Board Audit Committee, Chief Executive and the concerned Divisional Management. It works in collaboration with the business by taking up coaching responsibilities, driving performance improvement initiatives and closing internal control gaps.

Reasonable level of assurance with regard to the adequacy of disclosures, transparency of data, internal controls, and risk management framework operating is provided by the office of Internal Audit Function to the Board Audit Committee. Greater emphasis is placed on investigation and auditing that conforms to international standards, good Corporate Governance and best auditing practices. This facilitates continuous development and a greater awareness of the need for preventive measures within the Company.

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 that:

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

Audit Report Ratings

During the year EPCL had 8% (compared to 10% in 2014) 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 2015.

Report of the Audit Committee:

Dear Shareholder,

The Audit Committee assisted the Board of Directors in fulfilling their governance and stewardship responsibilities in relation to; (i) ascertaining the integrity and adequacy of financial reporting process and disclosures, (ii) determining the adequacy and effectiveness of the risk management and internal controls system, (iii) internal and external audit functions, (iv) ensuring compliance with the applicable statutory regulations and (v) other governance matters as required by the Code of Corporate Governance and other applicable regulations. The Audit Committee focused on ensuring that the EPCL'S internal controls framework is adequate and effective and is evolving in line with the Company's growth and industry practices. Audit Committee also reviewed the Enterprise Risk Management Register to ascertain that business risks are well identified by the management and adequate action plans for mitigating risks have been developed and implemented.

The terms of the Audit Committee's mandate are governed by the Board of Directors and the Code of Corporate Governance. The Audit Committee met six times during the year 2015. Regular attendees at the Committee meetings included the Chief Financial Officer and the Head of Internal Audit (Secretary to the Audit Committee). 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.

During 2015, the following key responsibilities were satisfactorily carried out by the Audit Committee:

- Ensuring compliance with the Code of Corporate Governance.

- 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, going concern assumption, compliance of accounting standards, local regulations and other statutory / regulatory equirements
- Review of Related Party Transactions, ensuring that the pricing methods used were on terms equivalent to hose that prevail on arm's length basis.
- Ensuring 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.
- Review of Management Letter issued by external auditors and management's response / actions plans.
- Approval of the annual Internal Audit Plan and monitoring its progress including the implementation of audit observations specially pertaining to audits rated as "Management Attention Required".
- Review the Irregularities & Whistleblower complaints lodged during the year.

Over and above its core responsibilities, the Audit Committee performed the following activities during 2015:

- Review and approval of the reenergized Control Group Forum aimed at; (i) embedding in the employees' the highest level of one of EPCL's core value "Ethics and Integrity" and (ii) to augment the culture of continuous self -assessment for identification and resolution of control and procedural weaknesses to achieve excellence and for moving towards a preventive rather than a reactive controls system.
- Review and approval of revamped Irregularities Forum, now known as "Learn Share Improve (LSI)" in order to enhance the culture of self-reporting of policy / procedure / control lapses and sharing learnings.
- Review of new policies / modifications to existing policies and monitor management's compliance with all Company's policies, procedures and guidelines.
- Review of the Enterprise Risk Management Register to ascertain that business risks are well identified and adequate action plans for mitigating risks are developed and implemented.

I can endorse that over the course of 2015 the information that the Committee received was balanced, appropriate and timely and enabled the Committee to fulfill its responsibilities.

Chairman of the Audit Committee
Mr. Feroz Rizvi

Directors

As at December 31, 2015 the Board comprises of one Executive Director, four independent Directors, five non-executive of whom two are executives in other Engro Group companies, who have the collective responsibility for ensuring that the affairs of Engro Polymer and Chemicals are managed competently and with integrity.

A non-executive Director, Mr. Khalid S. Subhani, 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 serf-evaluation surveys were conducted in EPCL with respect to the performance of its Boards 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 emphasized, 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.

Board Meetings and Attendance

In 2015, 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	Committee Members				
	Board Audit Committee	Board Compensation Committee	Board Meeting	Board Audit Committee	Board Audit Committee
*Mr. Muhammad Aliuddin Ansari		✓	3/6		1/1
Mr. Khalid S. Subhani		✓	6/6		2/2
Mr. Kimihide Ando	✓	✓	5/6	3/6	2/2
Mr. Shahzada Dawood		✓	2/6		1/2
Ms. Naz Khan	✓		5/6	5/6	
**Mr. Waqar Malik		✓	1/6		1/1
***Mr. Asif Saad	✓		3/6	3/6	
****Mr. Takashi Yoshida			1/6		
*****Mr. Asad Jafar		✓	4/6		N/A
******Mr Shoichi Ogiwara			4/6		
*******Mr. Feroz Rizvi	✓		3/6	5/6	
********Mr. Imran Anwer			3/6		
*********Mr. Zafar Hadi	✓		3/6	1/6	
**********Mr. Omar Yaqoob Sheikh			2/6		

*Mr. Muhammad Aliuddin Ansari Resigned 11-May-2015
**Mr. Waqar Malik Resigned 06-Feb-2015
***Mr. Asif Saad Resigned 18-Jun-2015
****Mr. Takashi Yoshida Resigned 31-Mar-2015
*****Mr. Asad Jafar Appointed 13-Apr-2015
******Mr Shoichi Ogiwara Appointed 01-Apr-2015
*******Mr. Feroz Rizvi Appointed 31-Apr-2015
********Mr. Imran Anwer Appointed 01-Jun-2015
*********Mr. Zafar Hadi Appointed 01-Jun-2015
**********Mr. Omar Yaqoob Sheikh Appointed 15-Sep-2015

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 organization's strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. 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 and Challenges

Risk	Impact and Strategy
Reduction in domestic demand of PVC and Caustic	EPCL is the sole manufacturer of PVC in Pakistan with annual production capacity of 178 Kilo tons. Considering that Pakistan has one of the lowest per capita consumption of PVC in the world, EPCL is aggressively pursuing market development initiatives to trigger growth. The Strategy to partner with customers for new product development has helped the Company to enhance PVC application in different projects of public & private sector, thereby, stimulating local demand and increasing its market share. The Company also has an option to export surplus PVC in regional markets. Further, venturing into downstream Resin and Chemical business is also being evaluated. EPCL entered the Caustic Soda industry in 2009 and penetrated the local market within a short span of time. The Company holds leadership position in South along with a decent foothold in Mid Country and Northern region. The Company has also developed strong relationships with end users across segments.
Risk of supply shortfall hindering availability of primary raw material	The Company has an integrated Chlor Alkali facility and is primarily dependent on Ethylene for uninterrupted operations. As raw material availability is critical for stable production runs, the Company has not only entered into contracts with its principal suppliers but has also developed strong relationships with several other traders and is continuously evaluating markets to further diversify its sourcing base for Ethylene. The Company also has an option to order spot cargoes in case of strict supply situation with the supplier.
Further increase in gas prices	EPCL is implementing energy efficiency projects to minimize the impact of increase in gas price. 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.
Duty on import of primary raw materials	In the federal budget 2015, the government imposed 5% duty on import of Ethylene and EDC. The Company pursued the case of reduction in duty with relevant government authorities. Consequently, the management was successful in getting the duty reduced from 5% to 2% on import of Ethylene with effect from July 01, 2015. Efforts are in progress for further rationalization of duty structure & national tariffs through continued liaison with relevant government bodies and regulatory authorities.
Volatility in plant operations	Stable VCM operations ensure stable PVC production. EPCL has demonstrated sustainable VCM plant operations over past years and has been able to meet entire PVC production through in-house VCM. In 2015, the Company achieved its highest ever PVC production i.e. 161 KT. The Company has also established VCM licensing agreement with OXY Vinyls U.S.A. to enhance technology management. In case required, the Company also has an option to import VCM from regional markets and maintain PVC production. During the year, the Company completed major repair at Chlor Alkali unit, which provisionally affected Caustic production. However, the Company is all set to target stable Caustic production going forward.

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 harmonized systematic basis for identifying, prioritizing, 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 liablities provides a partial natural hedge against the effect of USD/PKR volatility on the Company's revenues.

Further, 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,

2015, outstanding KIBOR based borrowings stood at Rs. 10,106 Million. Further, Rs. 1,247 Million (USD 12 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 institutions approved by the Board or with institutions possessing minimum credit ratings as approved by the Board.

Board of Directors

Profile of Directors

Khalid Siraj Subhani
Chairman

Khalid Siraj Subhani is the President and Chief Executive of Engro Corporation since 2015. He is a Director on the Boards of Engro Corporation Limited, Engro Fertilizers Limited, Engro EXIMP Private Limited, Engro Polymer & Chemicals Limited, The Hub Power Company Limited and Laraib Energy Limited. He is Chairman of the Board of Engro Polymer Trading (Pvt) Ltd. He has also served as Chairman of the Board of Avanceon in the past.

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

He is a member of the Pakistan Engineering Council, Business Advisory Council of the Society for Human Resource Management (SHRM) Forum Pakistan, Academic Council of Institute of Business Administration — Sukkur, Faculty Selection Board of Institute of Business Administration - Sukkur, and Standing Committee on Environment of Federation of Pakistan Chambers of Commerce & Industry. He has recently been elected Vice President of the Overseas Investors Chamber of Commerce & Industry pica).

He graduated from NED University of Engineering and Technology, Pakistan with a degree in Chemical Engineering and has completed programs on advanced management from MIT and Hass School of Business Management, University of Berkeley, USA. He and his wife have two daughters and a son.

Imran Anwer
President and Chief Executive

Imran Anwar is the president and Chief Executive Officer of Engro Polymer and Chemicals.

Imran is a Chartered Accountant with over 20 years of experience. He started his career with PricewaterhouseCooper and later moved to Jeddah to work with Deloitte & Touche in different disciplines including advisory & corporate finance.

He joined Engro in 2005 and is part of the pioneering team of Engro Foods. He served as the Vice President Business Development and Finance before joining Engro Polymer & Chemicals as the CEO in July, 2015.

Asad S. Jafar
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.

Naz Khan
Director

Naz Khan is the Chief Financial Officer of Engro Corporation Limited. Prior to her current position, she also worked as Chief Executive Officer of KASB Funds Limited. Her association with Pakistan's capital markets spans over 20 years during which she has been actively involved in primary as well as secondary markets for both debt and equity securities. She has also held key positions of Executive Director, Head of Money Market and Fixed Income, Head of Investment Advisory Division and Co-Head of Investment Banking Division at KASB Securities Limited, where she led major capital market transactions on the debt and equity side. Naz has also worked as a consultant for the Asian Development Bank on Mortgage Backed Securities. She is a graduate from Mount Holyoke College, MA, USA.

Shoichi Ogiwara

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

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 joined the board of Engro Polymer & Chemicals Ltd in 2010. He is also Director of Tri-Pack Films Limited. Moreover he is Vice Chairman of PJBF, Pakistan Japan Business Forum. He was President 2013 of OICCI, Overseas Investors Chamber of Commerce and Industry. He Is also director of PBfT, Punjab Board of investment and Trade.

Omar Yaqoob Sheikh

Director

Omar Sheikh is the Chairman of Shell Pakistan Limited and the Country Chairperson for Shell companies in Pakistan since August 1, 2012. He joined Shell in 1995 and has held several senior leadership roles in Retail, Commercial and Strategy & Portfolio in Pakistan and internationally within the Group.

He is a Director of Pakistan Refinery Limited and Pak Arab Pipeline Company Limited and also serves on the boards of other business, philanthropy, educational and health associations such as the Petroleum Institute of Pakistan (PIP), The Kidney Centre, The Layton Rahmatulla Benevolent Trust (LRBT), Pakistan Centre for Philanthropy (PCP) and Pakistan Human Development Fund (PHDF).

Omar is a graduate of IBA Karachi and holds an MBA from INSEAD, France.

Shahzada Dawood

Director

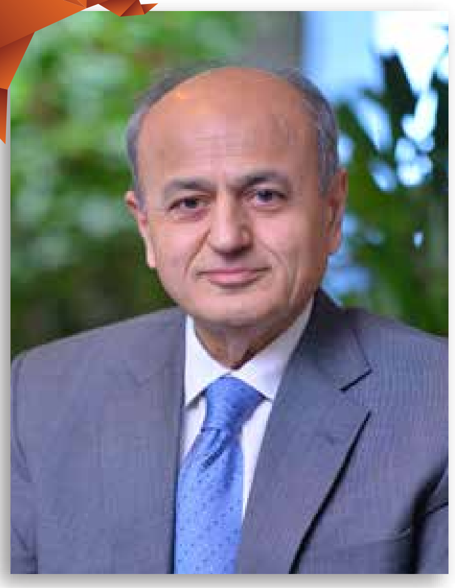
Shahzada Dawood serves as a Director on the Boards of Dawood Hercules Corporation Limited, Engro Corporation Limited, DH Fertilizers Limited, Engro Foods Limited, Engro Power Gen Qadirpur Limited, Engro Vopak Terminal Limited, Engro Polymer & Chemicals Limited, Engro Eximp Limited, Agri Products, Tenaga Generasi Limited and Dawood Lawrencepur Limited. He is a Trustee of The Dawood Foundation, which is one of the largest public charitable trusts in Pakistan, supporting education and hearth initiatives. He serves as a Member of the Board of Governors of the National Management Foundation, the sponsoring body of Lahore University of Management Sciences (LUMS). He is a 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.

Zafar Hadi

Director

Zafar Hadi is a graduate in engineering from NED Karachi with more than 38 years of experience in the process and fertilizer 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 privatization. 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.



Feroz Rizvi

Director

Mr. Rizvi qualified as a Chartered Accountant from England and Wales. Upon his return to Pakistan he joined ICI Pakistan Ltd and moved through various businesses on functions 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 Merger and Acquisitions. He has worked in Pakistan, UK and Saudi Arabia.

Principal Board Committees

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

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 6 times during 2015.

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 organization and employee development policies relating to senior executives including members of the Management Committee. It reviews the key human resource initiatives and the organizational structure of the Company.

The President attends BCC meetings by invitation, and the Committee met 2 times during 2015. 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

Functional Committees

These committees act at an operational level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to business and employee matters

Management Committee (MC)

The Management Committee reviews and endorses long term strategic plans, capital and expense budgets, as well as the development and stewardship of business plans. It also reviews the effectiveness of risk management processes and internal control.

Members

Mr. Imran Anwer	-	Chairman
Adeeb Ahmed Malik	-	Marketing Manager
Jahangir Waheed	-	General Manager Operations
Abdul Qayoom Shaikh	-	Technical Manager / Secretary of MC
Syed Ali Akbar	-	Supply Chain Manager
Shmaz Mir	-	HR Manager
Muhammad Imran Khalil	-	Chief Financial Officer

Compensation Organization & Employee Development (COED)

Mr. Imran Anwer	-	Chairman
Mr. Jahangir Waheed	-	Member
Mr. Adeeb Ahmed Malik	-	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. Abdul Qayoom Shaikh	-	Member
Mr. Adeeb Ahmed Malik	-	Member
Mr. M. Imran Khalil	-	Member
Mr. Aneeq Ahmed	-	Member
Mr. Rizwan Ahmed Taqi	-	Member
Mr. Shmaz Mir	-	Member
Ms. Fatima Zehra	-	Secretary

Corporate HSE Committee

The committee meets quarterly to review and promote HSE standards, monitor HSE performance, personnel safety as well as process safety. The overall Company strategic thinking, planning & direction setting in the field of HSE are the main mandates of the committee.

The Committee ensures that all are In line with the Company's HSE policy and objectives.

Members

Mr. Imran Anwer	-	Chairman
Mr. Jahangir Waheed	-	Member
Mr. Adeeb Ahmed Malik	-	Member
Mr. M. Imran Khalil	-	Member
Mr. Syed Ali Akbar	-	Member
Mr. Shmaz Mir	-	Member
Mr. S. Shujat Jamal Rizvi	-	Secretary

Lean Six Sigma Executive Council

Mr. Imran Anwer	-	Chairman
Mr. Jahangir Waheed	-	Member
Mr. Adeeb Ahmed Malik	-	Member
Mr. M. Imran Khalil	-	Member
Mr. Syed Ali Akbar	-	Member
Mr. Shmaz Mir	-	Member
Mr. Najam Saeed	-	Member
Mr. Tauseef Ali	-	Secretary

Inquiry Committee

(Harassment of Women at the Workplace Act 2010)

Mr. Jahangir Waheed	-	Chairman
Mr. Adeeb Ahmed Malik	-	Member
Mr. Syed Ali Akbar	-	Member
Ms. Muneeza Kassim	-	Member/Secretary

Management Committee (MC)

Imran Anwer
Chief Executive Officer / Chairman of MC

Imran is a Chartered Accountant with over 20 years of experience. Before becoming the CEO of Engro Polymer in 2015, he was VP Business Development and Finance at Engro Foods since 2005, prior to which he worked for PwC Karachi and Deloitte & Touche Jeddah

Jahangir Waheed
General Manager Operations

Jahangir Waheed brings along almost 30 years of manufacturing experience, he has held key positions at Engro Fertilizer, Engro Powergen and SAFCO KSA. Jahangir completed his Masters in Chemical Engineering with Research in Industrial Computerized Control from King Fahad University, KSA in 1987

Adeeb Ahmed Malik
Marketing Manager

Adeeb joined EPCL in 2007 and has had several key positions at EPCL in Sales and Warehousing. He is a seasoned marketing professional with experience in Sales, Distribution and Market Research. He holds a MBA degree from IBA Karachi

Abdul Qayoom Shaikh
Technical Manager / Secretary of MC

Abdul Qayoom Shaikh took over as the Technical Manager in 2015. Previously he was heading the Operations Department. He has a bachelors degree in Chemical Engineering from NED University

Muhammad Imran Khalil
Chief Financial Officer

Imran is a Chartered Accountant by profession with over 13 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

Syed Ali Akbar
Supply Chain Manager

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 has a Bachelors in Chemical Engineering from Dawood College of Engineering and Technology

Shmaz Mir
HR Manager

Shmaz Mir is working as Human Resource & Corporate Communication Manager since 2014. He has diversified experience of operations management, business consultancy, Human Resource, IR and Corporate Communications.

President Review

In 2015, Engro Polymer & Chemicals Limited was confronted with several challenges on the commercial and strategic side. The Company successfully braved these challenges, which is a manifestation of strong business focus and unwavering commitment of its people.

EPCL continued to follow stringent systems and policies to inculcate strong consideration for HSE in its operations. During the year, several milestones were achieved in this account. The Company secured DuPont External Audit Rating of 4.2 in PSRM and 4.0 in PSM out of 5.0, which is exceptional depicting that EPCL has attained OSHA compliance in Safety by adopting DuPont best practices. Further, several other initiatives and developments took place in Process Safety including the training on Incident Investigation and Process Hazard Analysis by DuPont.

On the Operational front, the Company achieved highest ever production of PVC while maintaining production levels for VCM. Caustic Soda production remained relatively lower vs 2014 due to a major repair at Chlor Alkali unit, which was completed within the year. Further, continued investment was done on the plant site during the year to sustain higher volumes and to ensure safer and more sustainable site operations.

The domestic market for PVC grew substantially in 2015. The Company achieved significant volumetric growth in PVC sales and increased its market share to 83% as compared to 77% in 2014. Scrap manufacturers were encouraged to consume Resin due to low differential between Resin and Scrap price. Increased market activity coupled with scrap import substitution supported EPCL sales in the domestic market. Depressed core margins on Vinyl chain, however, continued to be an impediment and kept the bottom line affected. PVC prices remained relatively stable in the first half of 2015 but declined in the second half due to decline in Crude Oil price. Ethylene prices, however, remained largely on the higher side given the supply tightness in the region and witnessed a short-term decline in third quarter following plunge in crude oil price. PVC prices did not rise as much as Ethylene prices, which kept the core margins under pressure. In the area of market development, the Company partnered with its customers and achieved application of large diameter pipes in some major infrastructure projects. Another significant achievement was the successful re-launch of PVC Geo-membrane - to control water seepage in canals, reservoirs & water courses. The product has gained market acceptance and has been approved for installation in some key projects of public and private sectors.

The Caustic Soda market remained competitive but EPCL maintained its leading position in South. Market share dropped to 32% as against 36% in 2014 due to major repair at Caustic Soda plant, which temporarily affected product supply.

The overall profitability of the Company remained suppressed during the year due to unanticipated drop in Vinyl margins, lower sales of Caustic Soda and increase in Natural Gas price. However, reduction in import duty on Ethylene to 2% effective July 01, 2015 along with reversal of provision pertaining to retrospective payment of industrial portion of GIDC amounting to Rs 754 Mn provided some ease to the bottom line. On the tax frontier, management decided to write-off tax asset amounting to Rs 375 Mn.

During the year, the Company continued its efforts to restructure the balance sheet. Strategy for equity injection via Preference Share issue amounting to Rs 4 bn was duly approved by the Board and the Shareholders. However, based on evaluation of strategic options for EPCL by Engro Corporation followed by intent of acquisition announced by a potential buyer, the transaction has been put on hold. This is because certain restrictions are imposed by law during the due diligence process, which is in progress as at the balance sheet date. In order to bridge the predicted cash flow requirements till the equity injection, the Company has obtained long term sub-ordinated financing from Engro Corporation to the extent of Rs. 4 Bn out of which Rs. 2.15 Bn has been utilized at the year end. On front of its financial obligations, the Company retired debt of around Rs 3 bn during the year.

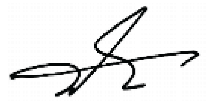
In 2015, IT's journey of transformation continued as the Company completed execution of Project SAPphire, which exhibited successful implementation of SAP for company's Finance, Sales and Supply Chain operations. The cut over and go live phases of the project were executed without any issues which resulted in smooth ERP transition.

On the front of CSR, our flagship employee volunteer program Envision continued to make its mark in the society and we completed over 1600 hours of community work in 2015. The activities ranged from working with the physically challenged children at Dar-ul-Sukoon to helping out the poor during the severe heat wave that hit the city. A blood drive was carried out with the Fatimid Foundation for Thalassemia patients at the plant site. Construction activity of the school in Ghaghar Phatak was completed and Campus was inaugurated in March 2015. The school has started off as a primary school, with 121 students currently enrolled in it. In addition to this, the Company continued to support the cause of technical training and education by awarding scholarship to a batch of 10 students from Ghaghar Phatak, Port Qasim for City & Guilds training at the Hunar Foundation. Our employees also trained pipe manufacturers of Punjab and Sindh on the proper extrusion process of manufacturing PVC pipes to ensure betterment of PVC downstream industry.

On the productivity and efficiency improvement front, Lean Six Sigma was conducted for the third year running with a trainer from Singapore. 24 employees went through the training, and 29 green-belts were confirmed from the previous batches in 2015. As part of Company's strategy to strengthen its pipeline by investing in its people, Dale Carnegie trainers were brought in from abroad by Engro Corporation for the group to conduct trainings on Effective Communication and enhance personal effectiveness of employees. Further, in quest to enhance employee engagement under current strategic dimension of the Company, management endorsed the concept of "time-outs", whereby all department heads planned a break away with their teams to improve employee morale and team collaboration. Team-building activities enhanced team cohesion and reminded people of their collective commitment towards achievement of Company goals. The Company also continued its efforts to achieve workforce diversification and inclusiveness.

Looking forward, the demand outlook for domestic PVC market remains promising. 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 competitive. Major repair at CA plant affected product supply during 2015; however, adequate measures have been taken to ensure consistent production during 2016. 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.

I would like to thank our stakeholders, customers, employees and business partners for standing with us during challenging times. I look forward to our valuable business partnership in upcoming years.



Imran Anwer,
President and Chief Executive

Directors' Report

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, 2015. The period under review was highlighted by strong volumetric growth in sales. However, this could not translate into economic benefit due to low margins on PVC/Ethylene chain and higher gas prices.

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, improved operating efficiencies and hedging of foreign exchange exposure but is still susceptible to volatility in international commodity prices, competition in Chlor Alkali market and energy prices.

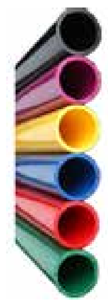
Organizational Review

The Company posted a loss after tax of Rs. 644 Mn translating into negative Earnings Per Share of Rs. 0.97 in 2015 as compared to a loss after tax of Rs. 1,109 Mn and negative Earning Per Share of Rs. 1.67 in 2014. Depressed core margins on vinyl chain coupled with increase in energy prices and major repair at Caustic Soda plant, overrode the impact of volumetric growth in PVC, leading to a compressed bottom line. However, reduction in customs duty on import of primary raw material in second half of the year and immunity from retrospective payment of industrial portion of Gas Infrastructure Development Cess (GIDC) provided some financial relief to the Company.

Objectives & Strategy

In 2015, the Company met its primary operational objectives but efforts were eroded by sharp plunge in vinyl chain margins and major repair at Chlor Alkali plant, which affected profitability for the entire year. Going forward, the broad objectives of the Company remain intact, while the management has simultaneously devised a comprehensive strategy to overcome challenges that surfaced in the year. To summarize, the Company plans to restore its profitability regime by consolidating its operational strength, 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.





	Objective	Critical Performance Indicators
Health, Safety & Environmnet	Maintain safe work environment	Measured against Total Recordable Incident Rate (TRIR), Fleet Accident Frequency Rate (FAFR) targets and DuPont best practices ratings System
	Further reduce environmental impact	Performance is measured against several benchmark ratings and is also verified by external authorities
	Impact: Health, Safety & Environment (HSE) is our core value, we take pride in our practices and will ensure that we run safe operations and are not a source of environmental degradation	
Manufacturing	Maintain optimal production levels	Production targets are set for all products, production and benchmarks for quality have been defined
	Maintain raw material/ energy consumption ratios	Consumption ratios for major raw materials are monitored on a daily basis
	Enhance site reliability and efficiency	Inspection of critical electrical equipment is planned to enhance site reliability along with the safe commissioning of Hydrogenator and Chlorinator to improve efficiency
	Impact: Manufacturing ability is the backbone of commodity business, strong production profile will further facilitate the Company's ability to capitalize rising price trends and ensure product availability in the domestic market	
Marketing	Expand domestic market for vinyl and optimize sales mix for chlor alkali segment	Product wise sales volume and optimal sales mix is established and performance is measured against it
	New business development	The company has targets for substitution of imports and competing materials including identifying new opportunities for growth
	New product development	Application-wise sales are monitored and new applications are stewarded on a quarterly basis
	Impact: Domestic market expansion is the key towards economic consolidation; these measures will enhance product off take and optimize resource utilization	
Human Resource	Develop & retain talent, and increase workforce diversity	HR matrices monitor attrition and succession readiness level on a regular basis
	Improve employee engagement	Employee engagement surveys are conducted by a third party and the results are part of management performance standards
	Impact: Human resource is an integral part of organizational success, we engage with employees to ensure a motivated workforce	
Finance	Optimize capital structure & cash flow management	Measured against financial ratios, credit rating and effective matching of inflow/outflow of cash
	Impact: Financial discipline and cash availability ensure smooth operations and extend the ability to sustain commodity price volatility and capitalize any price opportunity	

Performance Measurement

Engro Polymer places significant emphasis on performance as well as the means used to achieve it. In order to assess performance against targets and objectives, the Company has a comprehensive measurement system in place that acts as a barometer for the Company's performance. Business results are carefully monitored against benchmarks on a weekly basis and tactical strategies are devised. Every quarter, the Company also conducts a companywide stewardship meeting to monitor progress on annual objectives and analyze departmental performance.

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 2015 proved to be a year of economic consolidation for Pakistan. GDP posted growth rate of 4.24% which is highest since 2008-09 and reflects broad-based growth across all sectors. Uplift in economic environment can be attributed to calibrated fiscal & monetary management, contained inflation, increase in tax collections, improvement in workers' remittances, rise in foreign exchange reserves, containment of fiscal deficit and successful launch of Euro & Sukkuk bonds. The situation was further strengthened by steep decline in international oil prices and deceleration of policy rate to a record low since 42 years. However, energy shortages, political noise and floods continued to challenge growth momentum and economic environment.

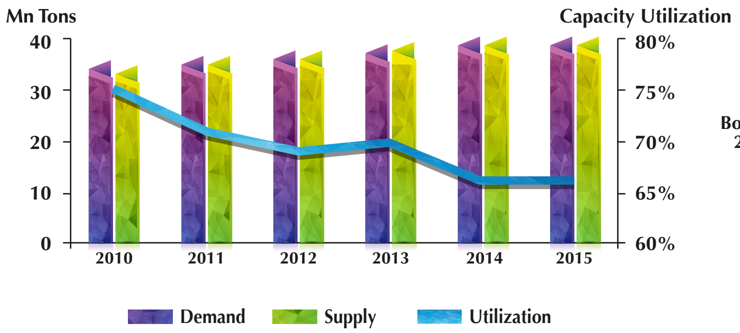
Going forward, economic growth of the country will be driven by improving law & order situation, resolving energy crisis and creating opportunities to boost socio-economic condition. Continuing Public Sector Development Programme (PSDP) and agreement with Chinese government to establish China Pakistan 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

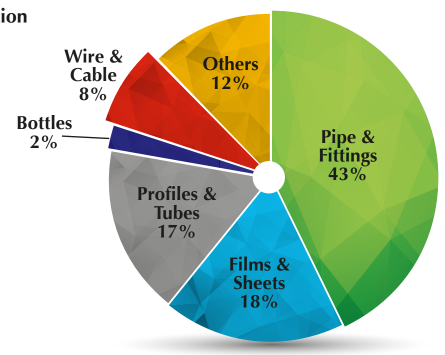
PVC & Allied Products

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

Global PVC Demand Supply Scenario

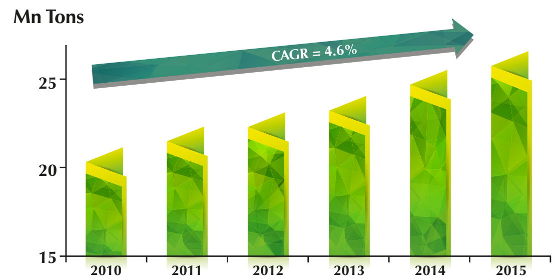


Product Wise Application

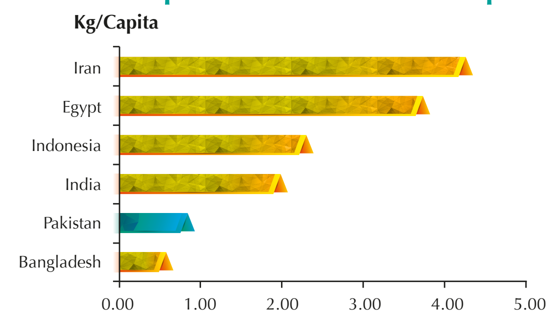


In terms of consumption, Asian demand accounted for approximately 64% of global demand with major contribution coming from Northeast Asia with 46% of total global demand. China remained a major player in the PVC market accounting for 40% of global demand. China's forecasted expansion rate of 3% till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

Demand in Asia



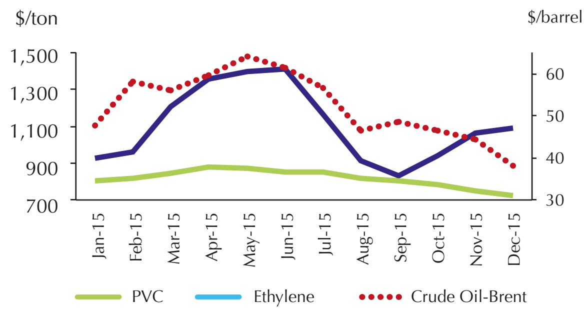
Consumption Pattern - Peer Group



In terms of consumption, Pakistan has one of the lowest PVC resin consumption per capita in the region i.e. 0.90 Kg ahead of Bangladesh which is at 0.64 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.

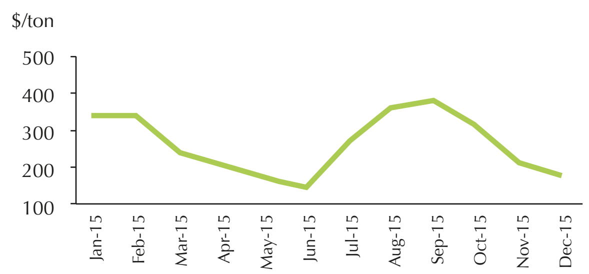
In 2015, international PVC prices ranged between $ 705/ton to $ 885/ton. PVC prices remained relatively stable in the first half of 2015 but declined in the second half due to decline in crude oil and ethylene price. PVC prices saw its lowest point of the year in December at $705/mt as a result of subdued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

International PVC & Ethylene Price Trend 2015



International PVC Margins

(Margin = PVC Price – 0.5 X Ethylene)

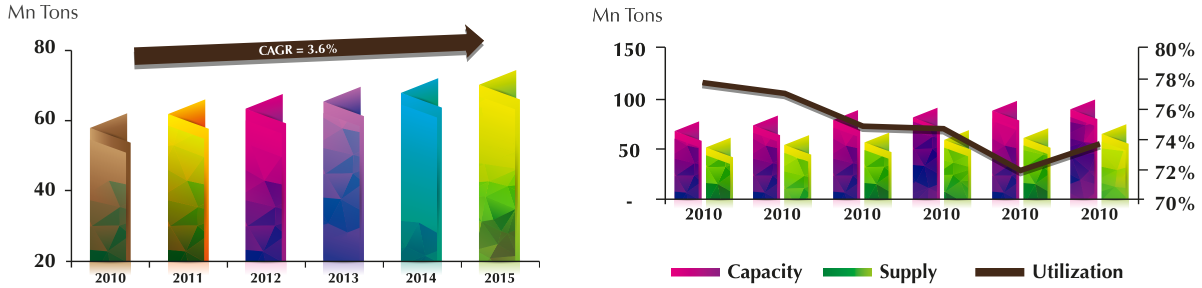


Ethylene prices bounced back in second quarter of 2015 due to supply tightness during the traditional turnaround season. This rise was further supported by stable to firm crude oil prices during the period. However as crude oil price started to take a tumble, international ethylene prices followed suit. In September 2015, Ethylene price touched its lowest point since August 2010 with weekly average Southeast Asian benchmark at $815/mt.

Caustic & Allied Products

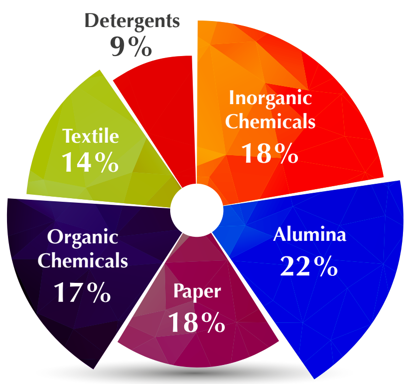
In 2015, global Caustic Soda demand crossed 72 Mn tons, growing at a 5 year CAGR of 3.6%. Region wise, Asia retained its position as global leader accounting for approximately 60% consumption. Over capacity remained one of the major challenges for Caustic Soda industry; capacity utilization was at 73%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

Global Caustic Demand Supply Scenario

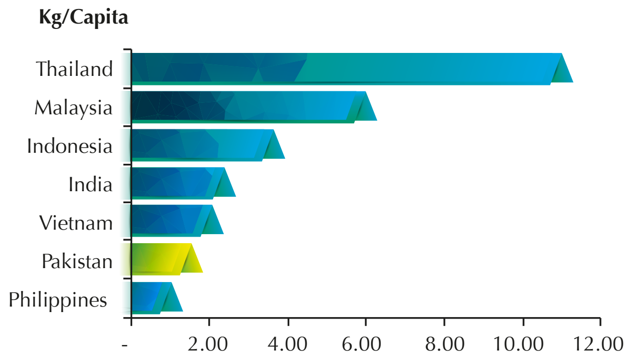


The majority of Caustic Soda production was consumed in Alumina, Inorganic Chemicals, Pulp & Paper, Organic Chemicals, Textile and Detergents. The global Caustic Soda consumption per capita in 2015 was estimated to be around 10 kg which is close to 2014's figure of 9.8 kg.

Global Caustic Application



Consumption Pattern - Peer Group



Global Caustic Soda prices remained stable for most of the year; price range for Southeast Asian marker was $315/mt to $365/mt. Price fall was observed in the last two months of the year.

Over supply in Caustic soda industry is expected to overshadow any demand growth outlook for the coming year with operating rate forecasted to rise to 81% by 2020.

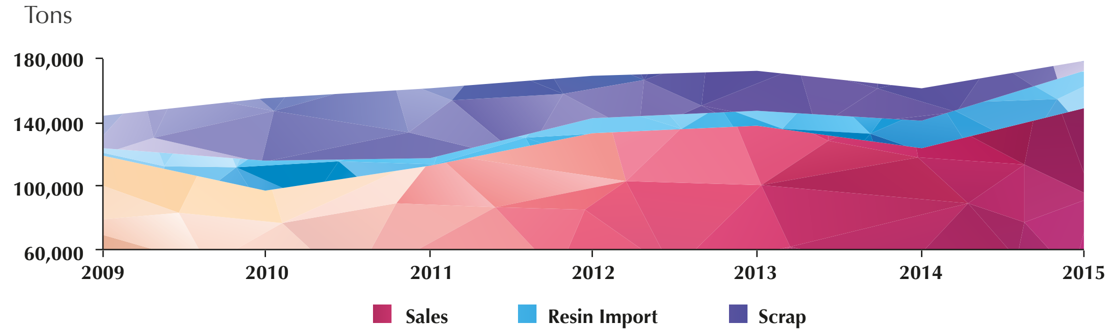
Domestic Market Overview

PVC & Allied Products

In 2015, domestic PVC market size stood at 179 KT. The Company witnessed substantial volumetric growth in sales which was primarily driven by increased penetration in the domestic market and import substitution. Domestic PVC is manufactured solely by Engro Polymer & Chemicals which sells under the brand name of "SABZ". In 2015, EPCL's market share rose to 83% as compared to 77% in 2014.

PVC Scrap imports were estimated to be approximately 6 KT in 2015 in Pakistan, which is an estimated decline of 70% from 2014. Low differential between Resin and Scrap price encouraged scrap manufacturers to consume Resin, which supported EPCL sales in the domestic market.

PVC Market Growth & Market Share*

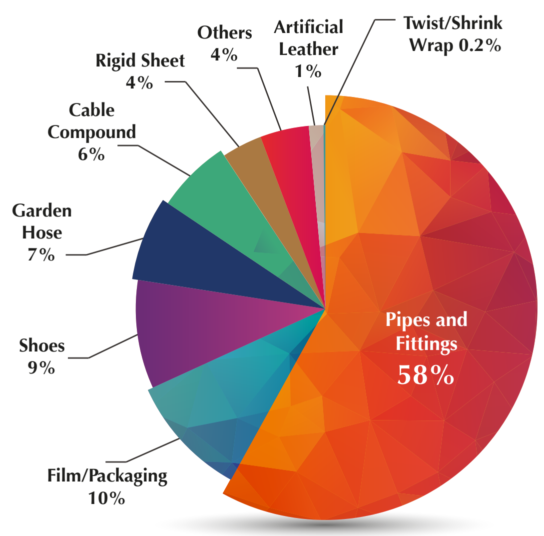


Market Share and product application have not been verified by an independent source and is based on company's estimate

In the domestic market, pipes and fittings constituted a significant portion of the PVC market. Strong demand from construction sector combined with increased consumption of PVC pipes in government and large scale infrastructure projects contributed towards significant growth in EPCL sales.

The Company is channelizing efforts to enhance PVC pipes demand in the country and is working with private and public sectors to encourage use of PVC pipes in the newly developing products. EPCL will continue to direct its efforts towards development of this sector and in spreading awareness about advantages of PVC over competing materials. The Company is pursuing an aggressive marketing strategy and is working extensively with its customers, government agencies, architects and construction consultants for PVC market development 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.

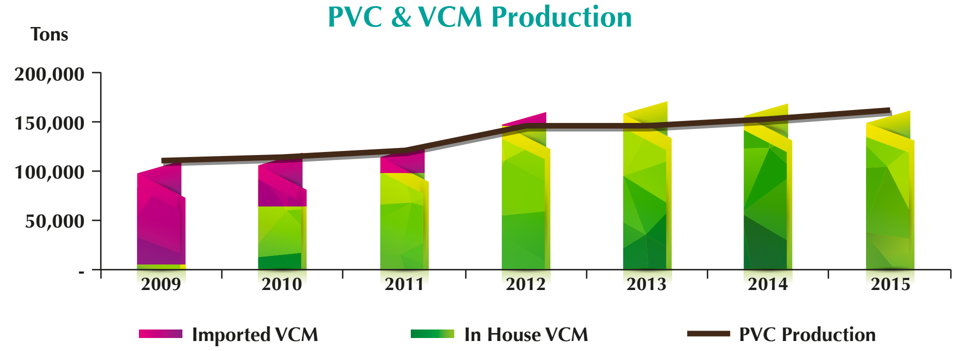
Domestic PVC Application - EPCL



Improved outlook of construction sector, Public Sector Development Programme along with positive economic activity especially the launch of China Pakistan Economic Corridor (CPEC) is likely to support PVC demand in the domestic market, 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 2015, we produced the highest level of PVC i.e. 161 Kilo Tons

PVC & VCM Production



Market Development Activities

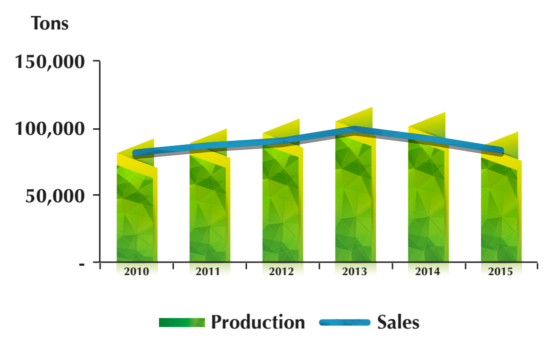
Pipe segment collectively accounts for 65% of the total PVC consumption. Until recently PVC pipes were available only up to a diameter of 24 inches and, therefore, despite PVC being the preferred choice, end users had to use alternative material for large diameter pipe requirements. In this regard, the Company achieved a breakthrough by successfully re-engineering production of large diameter pipe on site called “Spiro”. In 2015, Spiro pipe was used in some major infrastructure projects. Moreover, application of Spiro pipe has also been approved for installation in some sewerage projects and drainage schemes.

Another significant achievement was the success of PVC Geo-membrane (plastic membrane to control water seepage in canals, reservoirs, water courses etc.). The product has gained market acceptance and has been approved for installation in some key projects of public and private sectors.

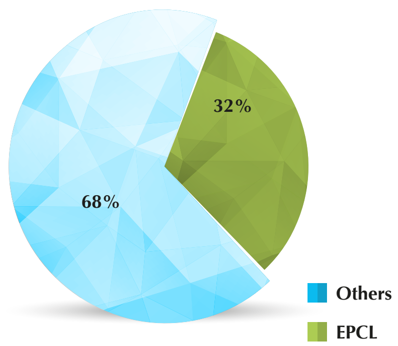
Caustic & Allied Products

The Caustic Soda market size is estimated at 260 KT in 2015. EPCL sold 83 KT in domestic market in 2015 compared to 93 KT in 2014, which implied a market share of 32%. Decline in sales was inevitable due to aggressive market competition coupled with a major repair at Chlor Alkali unit, which affected product supply. Despite these challenges, EPCL managed to maintain leading position in South Caustic Soda market, supplying to bulk of the customers.

Caustic Sales and Production



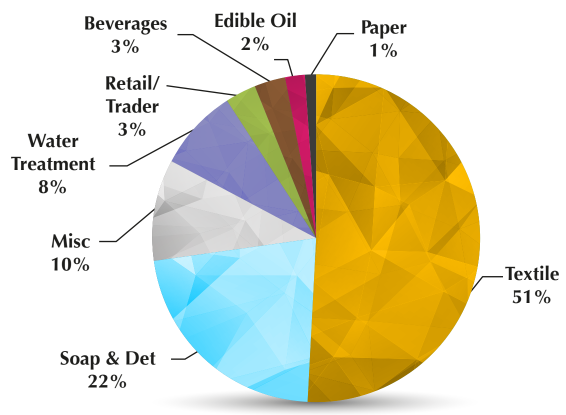
Caustic Market Share in 2015*



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

Domestic Caustic Application - EPCL

Most of the Caustic demand in Pakistan is driven by textile and soap & detergent segments. Growth in these segments can propel growth in Caustic Soda demand in the country. During 2015, demand in Home Textile and Soap segment remained below expectation. Demand in textile sector remained low due to production inconsistency owing to gas outages. Demand in Denim sector, however, remained consistent.



Operational Overview

Manufacturing continued to demonstrate sustainable operations in 2015. VCM production stood at 162 KT, PVC at 161 KT highest ever, Caustic soda at 98 KT. Caustic production was lower vs 2014 primarily due to a major repair at the Caustic Soda plant, which has now been completed.

In addition, efficiency initiatives taken in 2015, including investments to the tune of $ 7 Mn, made as part of efficiency and reliability enhancement initiatives would not only manifest higher efficiencies, but also ensure safer and more sustainable site operation.

On the reliability front, first ever in-house major overhaul of second gas turbine was completed safely, along with successful partial replacement of furnace tubes at VCM plant. VCM plant turnaround was conducted successfully in March 2015 and August 2015.

On the technology front, extensive work involving multiple tests-runs, utilizing Ineos chemicals and equipment overhauls, were done on improvement of PVC resin quality to further enhance customer satisfaction.

Theme for 2016 is maintaining the current level of excellence attained in process and personnel safety, maximize VCM conversion to PVC resin and sustain Chlor Alkali operations to keep pace with market demands. Moving forth the challenge would be to enhance PVC production and ensure consistent performance at VCM plant for availability of in-house VCM, optimize plant operations, keep raw material conversion ratios on a downward trend, and capitalize all possible avenues of energy and resource conservation.

Financial Overview & Management

During 2015, the Company incurred a loss after tax of Rs 644 Mn as compared to a loss after tax of Rs. 1,109 Mn in 2014. The Company witnessed loss primarily due to volatile commodity prices which wiped out the impact of sales growth achieved in domestic PVC industry. Increase in natural gas price together with production issues at Chlor Alkali unit caused further dent in profitability. However, positive swing in exchange rate, immunity from retrospective payment of industrial portion of GIDC and reduction in 5% import duty on Ethylene to 2% helped the Company to offset some financial burden.

Profitability

In revenue terms, the Company witnessed 7% decline in the top line due to drop in PVC prices compared to last year and lower sales of Caustic Soda. Increase in Natural Gas price and unanticipated drop in vinyl margins following steep decline in international oil prices also affected profitability. On the tax frontier, management decided to write-off tax asset amounting to Rs 375 Mn approximately.

However, reduction in import duty on Ethylene to 2% effective July 01, 2015 along with reversal of provision pertaining to retrospective payment of industrial portion of GIDC amounting to Rs 754 Mn approximately provided some ease to the bottom line.

Liquidity & Cash Flows

Adverse profitability had a toll on the Company’s cash flows but effective financial management enabled the Company to sustain operations without compromising on required CAPEX and debt obligations. Aggressive marketing strategy allowed Company to achieve significant growth in volume, encash inventory and create short term liquidity in the system to absorb commodity price risk. Further, major risk of cash outflow due to retrospective payment of GIDC was mitigated by reversal of industrial portion of GIDC and recommendation of exemption for captive portion by the Senate Special Committee on GIDC Cess Bill, 2015.

The cash flows were carefully allocated for required CAPEX throughout the year to ensure plant reliability and planned efficiency projects.

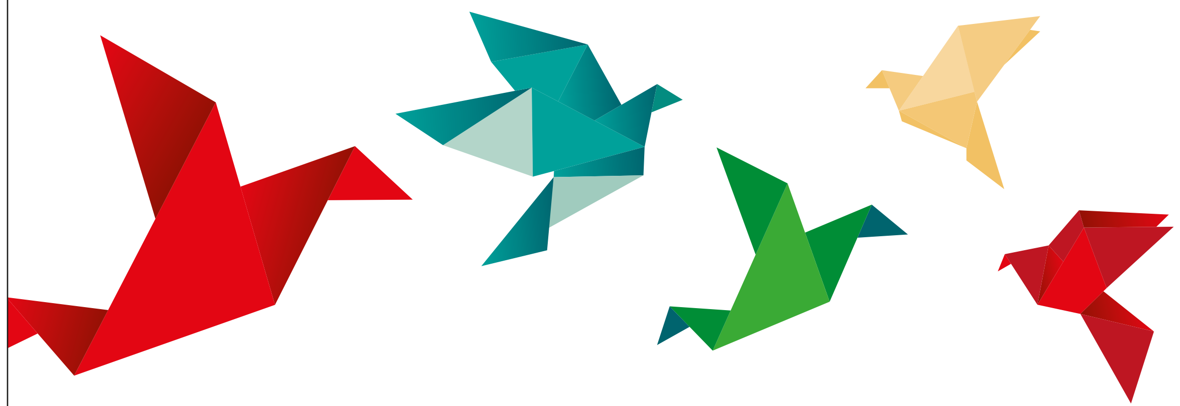
Financing

During the year, the Company continued with efforts to restructure the balance sheet. A strategy for equity injection via issue of Preference Shares amounting to Rs. 4 Bn to rationalize the capital mix was duly approved by the Board and the shareholders. However, the evaluation of strategic options by Engro Corporation during the year for Engro Polymer & Chemicals Limited has put the transaction on hold due to certain restrictions imposed by law, such as issuance of any right or bonus voting shares till the process of due diligence is in progress. The process of issuance of preference shares may be re-initiated depending on the status of ownership of the majority shareholding of the Company.

In order to bridge the predicted cash flow requirements till the equity injection, the Company has obtained long term sub-ordinated financing from Engro Corporation to the extent of Rs. 4 Bn out of which Rs. 2.15 Bn has been utilized at the year end. Further, short term borrowing facilities have also been enhanced during the year to provide working capital insurance against highly volatile commodity prices.

Capital Structure

The assets of the Company are financed by debt and equity in the ratio of 50:50 as compared to 51:49 in 2014 while our interest cover was 0.7 in 2015 as compared to negative 0.4 in 2014.



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 recognize that we are operating in a complex business context; the Company mandates assessment of the organization's strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. 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 organization 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

Commerical/Operational Risk

Imposition Of Duty On Primary Raw Material

Strategy
Engaging with relevant government authorities for rationalization of vinyl chain duty structure and availing DTRE for raw material used in exports

Result
Management's efforts led to success in getting reduction in import duty on Ethylene from 5% to 2% effective July 01, 2015

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 capitalize 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 has been initiated

Financial Risk

Liquidity Risk/Balance sheet profile

Strategy
Developed strategy for equity injection and balance sheet restructuring, 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 hold inventory without constraining operations, meet its debt obligations, create short-term operational liquidity and finance required capital expenditure

Foreign Exchange Risk

Strategy
Mitigated the 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 capitalize occasional favorable movement; also, implementation of this strategy is dependent on availability of "hedges" in the market

Business Continuity Plan

Engro Polymer & Chemicals Limited recognizes 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 safeguards 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 materialize whilst considering business priorities and organizational interdependency
- To manage the response to and aftermath of any potential disruption, in an effective and appropriate manner to minimize 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 organization, 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 and infrastructure & has developed a strategy to adequately respond to any unpredictable challenges it might face.

Responsible Citizenship

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

Treatment of Effluents and Chemical Discharge

Chlor Vinyl plants use chemically active substances on site; we realize 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 standardization and enforcement of quality standards for the pipe industry and PVC Geo-membrane initially. PSQCA invites different stakeholders of PVC spiral pipe & PVC Geo-membrane including manufacturers, consumers, consultants and specialists to review and approve the standards. The product life cycle of Spiral and Geo-membrane 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 behaviors 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 proscribe all sorts of unethical behaviors 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 behaviors 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

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 analyze and undertake energy conservation projects.

Environmental Protection

Our conviction to environmental protection remains strong. During the year, several proposals were submitted to International Union for Conservation of Nature (IUCN) on the theme of conservation of coastal eco system. The proposals are under consideration and we are optimistic about its outcome.

Integrated Management System (IMS) that encompasses ISO 9001: Quality Management System (QMS); ISO 14001: Environmental Management System (EMS) and OSHAS-18001 (Occupational Safety & Health Assessment Series) was launched and implemented in 2014. Follow up audit was carried out by SGS in 2015 with ZERO Major Non Conformities.

Green office certification of 04 new buildings at manufacturing site was achieved taking the total count of Green Office Certified buildings to eight.

5S Housekeeping certification was done last year of Maintenance Workshop and I&E Department. In 2015, Plant Laboratory has been 5S certified by NPO (National Productivity Organization, Ministry of Industries).

Contribution to National Exchequer

Engro Polymer & Chemicals Limited is a significant contributor to the national exchequer. In 2015, the Company contributed approximately Rs. 4,046 Mn 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 and Welfare Schemes

Our employees showed ample involvement in giving back to the community under Envision, the employee volunteer program. They completed over 1600 hours of community work in 2015. The activities ranged from working with the physically challenged children at Dar-ul-Sukoon to helping out the poor during the severe heat wave that hit the city. A blood drive was carried out with the Fatimid Foundation for Thalassemia patients at the plant site. The old home run by Dar-ul-Sukoon was also frequented by the employees, and various functions were arranged to keep them entertained and in high spirits. Our employees also make it a point to invest in the betterment of their downstream industry by training the pipe manufacturers of Punjab and Sindh on the proper extrusion process of manufacturing PVC pipes, free of cost.

The Company continued to support the cause of technical training and education by awarding scholarship to a batch of 10 students from Ghaghar Phatak, Port Qasim for City & Guilds training at the Hunar Foundation. This skill enhancement program will enable the students to improve their job prospects and eventually their standard of living.

Rural Development and Donations

The Company had signed an MOU with The Citizens Foundation in December 2013. The school provides access to quality education to children in the adjoining areas of Ghaghar Phatak. The campus was completed and inaugurated in March 2015. The school has started off as a primary school, with 121 students currently enrolled in it. Throughout the year, the employees worked with the school under the umbrella of 'Our TCF School', carrying out various activities that would broaden the horizons of these students. A library was set up in the school by the employees as well.

Health, Safety & Environment

Health, Safety & Environment (HSE) is one of our core values. We follow stringent systems and policies to ensure that consideration for HSE becomes part of our operations. We believe in promoting a culture of safety, where employees conduct self-audits to minimize the distress and disruption caused by an injury or work related illness. Engro Polymer & Chemicals believes that HSE is the responsibility of every individual. We emphasize on safety to the extent that it is an integral part of all of our business decisions & our employees are required to achieve business goals in line with the Company's HSE policies & principles.

In 2015, the Total Recordable Injury Rate (TRIR) of the Company remained at 0.19 with 03 recordable injuries (02 Medical Treatment Case and 01 Restricted Workday Injury). GOAL ZERO campaign was taken a step further by initiating Job Specific Safety Talk with all work groups highlighting common work place hazards and how to avoid them. In this regard, Safety Talk Handbook has been launched. D-Level (Safety Talk) and B-Level effectiveness criteria were revised to raise the bar. Another step taken on Behavioral Safety front is launching online MSA (Management Safety Audit) Portal along with revised MSA Quality criteria. HSE has always been an important factor in Personal Assessment and Development Program. On the same lines, a quantitative criteria was introduced to rank individuals based on their HSE performance. For effective communication of HSE procedures down the line, key procedures were translated in local language i.e. URDU.

Several developments took place in Process Safety, detailed study on Safety Integrity level (SIL), Layer of Protection Analysis (LOPA) and Fire Risk Assessment (FRA) was completed and presented to the management. Additionally, external training on Incident Investigation and Process Hazard Analysis was arranged from DuPont. Site QRA (Quantitative Risk Assessment) was benchmarked and gap analysis carried out. Emergency Response Procedure & Practices were benchmarked with neighboring industries & organizations (such as Pakistan Navy) and revamped.

EPCL has a fleet of around 60 vehicles including dedicated & semi dedicated fleet. The logistics department transports chemicals such as Caustic Soda, Ethylene Di Chloride, Hypochlorite & HCL, in the safest way possible to minimize potential risks in case of incident while PVC resin is transported through market vehicles. The performance of fleet safety is gauged through Fleet Accident Frequency Rate (FAFR). In 2015, our logistics operations fleet showed remarkable performance by attaining a FAFR of 1.02 which is well within acceptable level. There were no injuries in our corporate services and logistics operations throughout the year and TRIR remained zero.

EPCL has also retained its membership with CCPS (Centre for Chemical Process Safety), NSC (National Safety Council), WWF (World Wildlife Foundation) and BSC (British Safety Council). Through them, the Company stays in touch with best HSE practices.

External assessments on PSRM/ PSM and Operational Excellence by DuPont were conducted during the year. EPCL secured a rating of 4.2 in PSRM and 4.0 in PSM out of 5.0. This rating depicts that EPCL has attained OSHA compliance in Safety by adopting DuPont best practices.

Occupational Health and Industrial Hygiene leading indicators were launched in 2015. There compliance is being gauged on monthly basis.

Moving forward, the Company has set objectives to embark on to DuPont 22 essential element model which is an enhanced version of PSM & PSRM modules. We will embark on environmental sustainability projects in a comprehensive manner by following up the BSC audit recommendations. Health & hygiene standards will be further enhanced and monitored against preset KPI's.

Information Systems

In 2015, IT's journey of transformation continued in line with the IT strategy formulated in 2015 with the execution of the landmark SAPphire project.

Project SAPphire successfully resulted in implementation of SAP for company's Finance, Sales and Supply Chain operations. The cut over and go live phases of the project were executed without any issues and it is one of the smoothest ERP transitions in the history of Engro. The roll out of SAP has resulted in automation of various manual and tedious processes leading to more efficient business operations. The project is also an example of cross department co-operation and co-ordination which has ensured smooth integration between all business processes.

The Information Technology department also supported various key initiatives taken throughout the company. These included implementation of attendance and leave management system (TimeTrax), laboratory information management system (LIMS), new modules in MyEngro, Audit recommendation tracking system and Plant Training Management system.

The journey to improved systems and processes will continue in 2016 as the information technology looks to transform from 'Systems of Records' to 'Systems of Engagement' resulting in a truly enterprise organization 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 2015 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 & Efficiency Improvements

An Outbreak was conducted for section-heads, managers, and executives. The dual purpose of this outbreak was to improve collaboration and bonds between team members through a variety of activities, as well as to conduct an effective management strategy meeting to discuss future plans.

Lean Six Sigma was conducted for the third year running with a trainer from Singapore. 24 employees went through the training, and 29 green-belts were confirmed from the previous batches in 2015. The initiative has consistently benefitted employees by enhancing their problem-solving skills and on the business front; focused projects are done annually to optimize costs, energy indexes and quality parameters.

For junior employees, two flagship programs were launched in 2015 - Emotional Intelligence and 7 Habits, in line with the competencies required at that level. Aside from this, many employees were sent to Engro group's boot camps located outside of Karachi to network with employees from other subsidiaries and enhance the concept of Engro as a family. Dale Carnegie trainers were brought in from abroad by Engro Corporation for the group to conduct trainings on Effective Communication and improve our competency 'Interpersonal Savvy'. Additionally, the third and final program in our Personal Effectiveness series was rolled out for the first time and received very good feedback from participants.

Another method of increasing engagement in 2015 was through 'time-outs'. All department heads conducted time-outs with their teams - a break away from office – in order to improve the morale and collaboration between teams. Team-building activities and games brought employees closer together, along with the opportunity to speak about and resolve specific issues taking place in the teams. Additionally, town hall meetings and communication sessions were conducted regularly throughout the year which focused on how to improve factors strongly linked to the engagement and satisfaction of employees at the Company.

Workforce Quality & Services

One of the focal points of EPCL's HR Strategy is the strengthening of the Company's pipeline through thorough polishing of trainees. The concept is that they form a ready talent pool of young individuals who are already familiar with the operations and processes of the Company. In 2015, most hiring was done from within this pool, increasing the internal-to-external hiring ratio.

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 & Relations

The Company believes in engaging with stake holders at all levels. During the year, we used press releases & securities analyst briefings on quarterly & 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 and findings & results are shared by the respective managers and HR strategy is tailored to address the highlighted areas.

Performance Review & Future Outlook

The year 2015 remained a year of broad-based growth for the national economy as the Country reported an increasing trend in GDP growth, which signifies recovering investor confidence, positive economic sentiment and increased business activity. In FY16, government has plans for public and private sector development and resolving energy crisis. Low discount rate will further encourage credit up-take and investment in the economy. Year ahead, therefore, looks optimistic with fiscal consolidation, accommodative monetary policy, structural reforms and easing of political turmoil.

On the global front, 2015 was the year of challenges, where in growth in emerging markets remaining under pressure. Likewise, excessive supply growth coupled with weaker demand growth led to a consistent decline in crude oil prices. This led to a decline in commodity prices across the board especially in petrochemical chain.

Ethylene supply remained relatively tight during 2015 due to some unplanned turnarounds at some major ethylene producing plants, which put upward pressure on Ethylene prices. However, lower upstream crude prices led to lower prices as the supply impact dissipated. Going forward, we expect supply tightness in North East Asia on account of capacity losses due to closure of old naphtha crackers especially in Japan coupled with production loss due to traditional cracker turnarounds. This might impact the quantity of cargoes available for regional exports. As raw material availability is critical for uninterrupted production, the Company has entered into contracts with its principal suppliers and is also exploring options of diversifying its sources of Ethylene.

The global PVC market demand remained stable in 2015 due to continued growth in global economy. During the year, prices followed upstream crude and Ethylene prices and came down in the later half. However, PVC prices did not rise as much as Ethylene prices, which led to shrinkage in core margins. Going forward, we expect that PVC demand will continue to grow driven by growth in global economy but the quantum is expected to be muted on account of slowing growth in emerging economies especially China.

Local PVC market witnessed growth in 2015. The Company benefited from economic expansion and growth in the construction sector. Going forward, we foresee 2016 to be another promising year on account of planned investments under infrastructure projects and strong demand in the construction sector. Further, prioritized focus on energy sector to overcome energy crisis is expected to improve availability of power supply, hence, consistent demand for PVC.

Domestic Caustic Soda market remained competitive in the period under discussion and the overall caustic demand growth remained muted. Major Repair at CA plant also affected EPCL product supply in the market. However, adequate measures have been taken to maintain full production throughout 2016.

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

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

Corporate Review

Shareholding in the Company

The shareholding in the company as at December 31, 2015 is as follow:

Shareholders Category	Number of Share holders	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	5	2,716,333	0.41%
Insurance Companies	3	1,045,000	0.16%
Modarabas and Mutual Funds	-	-	-
Shareholders holding 10%	3	537,914,987	81.08%
General Public (Individuals)			
a. Local	31,202	79,605,656	12.00%
b. Foreign	-	-	-
Others	80	41,140,962	6.20%

Category of Shareholding

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

1. Associated Companies, Undertaking and Related Parties

Name of Holders	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. Mutual Fund

Name of Holders	Number of Shares held
Mutual Funds	-

3. Directors and their spouse and minor children

Name of Holders	Number of Shares held
MR. ASAD SAID JAFAR	1
MR. FEROZ RIZVI	1
MR. IMRAN ANWER	1
MR. KHALID S. SUBHANI	1
MR. KIMIHIDE ANDO	1
MS. NAZ KHAN	1
MR. OMAR YAQOOB SHEIKH	1
MR. SHAHZADA DAWOOD	5,001
MR. SHOICHI OGIWARA	1
MR. ZAFAR HADI	1

4. Executives

Name of Holders	Number of Shares held
Executives	651,104

5. Public sector companies and corporations

Name of Holders	Number of Shares held
Public sector companies and corporations	-

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

Name of Holders	Number of Shares held
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modarabas & Pension Funds	3,5111,333

7. Shareholding, five percent or more voting interest in the Company

Name of Holders	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 of Holders	Shares Purchased	Shares Sold	Rate	Date of Purchase / Sale
Sajid Muhammad Khan		2,875	13.47	January 20, 2015
Sajid Muhammad Khan		29,000	13.06	January 22, 2015
Khawaja Ibad Uddin		31,500	13.18	January 22, 2015
Salman Durrani		1,000	10.53	March 2, 2015
Syed Noorul Ahmad	637		9.00	April 6, 2015
Abdul Shakoor		230	9.43	July 2, 2015
Muzzaffar Islam		10,000	11.81	July 27, 2015

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

No. of Shareholders	Size of Holding Rs. 10 Shares			No. of Shares
431	1	-	100	11,226
20,415	101	-	500	9,810,178
6,433	501	-	1,000	4,556,457
2,712	1,001	-	5,000	6,587,616
522	5,001	-	10,000	4,135,915
229	10,001	-	15,000	2,929,138
118	15,001	-	20,000	2,196,819
94	20,001	-	25,000	2,245,578
51	25,001	-	30,000	1,442,772
27	30,001	-	35,000	897,951
21	35,001	-	40,000	812,642
16	40,001	-	45,000	688,130
30	45,001	-	50,000	1,489,287
18	50,001	-	55,000	940,699
11	55,001	-	60,000	642,750
9	60,001	-	65,000	567,075
6	65,001	-	70,000	404,150
13	70,001	-	75,000	957,954
8	75,001	-	80,000	628,533
4	80,001	-	85,000	332,100
4	85,001	-	90,000	353,000
3	90,001	-	95,000	280,691
33	95,001	-	100,000	3,296,000
4	100,001	-	105,000	409,973
1	105,001	-	110,000	108,375
2	110,001	-	115,000	230,000
2	115,001	-	120,000	236,600
3	120,001	-	125,000	368,502
1	125,001	-	130,000	130,000

No. of Shareholders	Size of Holding Rs. 10 Shares			No. of Shares
3	130,001	-	135,000	400,000
1	135,001	-	140,000	140,000
1	150,001	-	155,000	155,000
2	160,001	-	165,000	326,000
2	165,001	-	170,000	337,000
1	170,001	-	175,000	175,000
2	175,001	-	180,000	355,500
2	180,001	-	185,000	370,000
1	185,001	-	190,000	186,075
11	195,001	-	200,000	2,200,000
1	200,001	-	205,000	204,000
1	215,001	-	220,000	218,876
1	220,001	-	225,000	225,000
1	225,001	-	230,000	230,000
3	230,001	-	235,000	703,000
3	245,001	-	250,000	743,600
1	250,001	-	255,000	250,500
1	255,001	-	260,000	258,500
1	260,001	-	265,000	261,500
1	265,001	-	270,000	267,500
1	270,001	-	275,000	272,500
2	275,001	-	280,000	559,000
2	295,001	-	300,000	600,000
1	315,001	-	320,000	316,869
1	320,001	-	325,000	325,000
2	330,001	-	335,000	664,350
3	340,001	-	345,000	1,031,099
1	360,001	-	365,000	364,425
2	365,001	-	370,000	737,000
1	445,001	-	450,000	446,250

No. of Shareholders	Size of Holding Rs. 10 Shares			No. of Shares
1	535,001	-	540,000	540,000
1	575,001	-	580,000	578,000
1	590,001	-	595,000	595,000
1	595,001	-	600,000	600,000
1	615,001	-	620,000	618,199
1	695,001	-	700,000	700,000
1	720,001	-	725,000	725,000
1	740,001	-	745,000	745,000
1	795,001	-	800,000	800,000
1	970,001	-	975,000	972,000
1	995,001	-	1,000,000	1,000,000
1	1,040,001	-	1,045,000	1,040,840
1	1,050,001	-	1,055,000	1,051,000
1	1,345,001	-	1,350,000	1,349,000
1	1,740,001	-	1,745,000	1,742,500
1	1,970,001	-	1,975,000	1,970,500
1	1,995,001	-	2,000,000	2,000,000
1	2,545,001	-	2,550,000	2,550,000
1	2,645,001	-	2,650,000	2,645,333
1	2,790,001	-	2,795,000	2,793,677
1	3,195,001	-	3,200,000	3,199,500
1	3,595,001	-	3,600,000	3,600,000
1	7,865,001	-	7,870,000	7,866,500
1	7,995,001	-	8,000,000	8,000,000
1	16,855,001	-	16,860,000	16,858,097
1	67,945,001	-	67,950,000	67,949,998
1	97,150,001	-	97,155,000	97,155,000
1	372,805,001	-	372,810,000	372,809,989
31,305				**663,468,788**

Board Meetings and Attendance

In 2015, 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. Muhammad Aliuddin Ansari (1)	3/6
Mr. Khalid S. Subhani	6/6
Mr. Kimihide Ando	5/6
Mr. Shahzada Dawood	2/6
Ms. Naz Khan	5/6
Mr. Waqar Malik (2)	1/6
Mr. Asif Saad (3)	3/6
Mr. Takashi Yoshida (4)	1/6
Mr. Asad Jafar (5)	4/6
Mr Shoichi Ogiwara (6)	4/6
Mr. Feroz Rizvi (7)	3/6
Mr. Imran Anwer (8)	3/6
Mr. Zafar Hadi (9)	3/6
Mr. Omar Yaqoob Sheikh (10)	2/6

1. Mr. Muhammad Aliuddin Ansari	Resigned	11-May-2015
2. Mr. Waqar Malik	Resigned	06-Feb-2015
3. Mr. Asif Saad	Resigned	18-Jun-2015
4. Mr. Takashi Yoshida	Resigned	31-Mar-2015

5. Mr. Asad Jafar	Appointed	13-Apr-2015
6. Mr Shoichi Ogiwara	Appointed	01-Apr-2015
7. Mr. Feroz Rizvi	Appointed	31- Mar-2015
8. Mr. Imran Anwer	Appointed	01- Jul-2015
9. Mr. Zafar Hadi	Appointed	01- Jul-2015
10. Mr. Omar Yaqoob Sheikh	Appointed	15-Sep-2015

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, 2014 and unaudited financial statements as at June 30, 2015. Details of the fund are as follows:

Rs. '000	Provident Fund	
	June 30, 2015	June 30, 2014
Size of the fund - Total assets	3,161,499	2,091,284
Cost of the Investment made	2,333,996	1,679,824
Percentage of Investments made	87%	89%
Fair Value of Investments	2,736,879	1,861,191

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 199.3 Mn shares of the Company were traded on the Karachi Stock Exchange. The average price of the Company's share based on daily closing rates was Rs. 10.68. The 52 week low high during 2015 was Rs. 7.91 – 14.14 per share respectively.

Dividends

Accumulated losses of the Company on a consolidated basis stand at Rs. 2,253 Mn therefore the Board has not recommended any dividend during the year.

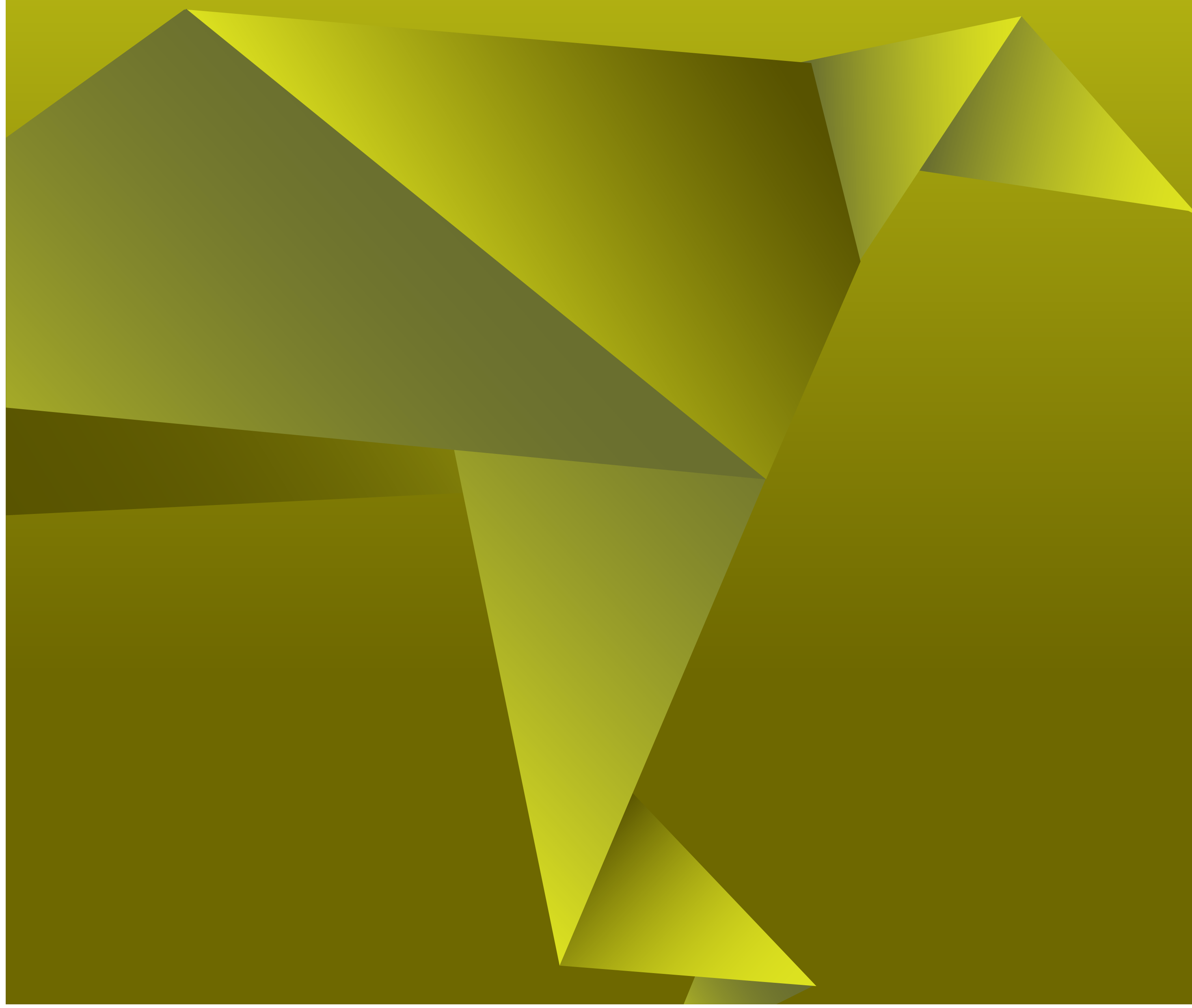
Auditors

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

Kimihide Ando
Director

Financial Summary

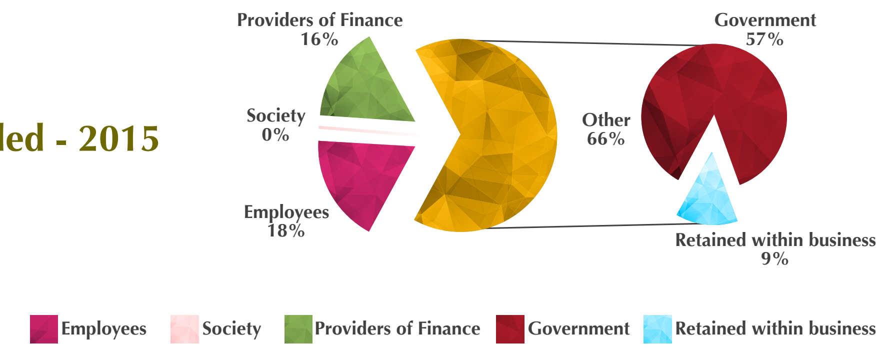


Consolidated Statement of Value Addition

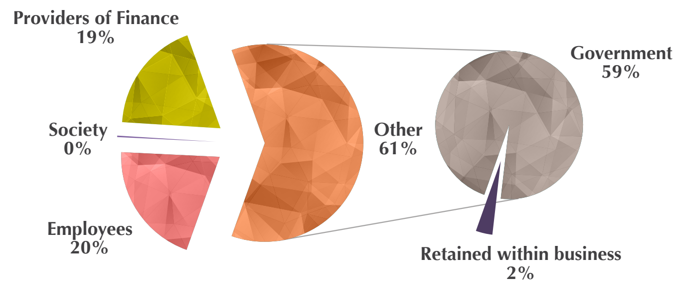
For the year ended December 31, 2015

	2015 Rs in '000	%	2014 Rs in '000	%
Wealth Generated				
Gross Sales and Other Income	25,763,294		27,391,099	
Materials and Services Purchased	(18,637,742)		21,648,214)	
	7,125,552	100%	5,742,885	100%
Wealth Distributed				
Employees Salaries, wages and other benefits	1,285,009	18%	1,165,560	20%
Society Donations and other CSR activities	11,127	0%	13,669	0%
Providers of Finance Fianance costs	1,143,122	16%	1,064,980	19%
Government Income tax, Sales Tax output, Duties, WWF and WPPF	4,046,439	57%	3,370,954	59%
Retained within business Retained earnings, Depreciation and amortization.	639,855	9%	127,722	2%
	7,125,552	100%	5,742,885	100%

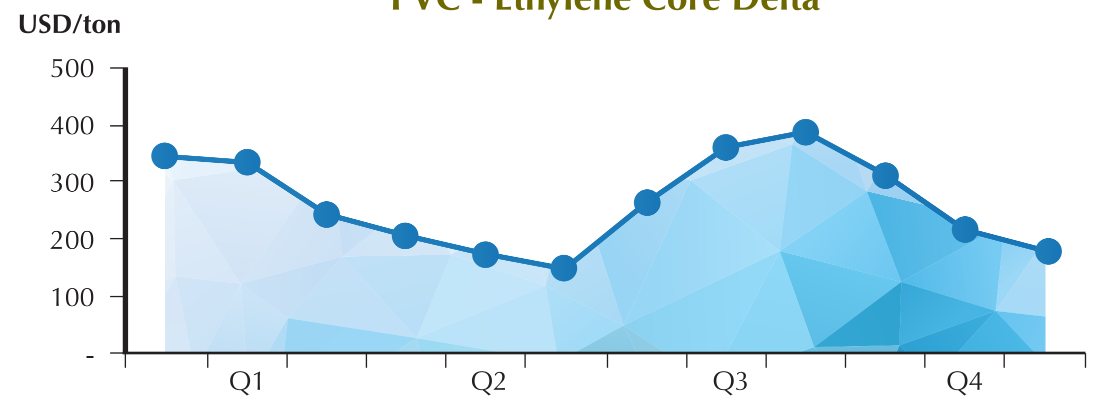
Distribution of value added - 2015

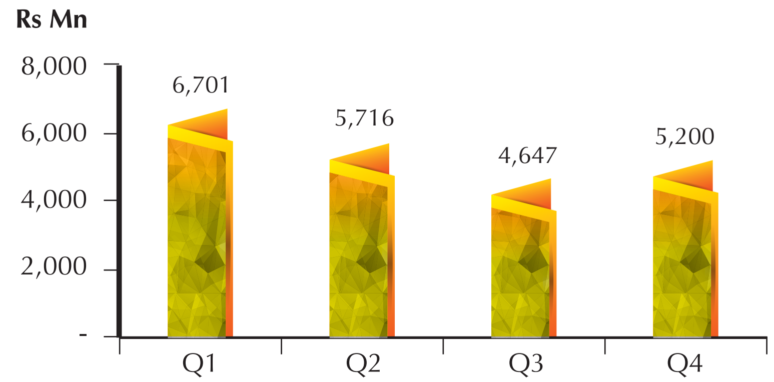


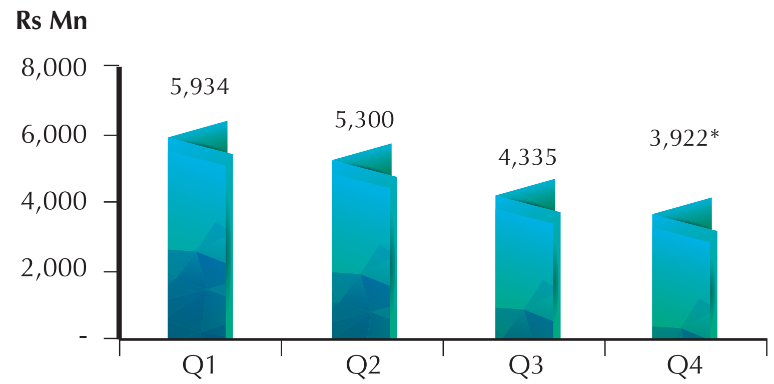
Distribution of value added - 2014



Quarterly Analysis

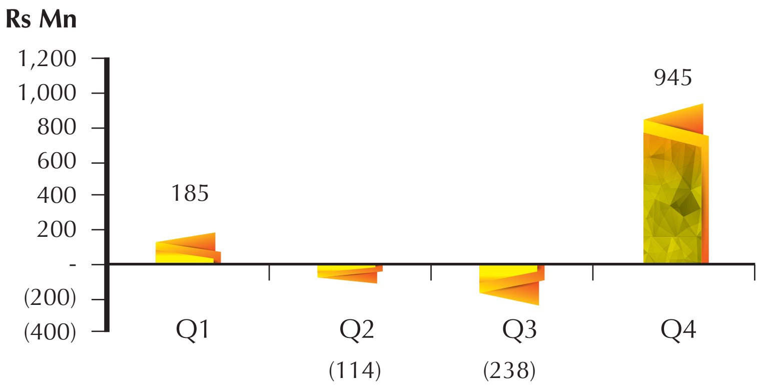




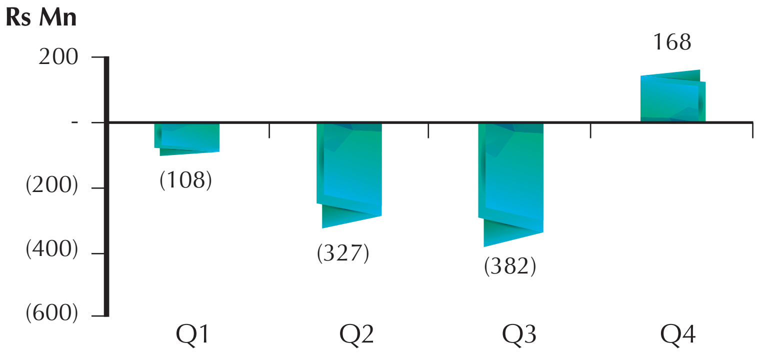


*Net of reversal of provision amounting to Rs. 754 Mn in respect of GIDC of prior periods

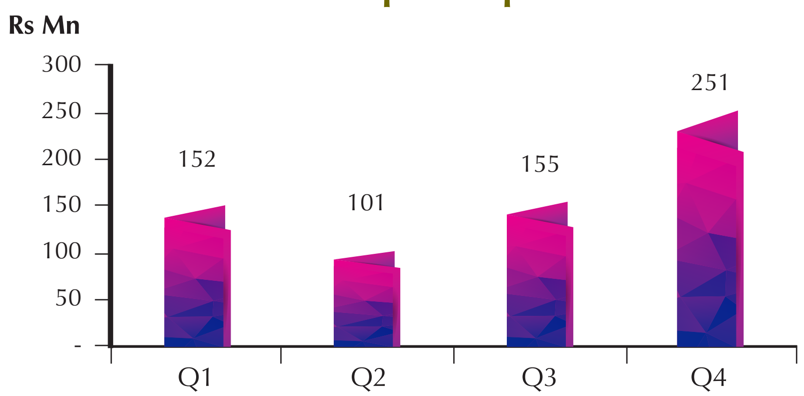
Operating Profit / (Loss)



Net Profit / (Loss)



Capital Expenditure



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Q1

- 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 - the Company strengthened its position in North & Mid country region to overcome shortage in market supply
- Focus on paper sector remained high as customers switched from Soda Ash to Caustic

Q2

- PVC domestic market continued to grow due to consistent demand from construction sector and limited Scrap imports
- Unfavorable PVC-Ethylene Core Delta kept the margins under pressure as PVC prices remained largely stable and increased only marginally while Ethylene prices witnessed sharp surge due to supply tightness in the region
- Caustic prices remained under pressure due to competitive market structure

Q3

- PVC demand in the domestic market remained consistent due to positive outlook of the construction sector
- Vinyl chain prices dropped significantly following the decline in Crude oil prices - As the supply normalized, Ethylene prices witnessed a sharp drop as against PVC, which augmented Vinyl Chain margins, however, the benefit could not be realized completely due to inventory carry over effect
- Duty on primary raw material decreased from 5% to 2%
- Natural Gas prices increased towards the end of quarter
- Major Repair at the Chlor Alkali plant that initiated in the middle of third quarter, reduced product availability and affected Caustic sales

Q4

- International Vinyl Chain margins deteriorated as PVC & Ethylene prices decoupled - PVC prices dropped sharply following the steep decline in Crude oil price, while, Ethylene prices witnessed a sharp surge fueled by supply tightness
- Caustic sales remained under pressure due to stiff competition in the domestic market
- Exemption from retrospective payment of industrial portion of GIDC enabled the Company to take a reversal of GIDC provision amounting to Rs 754 Mn
- Tax asset amounting to Rs 375 Mn was written-off during the quarter

Six Years Cash Flows with Direct Method

Cash Flow Statements - Direct Method	2015	2014	2013	2012	2011	2010
(Rs in million)						
Cash flows from customers	22,382	23,789	24,335	20,412	17,263	14,373
Cash payments to suppliers and others	(22,200)	(21,033)	(20,118)	(17,560)	(12,539)	(14,268)
Cash generated from operations	**182**	**2,756**	**4,217**	**2,852**	**4,724**	**105**
Finance costs	(995)	(1,026)	(1,412)	(1,670)	(1,795)	(1,421)
Long term loans and advances	-	(14)	(3)	(12)	3	7
Retirement benefits paid	(119)	(120)	(56)	(69)	(41)	(12)
Income tax paid	(263)	(456)	62	(270)	(381)	(333)
Net cash flow from operating activities	**(1,195)**	**1,140**	**2,808**	**831**	**2,510**	**(1,654)**
Purchase of operating assets and intangibles	(661)	(1,052)	(640)	(364)	(533)	(880)
Proceeds from disposal of operating assets	11	12	8	18	18	15
Purchase of short term investments	-	-	(924)	(750)	(540)	-
Proceeds from sale of short term investments	-	-	928	754	546	-
Income on investments and bank deposits	34	47	26	8	6	14
Net cash flow from investing activities	**(616)**	**(993)**	**(602)**	**(334)**	**(503)**	**(851)**
Proceeds from long term borrowings	2,150	1,700	1,956	700	-	1,390
Proceeds from short term borrowings	819	300	620	1,250	-	-
Repayment of borrowings	(2,998)	(2,554)	(2,873)	(2,945)	(1,613)	(1,104)
Issue of share capital	-	-	-	-	-	1,414
Dividend	-	100	200	-	-	-
Net cash flow from financing activities	**(29)**	**(454)**	**(97)**	**(995)**	**(1,613)**	**1,700**
Net cash flows	**(1,840)**	**(307)**	**2,109**	**(498)**	**394**	**(805)**

Six Years Summary Profit and Loss Account and Balance Sheet

Rs. in Million	2015	2014	2013	2012	2011	2010
PROFIT AND LOSS						
Net Sales	22,264	23,819	24,592	20,466	16,886	14,628
Gross Profit	2,773	1,821	4,911	3,453	2,075	1,192
Operating Profit / (loss)	778	(370)	2,718	1,813	630	123
Profit / (Loss) before tax	(366)	(1,435)	1,344	166	(1,117)	(1,289)
Profit / (Loss) after Tax	(649)	(1,016)	717	50	(729)	(814)
BALANCE SHEET						
Property, Plant and Equipment	16,249	16,923	17,133	17,715	18,538	19,199
Intangibles, Investments, Deferred Taxation and Long term Loans & Advances	1,115	1,134	608	1,015	1,021	434
Current Assets	6,878	8,244	7,500	6,227	4,969	4,501
Current Liabilities	13,659	14,219	10,731	11,030	9,550	6,163
Non Current liabilities	5,280	6,143	7,575	7,728	8,840	11,064
Share Capital	6,635	6,635	6,635	6,635	6,635	6,635
Shareholders Equity	5,303	5,939	6,934	6,198	6,139	6,906

Six Years Analysis

Shareholders equity

Shareholders equity fluctuated over the period of six years, mainly due to cyclic nature of business. During the year equity has diminished due to the losses incurred by the company as a result of unfavorable market conditions.

Non Current Assets

As no major expansion is being incurred during this period, assets grow at a stable rate.

Current Liabilities

Overall current liabilities have recorded a 9.6% decrease as compared to 2014, which is mainly due to decrease in trade and other payables.

Non Current Liabilities

Non current liabilities mainly comprise of long term loan. Major increase in long term debt was during the back ward integration phase. Since then installments of loan are being repaid resulting in decreasing balance of loan year on year.

Current Assets

There is an increasing trend in the current asset since 2008, mainly due to the accumulation of taxes recoverable, as the company income tax is assessed under the provision of minimum turnover tax. The reason for decline in current assets this year is due to lower inventory in hand as a result of better management.

Revenue

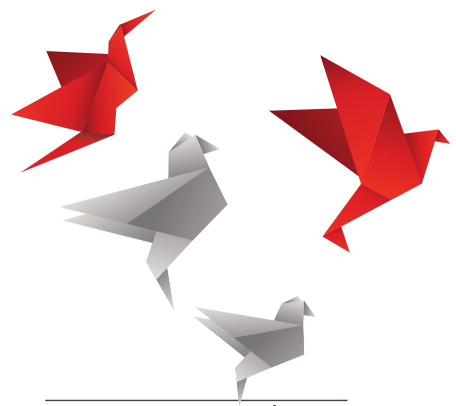
Revenue over last six period has recorded a stable growth except the current year and last year and this is mainly due to the sharp decline in Petroleum prices and compressed demand.

Gross Profit

Due to cyclic nature of business the Company witnessed heavy fluctuation in Gross Profit. As compared to last year current year Gross profit shows a positive trend and that is basically due to the reduction in raw material duty, reversal of GIDC provision and decline in raw material prices.

Finance and Other Costs

Finance Cost has recorded a decreasing trend during the last 3 years as the debts have become repayable from 2012. All other cost have increased on a fairly stable rate.



Ratio Analysis

Profitability Ratio

In 2015, Gross profit shows better picture as compared to last year and the major reason for the improvement in GP is the reduction in duty, Decline in raw material prices and reversal of GIDC provision.

Liquidity Ratio

Current ratio has decreased by 0.08 as compared to last year and quick ratio has decreased by 0.03. This basically is due to the decrease in prices of raw material.

Capital Structure Ratios

After the completion of the expansion project, the financial gearing of company is improving since the long term liabilities are being repaid in accordance with the terms of agreement. Further, the weighted average cost of debt is decreasing during the recent years due to reduced discount rates.

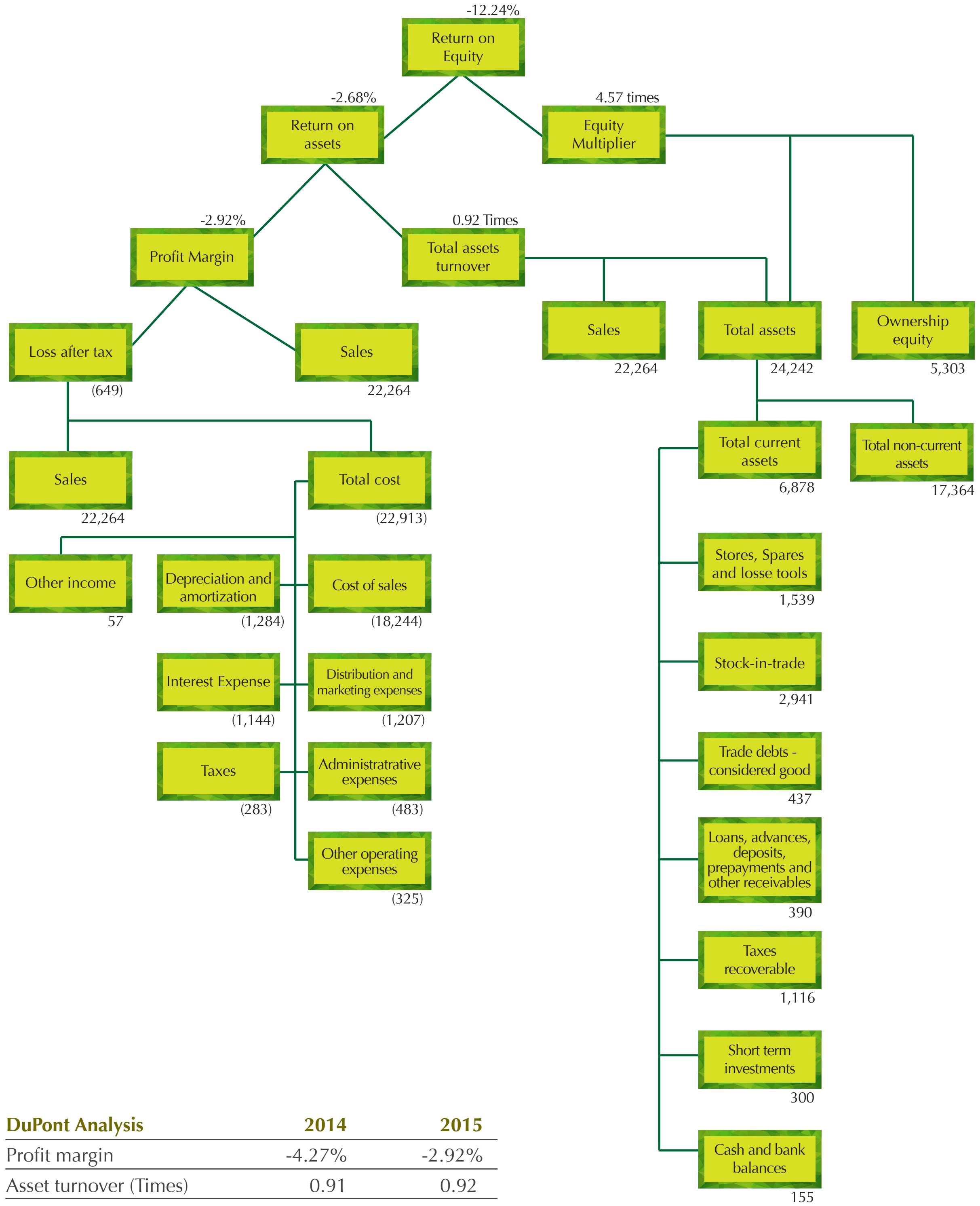
Investment/Market Ratios

Lower profits resulted in negative EPS. Average market value per shares is approximately Rs. 10.68 and the current year closing share price is also around 10.44, which depicts that the market value of the company is fairly stable.

Activity/Turnover Ratios

Cash operating cycle of the Company has increased by 30 days as compared to last year

DuPont Analysis



DuPont Analysis	2014	2015
Profit margin	-4.27%	-2.92%
Asset turnover (Times)	0.91	0.92
Equity multiplier (Times)	4.43	4.57
Return on investment	**-17.12%**	**-12.24%**

Balance Sheet Vertical And Horizontal Analysis

Rs in million	2015	2014	2013	2012	2011	2010
ASSETS						
Non-Current Assets	17,363	18,058	17,740	18,730	19,559	19,633
Current Assets	6,879	8,244	7,500	6,227	4,969	4,501
Total Assets	24,242	26,301	25,240	24,957	24,528	24,134
EQUITY AND LIABILITIES						
Equity	5,303	5,939	6,934	6,199	6,139	6,906
Non-Current Liabilities	5,280	6,143	7,575	7,729	8,839	11,064
Current Liabilities	13,659	14,219	10,731	11,029	9,550	6,164
Total Equity & Liabilities	24,242	26,301	25,240	24,957	24,528	24,134

Vertical Analysis % of Balance Sheet Total	2015	2014	2013	2012	2011	2010
ASSETS						
Non-Current Assets	72%	69%	70%	75%	80%	81%
Current Assets	28%	31%	30%	25%	20%	19%
Total Assets	100%	100%	100%	100%	100%	100%
EQUITY AND LIABILITIES						
Equity	22%	23%	27%	25%	25%	29%
Non-Current Liabilities	22%	23%	30%	31%	36%	46%
Current Liabilities	56%	54%	42%	44%	39%	25%
Total Equity & Liabilities	100%	100%	100%	100%	100%	100%

Horizontal Analysis Year on Year	2015 to 2014	2014 to 2013	2013 to 2012	2012 to 2011	2011 to 2010	2010 to 2009
ASSETS						
Non-Current Assets	-4%	2%	-5%	-5%	0%	1%
Current Assets	-17%	10%	20%	27%	10%	46%
Total Assets	-8%	4%	1%	2%	2%	7%
EQUITY AND LIABILITIES						
Equity	-11%	-14%	12%	1%	-11%	9%
Non-Current Liabilities	-14%	-19%	-2%	-13%	-20%	-4%
Current Liabilities	-4%	32%	-4%	15%	55%	32%
Total Equity & Liabilities	-8%	4%	1%	2%	2%	7%

Profit & Loss Account Vertical & Horizontal Analysis

Rs in million	2015	2014	2013	2012	2011	2010
Net sales	22,264	23,819	24,592	20,466	16,886	14,628
Cost of sales	(19,490)	(22,151)	(19,681)	(17,014)	(14,811)	(13,437)
Gross profit	**2,773**	**1,668**	**4,911**	**3,452**	**2,075**	**1,191**
Distribution and marketing expenses	(1,211)	(1,409)	(1,344)	(1,134)	(854)	(609)
Administrative expenses	(515)	(494)	(606)	(478)	(386)	(311)
Other operating expenses	(325)	(309)	(521)	(528)	(226)	(171)
Other income	57	174	278	501	21	22
Operating profit / (loss)	**778**	**(370)**	**2,718**	**1,813**	**630**	**122**
Finance costs	(1,144)	(1,065)	(1,374)	(1,647)	(1,747)	(1,412)
(Loss) / Profit before taxation	**(366)**	**(1,435)**	**1,344**	**166**	**(1,117)**	**(1,290)**
Taxation	(283)	419	(627)	(116)	388	476
(Loss) / Profit for the year	**(649)**	**(1,016)**	**717**	**50**	**(729)**	**(814)**

% of Sales	2015	2014	2013	2012	2011	2010
Net sales	100%	100%	100%	100%	100%	100%
Cost of sales	-88%	-93%	-80%	-83%	-88%	-92%
Gross profit	**12%**	**7%**	**20%**	**17%**	**12%**	**8%**
Distribution and marketing expenses	-5%	-6%	-6%	-6%	-5%	-4%
Administrative expenses	-2%	-2%	-2%	-2%	-2%	-2%
Other operating expenses	-1%	-1%	-2%	-3%	-1%	-1%
Other income	0%	1%	1%	2%	0%	0%
Operating profit / (loss)	**3%**	**-2%**	**11%**	**9%**	**4%**	**1%**
Finance costs	-5%	-4%	-6%	-8%	-10%	-10%
(Loss) / Profit before taxation	**-2%**	**-6%**	**5%**	**1%**	**-6%**	**-9%**
Taxation	-1%	2%	-3%	-1%	2%	3%
(Loss) / Profit for the year	**-3%**	**-4%**	**3%**	**0%**	**-4%**	**-6%**

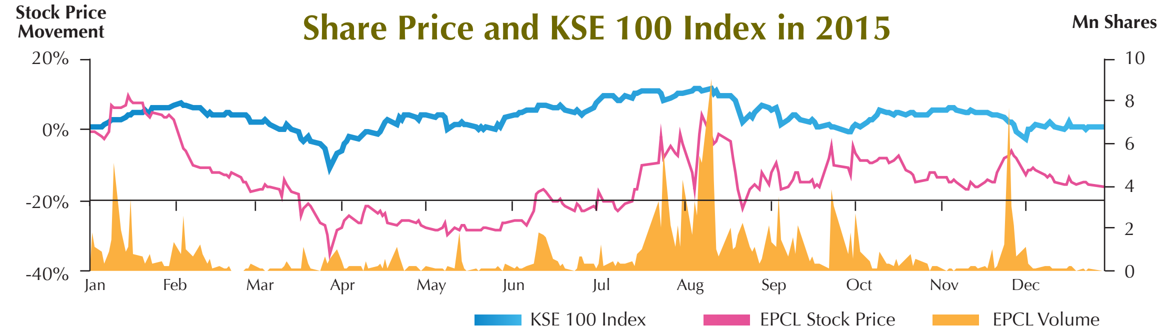
Horizontal Analysis - Year on Year	15 over '14	14 over '13	13 over '12	12 over '11	11 over '10	10 over '09
Net sales	-7%	-3%	20%	21%	15%	26%
Cost of sales	-12%	13%	16%	15%	10%	29%
Gross profit	**66%**	**-66%**	**42%**	**66%**	**74%**	**3%**
Distribution and marketing expenses	-14%	5%	19%	33%	40%	30%
Administrative expenses	4%	-18%	27%	24%	24%	51%
Other operating expenses	5%	-41%	-1%	134%	32%	-26%
Other income	-67%	-37%	-45%	2286%	-5%	-78%
Operating profit / (loss)	**-310%**	**-114%**	**50%**	**188%**	**245%**	**-65%**
Finance costs	7%	-22%	-17%	-6%	24%	137%
(Loss) / Profit before taxation	**-74%**	**-207%**	**710%**	**115%**	**-13%**	**418%**
Taxation	-168%	-167%	441%	-130%	-18%	2643%
(Loss) / Profit for the year	**-36%**	**-242%**	**1334%**	**107%**	**-10%**	**251%**

Key Financial Information

INVESTOR INFORMATION	Unit	2015	2014	2013	2012	2011	2010
Profitability ratios							
Gross Profit Ratio	%	12.46	7.65	19.97	16.87	12.29	8.15
Net Profit /(Loss) to Sales	%	(2.92)	(4.27)	2.92	0.24	(4.32)	(5.56)
EBITDA	Rs. in M	2,062	867	3,897	2,992	1,793	1,144
EBITDA to Sales	%	9.26	3.64	14.60	14.62	10.62	7.82
Operating leverage ratio	No. of Times	(47.53)	12.05	3.58	11.23	25.55	(2.58)
Return on Equity	%	(12.24)	(17.11)	10.34	0.81	(11.87)	(11.79)
Return on Capital Employed	%	(6.14)	(8.44)	4.97	0.36	(4.94)	(4.57)
Liquidity ratios							
Cash flow from operations to sales	No. of Times	0.01	0.12	0.17	0.14	0.28	0.01
Cash to current liabilities	No. of Times	(0.08)	0.05	0.09	(0.10)	(0.06)	(0.16)
Current Ratio	No. of Times	0.50	0.58	0.71	0.57	0.52	0.73
Quick Ratio	No. of Times	0.18	0.20	0.27	0.17	0.15	0.29
Capital structure							
Interest Cover Ratio	No. of Times	0.68	-0.35	1.98	1.10	0.36	0.09
Long term Debt to Equity Ratio	No. of Times	0.99	1.03	1.08	1.22	1.40	1.58
Weighted average cost of debt	%	9.09	10.25	11.21	11.21	10.99	10.99
Financial leverage	%	214	164	151	187	193	200
Price to book ratio	Rs.	0.29	0.30	0.35	0.27	0.20	0.39
Earning assets to total assets	%	76	76	76	77	81	86
Activity/turnover ratios							
Fixed Assets Turnover	No. of Times	1.37	1.41	1.44	1.16	0.91	0.76
Inventory Turnover	No. of days	64.04	58.90	58.45	59.23	55.77	49.73
Debtor Turnover	No. of days	7.54	8.18	5.44	3.77	7.35	9.83
Creditor turnover	No. of days	192.91	165.00	151.35	164.88	123.05	63.22
Operating cycle	No. of days	(128.62)	(97.92)	(87.47)	(101.88)	(59.93)	(3.65)
Investment/market ratios							
Number of outstanding shares	No. in M	663	663	663	663	663	663
Earnings Per Share-Basic & Diluted	Rs.	(0.98)	(1.53)	1.08	0.07	(1.10)	(1.29)
Price Earning Ratio	No. of Times	(9.37)	(12.76)	8.05	0.69	(14.99)	(9.05)
Market value per share (year end)	Rs.	10.44	12.00	13.41	10.12	7.34	4.25
Market value per share (highest)	Rs.	14.14	17.25	14.55	13.82	15.87	18.80
Market value per share (lowest)	Rs.	7.91	10.65	8.50	8.20	7.15	9.57
Break up value per share	Rs.	8.00	8.96	10.46	9.35	9.26	10.42

Share Price Sensitivity Analysis

During the year, 199.3 million shares were traded at the Karachi Stock Exchange. The share price could not maintain parity with the index and lost 16.7% in value during the year, the erosion in value can be attributed to the setbacks faced by the Company during the year. The average price of the Company share based on daily closing rates was Rs. 10.68 while 52 week low/high was Rs. 7.91 – 14.14 per share respectively.



PVC-Ethylene Margins

PVC constitutes a significant portion of revenue at EPCL. However, the profitability of Vinyl Chain is largely determined by spread between PVC & Ethylene prices. An increase in ethylene prices with constrained PVC prices can compress the margins on vinyl chain and this factor had an adverse impact on the Company's profitability in 2015. PVC prices posted a declining trend following decrease in global demand. Ethylene price movement exhibited a varying trend but mostly remained firm to stable due to supply tightness, which contracted Vinyl chain margins and affected net bottom line.

Energy Prices

Chlor Vinyl operations are energy intensive. Increase in gas price exerts pressure on profitability of the business as the Company has to absorb the impact on cost of production of vinyl chain due to fundamental nature of the business model, which is driven by international dynamics. In case of Chlor Alkali, the Company may pass through the impact depending on the market conditions. In 2015, gas price increased during second half of the year and the Company was able to pass on the impact partially by rationalizing prices on Chlor Alkali chain.

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 2015, EPCL demonstrated strong operational performance and sustainable production; however, major repair at the Chlor Alkali unit temporarily affected Caustic supply in the market.

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 and other relevant derivatives.

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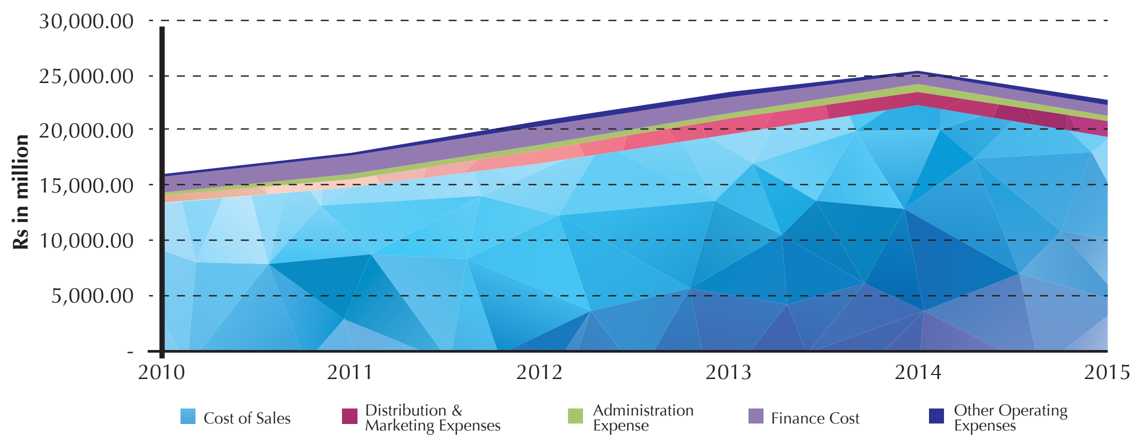
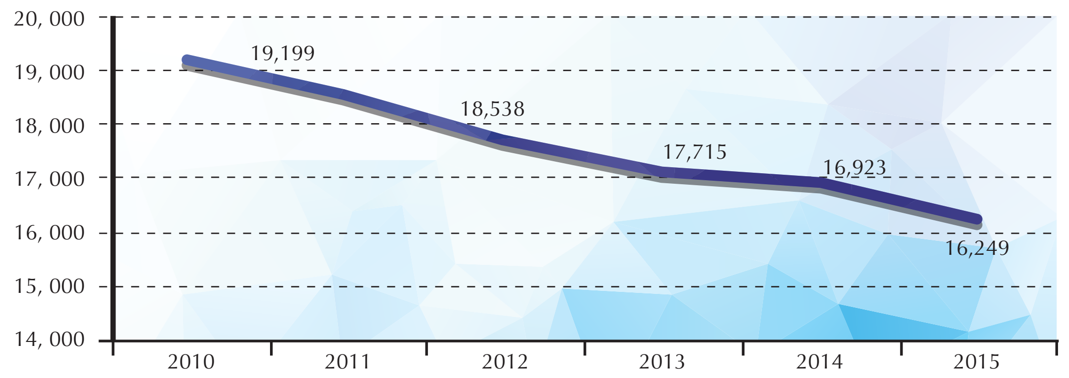
Graphical Presentation

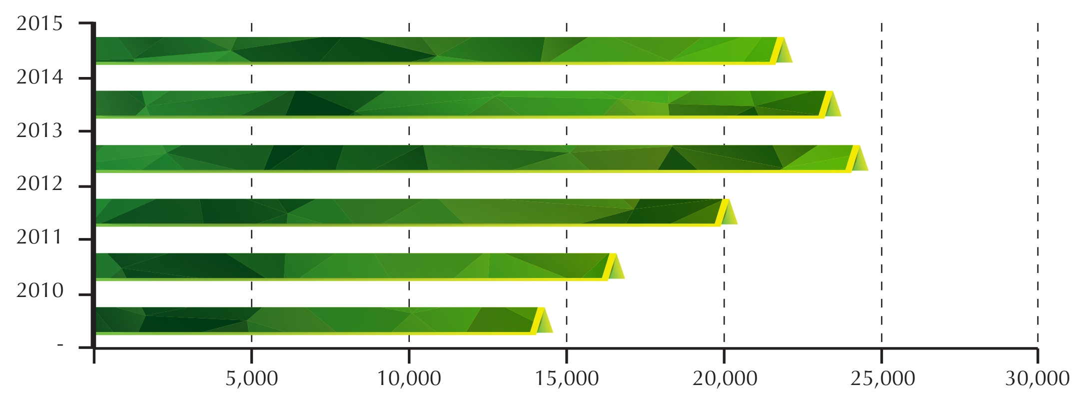
Total Expenses



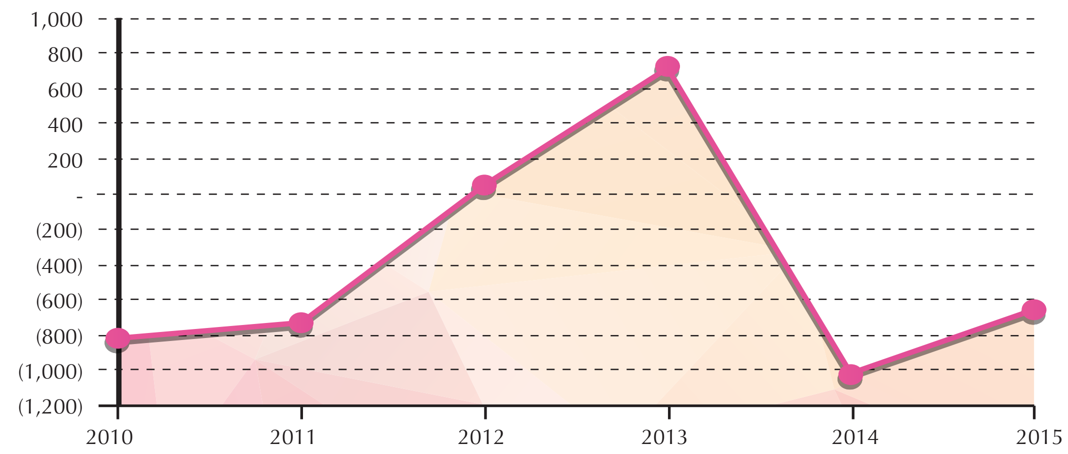
Property, Plant and Equipment



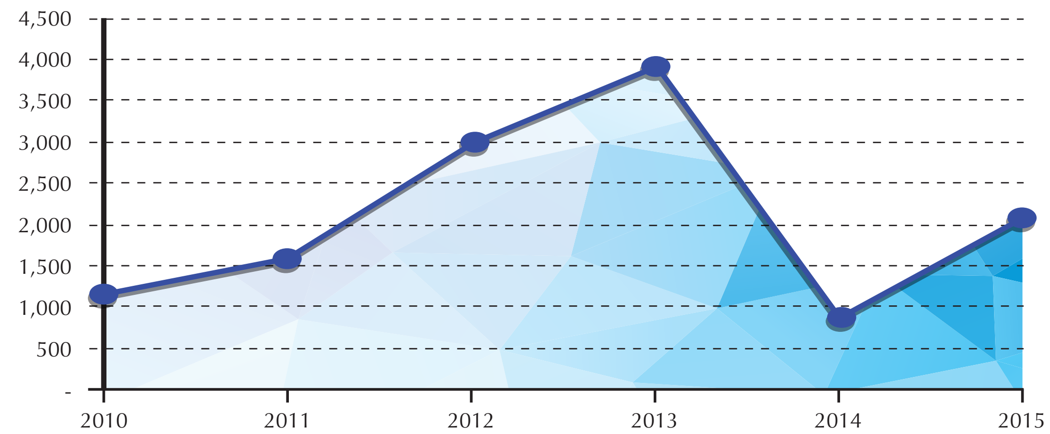
Revenue



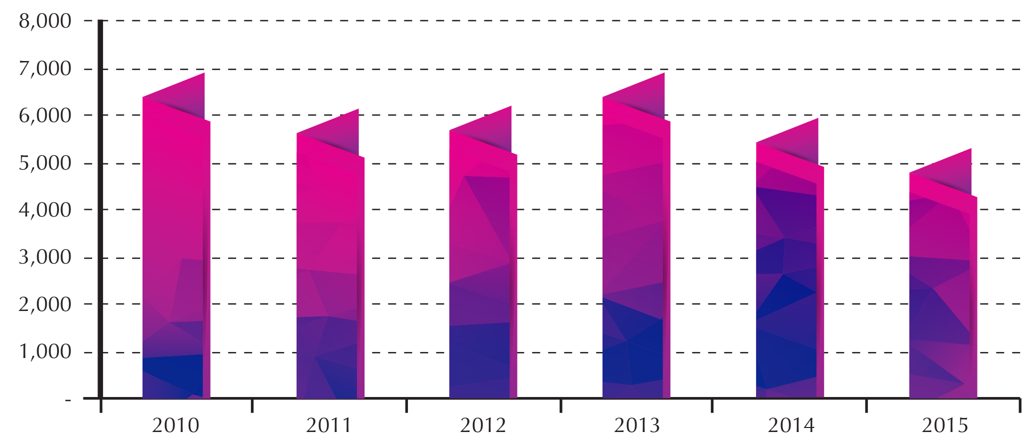
Profit/(Loss) After Tax



EBITDA



Shareholders Value



Financial Statements

Statement of compliance

with the code of corporate governance
For the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange in which the Lahore and Islamabad stock exchanges have merged) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at December 31, 2015 the Board included the following members:

Category	Name
Independent Directors	Asad Said Jafar Feroz Rizvi Omar Yaqoob Sheikh Zafar Hadi
Executive Director	Imran Anwer
Non-Executive Directors	Kimihide Ando Shahzada Dawood Shoichi Ogiwara Khalid S. Subhani Naz Khan

The independent directors meet the criteria of independence under clause i(b) of the CCG. Of the non-executive directors, Mr. Khalid S. Subhani and Ms. Naz Khan are executives in other Engro Group Companies.

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. Seven casual vacancies occurring on the Board on 01.01.15, 14.01.15, 06.02.15, 31.03.15, 11.05.15, 18.06.15 and 30-06-15 were filled up by the directors within 64, 64, 64, 02, 38, 64 and 02 days respectively.

5. The Company has prepared a "Code of Conduct" comprising of Ethics and Business Practices policies and has ensured that appropriate steps have been taken to disseminate it 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. Two of the directors attended the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year. Four other directors have already completed this course earlier, while four of the directors will be attending the course in the ensuing year.

10. The Board has approved appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee comprising of four members of whom two are non-executive directors and two are independent directors and the Chairman of the Committee is an independent director.

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, called the Board Compensation Committee. It comprises four members, of whom three are non-executive directors and one is an independent director and the Chairman of the Committee is a non-executive director.

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

Khalid S. Subhani
Chairman
February 01, 2016

Imran Anwer
Chief Executive Officer

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A.F.FERGUSON & CO.

Review report to the members on statement of compliance

with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Polymer and Chemicals Limited (the Company) for the year ended December 31, 2015 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, 2015.

Chartered Accountants
Karachi
Dated: March 14, 2016
Engagement Partner: Waqas A. Sheikh

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A.F.FERGUSON & CO.

Auditors' report to the members

We have audited the annexed balance sheet of Engro Polymer and Chemicals Limited (the Company) as at December 31, 2015 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, 2015 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 14, 2016
Engagement Partner: Waqas A. Sheikh

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Balance sheet

as at december 31, 2015

(Amounts in thousand)	Note	2015	2014
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	16,249,050	16,923,190
Intangible assets	5	90,345	51,847
Long term investment - at cost	6	50,000	50,000
Long term loans and advances	7	66,372	66,351
Deferred taxation	8	908,103	966,120
		17,363,870	18,057,508
Current Assets			
Stores, spares and loose tools	9	1,539,344	1,476,761
Stock-in-trade	10	2,941,206	3,897,503
Trade debts - considered good	11	436,852	554,666
Loans, advances, deposits, prepayments and other receivables	12	390,511	535,690
Taxes recoverable	13	1,115,596	1,091,859
Short term investments	14	300,000	150,012
Cash and bank balances	15	154,779	537,185
		6,878,288	8,243,676
TOTAL ASSETS		24,242,158	26,301,184
EQUITY AND LIABILITIES			
Equity			
Share capital	16	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(11,993)	(29,757)
Accumulated loss		(2,283,693)	(1,629,890)
		5,303,031	5,939,070
Non-Current Liabilities			
Long term borrowings	17	5,262,612	6,098,708
Derivative financial instruments	18	17,382	44,414
		5,279,994	6,143,122
Current Liabilities			
Current portion of long term borrowings	17	3,064,064	3,016,196
Derivative financial instruments - at fair value through profit or loss	18	23,982	119,571
Service benefit obligations	19	38,976	39,737
Short term borrowings	20	3,026,180	600,000
Trade and other payables	21	6,300,942	9,336,520
Accrued interest / mark-up	22	56,116	92,785
Provisions	23	1,148,873	1,014,183
		13,659,133	14,218,992
TOTAL EQUITY AND LIABILITIES		24,242,158	26,301,184
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, 2015

[Amounts in thousand except for loss per share]	Note	2015	2014
		Rupees	
Net revenue	25	22,263,742	23,819,272
Cost of sales	26	(19,490,499)	(22,151,231)
Gross profit		2,773,243	1,668,041
Distribution and marketing expenses	27	(1,211,496)	(1,409,009)
Administrative expenses	28	(515,348)	(494,416)
Other operating expenses	29	(325,474)	(309,139)
Other income	30	57,489	174,344
Operating profit / (loss)		778,414	(370,179)
Finance costs	31	(1,144,194)	(1,064,972)
Loss before taxation		(365,780)	(1,435,151)
Taxation	32	(283,077)	419,012
Loss for the year		(648,857)	(1,016,139)
Loss per share - basic and diluted	33	(0.98)	(1.53)

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, 2015

(Amounts in thousand)	Note	2015 Rupees	2014 Rupees
Loss for the year		(648,857)	(1,016,139)
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)	(1,648)
Items that may be reclassified subsequently to profit or loss			
Hedging reserve			
(Loss) / Gain arising during the year, net		(5,417)	33,147
Reclassification adjustments for losses included in profit or loss		32,449	2,445
Income tax relating to hedging reserve		(9,268)	(12,545)
		17,764	23,047
Other comprehensive income for the year - net of tax		12,818	21,399
Total comprehensive loss for the year		(636,039)	(994,740)

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, 2015

(Amounts in thousand)

	Share Capital	RESERVES – CAPITAL: Share premium	RESERVES – REVENUE: Hedging reserve	RESERVES – REVENUE: Accumulated loss	Total
	Rupees				
Balance as at January 1, 2014	6,634,688	964,029	(52,804)	(612,103)	6,933,810
Total comprehensive loss for the year ended December 31, 2014	-	-	23,047	(1,017,787)	(994,740)
Balance as at December 31, 2014	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

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, 2015

(Amounts in thousand)	Note	2015	2014
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	182,420	2,756,145
Finance costs paid		(994,685)	(1,026,248)
Long term loans and advances		(21)	(13,746)
Retirement benefits paid		(119,225)	(120,347)
Income tax paid		(263,011)	(455,525)
Net cash (utilized in) / generated from operating activities		(1,194,522)	1,140,279
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(607,339)	(1,036,970)
- intangible assets		(53,369)	(15,143)
Proceeds from disposal of property, plant and equipment		10,896	12,024
Income on short term investment and bank deposits		33,928	46,615
Net cash utilized in investing activities		(615,884)	(993,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		2,150,000	1,700,000
Repayments of long term borrowings		(2,998,192)	(2,253,881)
Proceeds from short term borrowings		819,094	300,000
Repayments of short term borrowings		-	(300,000)
Dividend from subsidary		-	100,000
Net cash utilized in financing activities		(29,098)	(453,881)
Net decrease in cash and cash equivalents		(1,839,504)	(307,076)
Cash and cash equivalents at beginning of the year		687,197	994,273
Cash and cash equivalents at end of the year	37	(1,152,307)	687,197

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, 2015

(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 (formerly Karachi Stock Exchange in which Lahore and Islamabad Stock Exchanges have merged).

1.2 The Company is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (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.

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

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 2015

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

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

- IFRS 10 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. The standard does not have any significant impact on the Company's financial statements.

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

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

- IAS 27 (Revised) 'Separate financial statements'. This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard does not have any significant impact on the Company's financial statements.

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

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

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

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

  - Servicing contracts – If an entity transfers a financial 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 standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

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

(Amounts in thousand)

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

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

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

2.2 Property, plant and equipment

These are stated at 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.

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.

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.

(Amounts in thousand)

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.

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.

(Amounts in thousand)

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.

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.

(Amounts in thousand)

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 income.

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 income.

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.

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.

(Amounts in thousand)

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 recorded 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.

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

	2015	2014
	Rupees	
Operating assets, at net book value - note 4.1	15,520,580	16,472,475
Capital work-in-progress - note 4.4	642,520	366,659
Capital spares	85,950	84,056
	16,249,050	16,923,190

(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, 2014										
Cost	194,127	500,071	21,704,587	398,968	26,122	50,315	33,849	157,765	133,494	23,199,298
Accumulated depreciation	(33,020)	(108,075)	(5,859,762)	(145,688)	(18,447)	(10,274)	(9,120)	(114,939)	(66,901)	(6,366,226)
Net book value	161,107	391,996	15,844,825	253,280	7,675	40,041	24,729	42,826	66,593	16,833,072
Year ended December 31, 2014										
Opening net book value	161,107	391,996	15,844,825	253,280	7,675	40,041	24,729	42,826	66,593	16,833,072
Additions - note 4.4	-	3,611	849,384	-	-	-	-	29,149	-	882,144
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	-	(34,586)	(34,586)
Accumulated depreciation	-	-	-	-	-	-	-	-	23,584	23,584
	-	-	-	-	-	-	-	-	(11,002)	(11,002)
Write offs - note 4.3										
Cost	-	-	(42,484)	-	-	-	-	(263)	-	(42,747)
Accumulated depreciation	-	-	34,613	-	-	-	-	41	-	34,654
	-	-	(7,871)	-	-	-	-	(222)	-	(8,093)
Depreciation charge - note 4.2	(3,934)	(12,491)	(1,152,313)	(19,948)	(1,306)	(2,516)	(1,692)	(13,915)	(15,531)	(1,223,646)
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
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 December 31, 2015										
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
Annual Rate of Depreciation (%)	2 to 2.14	2.5 to 10	5 to 25	5	5	5	5	5 to 33	5 to 25	

(Amounts in thousand)

		2015	2014
		Rupees	
4.2	Depreciation charge has been allocated as follows:		
	Cost of sales - note 26	1,247,190	1,210,823
	Distribution and marketing expenses - note 27	3,839	4,893
	Administrative expenses - note 28	18,079	7,930
		1,269,108	1,223,646

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	1,920	1,380	540	480	By Company policy to existing/ separating employees	Abdul Qayuum Sheikh
"	1,920	1,380	540	480		Syed Kaleem Asghar Naqvi
"	1,960	1,378	582	490		Adeeb Ahmed Malik
"	1,930	1,387	543	483		Farhan Ansari
"	1,930	1,417	513	483		M.Ali Ansari
"	8,000	3,750	4,250	3,877		Arshaduddin Ahmed
"	1,399	940	459	350		S.M Farooq Ahmed
"	1,965	1,351	614	492		Muneeza Kassim
"	1,447	904	543	475		Usama H. Siddiqui
"	1,648	747	901	824		Aneeq Ahmed
"	1,950	1,341	609	488		Syed Nayyar Iqbal Raza
"	1,386	975	411	347		Rizwan Ahmed Taqi
"	1,825	1,369	456	356		Jahanzeb Dal
"	1,269	952	317	317		Hasnain Mahmood Ali
"	1,424	1,024	400	356		Syed Muhammad Ali
"	1,448	1,040	408	359		Mohsin Mumtaz
	33,421	21,335	12,086	10,657		
Computer equipment - Laptop	283	44	239	239	By specific approval - seperating employee	Arshaduddin Ahmed
Computer equipment - Laptop	125	79	46	70	Insurance claim	EFU General Insurance
2015	33,829	21,458	12,371	10,966		
2014	77,333	58,238	19,095	12,024		

(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, 2014					
Balance as at January 1, 2014	2,261	197,934	9,931	1,707	211,833
Additions during the year	6,325	994,613	21,177	29,998	1,052,113
Transferred to:					
-Operating assets - note 4.1	(3,611)	(849,384)	(29,149)	-	(882,144)
-Intangible assets - note 5	-	-	-	(15,143)	(15,143)
Balance as at December 31, 2014	4,975	343,163	1,959	16,562	366,659
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

5. INTANGIBLE ASSETS - Computer software

	Rupees
As at January 1, 2014	
Cost	92,543
Accumulated amortization	(42,445)
Net book value	50,098
Year ended December 31, 2014	
Opening net book value	50,098
Additions at cost - note 4.4	15,143
Amortization charge - note 28	(13,394)
Closing net book value	51,847
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

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

(Amounts in thousand)

		2015	2014
		Rupees	
6.	LONG TERM INVESTMENT		
	Subsidiary - at cost Engro Polymer Trading (Private) Limited 5,000,000 (2014: 5,000,000) ordinary shares of Rs. 10 each	50,000	50,000
7.	LONG TERM LOANS AND ADVANCES - Considered good		
	Executives - notes 7.1, 7.2, 7.4 and 7.5	101,023	99,847
	Less: Current portion shown under current assets - note 12	(34,653)	(33,636)
		66,370	66,211
	Employees - notes 7.3 and 7.5	16	340
	Less: Current portion shown under current assets - note 12	(14)	(200)
		2	140
		66,372	66,351

7.1 No loans and advances were due from Chief Executive at the beginning or at end of the year. Reconciliation of the carrying amount of loans and advances to executives is as follows:

	2015	2014
	Rupees	
Balance at beginning of the year	99,847	88,146
Add: Disbursements	70,725	63,560
Less: Repayments / Amortizations	(69,549)	(51,859)
Balance at end of the year	101,023	99,847

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. 139,119 (2014: Rs. 102,242). 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)

	2015	2014
	Rupees	
8. DEFERRED TAXATION		
Credit balances arising due to:		
- accelerated tax depreciation	(2,995,947)	(3,517,629)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 8.1	3,424,568	3,628,101
- recoupable minimum turnover tax - note 8.2	-	154,348
- unpaid liabilities	70,720	88,283
- provision for Gas Infrastructure Development Cess, Custom duty and Special Excise Duty	325,412	314,747
- provision for net realizable value of stock-in-trade	14,312	220,655
- provision for slow moving stores and spares	14,182	8,545
- fair value of hedging instrument	5,389	14,657
- share issuance cost, net to equity	49,467	54,413
	3,904,050	4,483,749
	908,103	966,120

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, 2015 amount to Rs. 11,415,228 (2014: Rs. 10,994,246).

8.2 During the year, the Company has fully derecognized the deferred tax asset relating to minimum turnover tax paid in prior years, on account of significant uncertainty over its future recoverability. Further, the Company has also not recognized deferred tax asset relating to minimum turnover tax for the current year.

	2015	2014
	Rupees	
9. STORES, SPARES AND LOOSE TOOLS		
Consumable stores and spares	1,621,069	1,504,784
Less:		
- Provision for slow moving stores and spares - note 9.1	52,525	28,023
- Stores and spares written-off - note 26	29,200	-
	1,539,344	1,476,761

	2015	2014
9.1 The movement in the provision for slow moving stores and spares is as follows:		
Balance at beginning of the year	28,023	20,896
Add: Recognized during the year - note 26	24,502	7,127
Balance at end of the year	52,525	28,023

(Amounts in thousand)

		2015	2014
		Rupees	
10.	STOCK-IN-TRADE		
	Raw and packing materials - notes 10.1, 10.3, 10.4 and 10.5	1,975,662	2,406,646
	Work-in-process	23,533	21,632
	Finished goods - own manufactured product - notes 10.1 and 10.2	942,011	1,469,225
		2,941,206	3,897,503

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

	2015	2014
- Engro Vopak Terminal Limited, a related party	459,663	579,802
- Dawood Hercules Corporation Limited, a related party	8,755	9,334
- Al-Rahim Trading Company (Private) Limited	108,297	7,739
	576,715	596,875

10.2 This includes carrying value of Poly Vinyl Chloride resin, net of realizable value reduction of Rs. 51,299 (2014: Rs. 700,679).

10.3 This includes carrying value of Vinyl Chloride Monomer (VCM) net of realizable value reduction of Nil (2014: Rs. 22,970).

10.4 Raw materials amounting to Nil (2014: Rs. 428) were written-off during the year.

10.5 This includes goods in transit amounting to Rs. 416,837 (2014: Rs. 650,925).

		2015	2014
		Rupees	
11.	TRADE DEBTS - considered good		
	Secured - notes 11.1 and 11.2	301,035	464,597
	Unsecured - note 11.2	135,817	90,069
		436,852	554,666

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	2015	2014
	Rupees			
Engro Fertilizer Limited	11,675	5,221	16,896	4,752
Engro Foods Limited	2,679	10	2,689	1,492
Mitsubishi Coporation	-	-	-	135,342
	14,354	5,231	19,585	141,586

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 defaults in recent history.

(Amounts in thousand)

	2015	2014
	Rupees	
12. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Current portion of long term loans and advances - note 7		
- executives	34,653	33,636
- employees	14	200
	34,667	33,836
Advances to employees	2,829	3,788
Advances to suppliers and others	71,605	61,661
Deposits	19,957	53,106
Prepayments	85,746	89,219
Receivable from Government of Pakistan		
- Sales tax and Federal excise duty refundable	169,035	279,679
- Octroi/duty claims	152	152
	169,187	279,831
Due from related parties:		
Engro Vopak Terminal Limited	1,800	-
Engro Fertilizers Limited	-	9,754
Engro Foods Limited	7	-
Engro Powergen Qadirpur Limited	253	9
	2,060	9,763
Other receivables	4,460	4,486
	390,511	535,690
Considered doubtful		
Custom duty claims refundable - note 12.1	18,043	18,043
Less: Provision for impairment - note 12.2	(18,043)	(18,043)
	-	-
Special Excise Duty (SED) refundable	36,687	36,687
Less: Provision for impairment - note 12.2	(36,687)	(36,687)
	-	-
	390,511	535,690

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 As at December 31, 2015, receivables aggregating to Rs. 54,730 (2014: Rs. 54,730) were deemed to be impaired and have been provided for in full, based on prudence. The remaining balances of loans, deposits, 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.

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. 36,689; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by 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.

(Amounts in thousand)

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. 36,689 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.

	2015	2014
	Rupees	
14. SHORT TERM INVESTMENTS		
Held to maturity		
Term Deposits Receipts - note 14.1	300,000	-
Loans and receivables		
Pakistan Investment Bonds - note 14.2	-	150,012
	300,000	150,012

14.1 These Term Deposits Receipts mature on January 12, 2016 and carry markup at the rate of 7.6% per annum.

14.2 These represent Pakistan Investment Bonds carrying an effective interest rate of 9.41%, matured on January 7, 2015.

	2015	2014
	Rupees	
15. CASH AND BANK BALANCES		
Cash in hand	886	428
Cash at bank:		
- current accounts	39,164	73,193
- saving accounts - note 15.1	114,729	463,564
	153,893	536,757
	154,779	537,185

15.1 Includes Rs. 36,679 (2014: Rs. 51,049) held in foreign currency bank account.

(Amounts in thousand)

	2015	2014
	Rupees	
16. SHARE CAPITAL		
Authorized capital		
800,000,000 (2014: 800,000,000) ordinary shares of Rs. 10 each	8,000,000	8,000,000
400,000,000 (2014 : Nil) preference shares of Rs. 10 each - note 16.1	4,000,000	-
Issued, subscribed and paid-up capital		
663,468,788 (2014: 663,468,788) ordinary shares of Rs. 10 each, fully paid in cash - note 16.2	6,634,688	6,634,688

16.1 During the year, pursuant to a special resolution passed in the Extra Ordinary General Meeting held on 30 April 2015, the authorized share capital of the Company has been increased by 400,000,000 preference shares having a par value of Rs.10 each.

16.2 As at December 31, 2015, Engro Corporation Limited (the Holding Company) held 372,809,989 (2014: 372,809,989) ordinary shares of Rs.10 each.

17. LONG TERM BORROWINGS, secured

Title	Mark-up rate per annum	Installments		2015	2014
		Number	Commencing from	Rupees	
Syndicated term finance I (note 17.3)	6 months KIBOR + 2.25%	13 half yearly	November 2010	1,385,616	2,530,284
Syndicated term finance II (note 17.3)	6 months KIBOR + 3%	13 half yearly	June 2010	212,085	566,842
Syndicated term finance IV (note 17.4)	6 months KIBOR + 2.55%	6 half yearly	May 2013	-	166,667
Syndicated term finance V (note 17.5)	6 months KIBOR + 1.5%	8 half yearly	June 2015	991,605	1,322,136
Bilateral Loan I (note 17.2)	6 months KIBOR + 2%	6 half yearly	June 2016	544,291	542,388
Master Istisna III	6 months KIBOR + 2%	6 half yearly	June 2015	-	200,000
Master Istisna IV (note 17.6)	6 months KIBOR + 2.6%	Single	April 2016	100,000	100,000
International Finance Corporation (IFC) (note 17.2)	6 months LIBOR + 2.6% to 3%	15 half yearly	June 2010	1,246,479	1,991,687
Bilateral Loan II (note 17.2)	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
Bilateral Loan III (note 17.2)	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
Subordinated loan from Engro Corporation Limited (note 17.1)	3 months KIBOR + 3.5%	Repayable in full five years		2,150,000	-
				8,326,676	9,114,904
Less: Current portion shown under current liabilities				(3,064,064)	(3,016,196)
				5,262,612	6,098,708

(Amounts in thousand)

17.1 During the year, the Company has 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, 2015 Rs. 2,150,000 have been drawn from the available facility.

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

17.3 These finances are secured by:

(i) a first charge ranking pari passu with each other over leasehold land together with the buildings, plant, machinery and other equipment thereon; and

(ii) a first charge by way of hypothecation over:

- all Project Assets; and

- all present and future moveable fixed assets other than Project Assets.

17.4 These finances were secured by:

(i) a second charge over leasehold land together with the building, plant and machinery and other equipment thereon; and

(ii) a second charge by way of hypothecation over all present and future fixed assets of the Company.

17.5 These finances are secured by:

(i) a mortgage over leasehold land together with the building, plant and machinery and other equipment thereon; and

(ii) a ranking charge by way of hypothecation over all present and future fixed assets of the Company excluding land and buildings.

17.6 This facility is secured by joint floating pari passu charge of Rs. 125,000 over the present and future stocks and receivables of the Company.

17.7 Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the Bilateral Loan agreements, the Company is required to comply with certain debt covenants. As at December 31, 2015, the Company is not in compliance with some of these debt covenants and has accordingly notified the concerned financial institutions. The company is considering various measures, including issuance of preference shares, as approved by shareholders during the year (note 16.1), to improve the Company's financial position and ratios.

18. DERIVATIVE FINANCIAL INSTRUMENTS

18.1 As at December 31, 2015, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating 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:

(Amounts in thousand)

Notional Amounts US $	Effective Date	Termination Date	Fixed Rate %	Fair Values as at 2015	2014
				Rupees	
3,000	December 15, 2008	June 15, 2017	3.385	7,602	19,293
1,000	June 15, 2009	June 15, 2017	3.005	2,132	5,426
3,000	June 15, 2009	June 15, 2017	2.795	5,731	14,771
1,000	June 15, 2009	June 15, 2017	2.800	1,917	4,924
8,000				17,382	44,414

18.2 As at December 31, 2015, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating US$ 24,471 (2014: US$ 52,339) 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, 2015 the fair value of these derivatives is Rs. 23,982 (2014 : Rs. 119,571).

19. SERVICE BENEFIT OBLIGATIONS

	2015	2014
	Rupees	
Service incentive plan - note 19.1	38,976	39,737

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

20. SHORT TERM BORROWINGS

	2015	2014
	Rupees	
Running finance utilized under mark-up arrangements - note 20.1	527,086	-
Export refinance facility - note 20.2	750,000	-
Money market loans - note 20.3	1,080,000	-
Loan from Subsidiary - note 20.4	69,094	-
Sub-ordinated loan from Engro Corporation Limited - note 20.5	600,000	600,000
	3,026,180	600,000

(Amounts in thousand)

20.1 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,050,000 (2014: Rs. 2,875,000). 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% (2014: relevant period KIBOR plus 1.0% to 1.25%) per annum. During the year, the mark-up rates, net of prompt payment rebate, ranged from 7.44% to 11.15% (2014: 10.77% to 11.69%) 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 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 are obtained for a period ranging from 7 to 30 days and are 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.

20.5 This represents 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, 2015 aggregates to Rs.13,175,000 (2014: Rs.13,950,000). The amount utilized as at December 31, 2015 was Rs. 4,436,000 (2014: Rs. 7,533,229). The facilities carry commission at the rate of 0.05% to 0.1% flat (2014: 0.05% flat).

21. TRADE AND OTHER PAYABLES

	2015	2014
	Rupees	
Trade and other creditors - note 21.1	4,474,429	7,446,284
Accrued liabilities	1,239,837	1,252,263
Advances from customers - note 21.1	437,624	516,138
Retention money against project payments	11,887	8,733
Security deposits	41,937	35,614
Workers' welfare fund	43,764	43,764
Withholding tax payable	4,858	8,912
Others	46,606	24,812
	6,300,942	9,336,520

(Amounts in thousand)

21.1 Includes amount due to following related parties:

	2015	2014
	Rupees	
- Engro Corporation Limited	392	1,100
- Mitsubishi Corporation	2,195,710	5,920,255
- Engro Fertilizers Limited	485	-
- Engro Vopak Terminal Limited	93,654	95,479
	2,290,241	6,016,834

22. ACCRUED INTEREST / MARK-UP

	2015	2014
Finance cost accrued on:		
- long term borrowings	27,435	64,292
- short term borrowings	28,681	28,493
	56,116	92,785

23. PROVISIONS

	2015	2014
Provision for Gas Infrastructure Development Cess - note 23.1	1,148,873	923,765
Provision for duty on import of raw materials	-	90,418
	1,148,873	1,014,183

23.1 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 has reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs.592,125 in respect of captive power.

(Amounts in thousand)

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 provision of Rs. 556,748 pertaining to the period subsequent to promulgation of GIDC Act, 2015.

24. CONTINGENCIES AND COMMITMENTS

24.1 Subsequent to the balance sheet date, the Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016 raised sales tax demand of Rs. 524,589 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The management of the Company strongly believes that the order passed against the Company is baseless as the DCIR has used inappropriate theoretical assumptions for calculating the sales tax liability.

The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matter would be favorable and is in the process of filing appeal against aforesaid order at relevant forums.

24.2 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at December 31, 2015 amounts to Rs. 1,098,000 (2014: Rs.1,165,000). The amount utilized there against as at December 31, 2015 is Rs. 1,097,280 (2014: Rs. 1,080,939).

24.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Dawood Hercules Corporation Limited – a related party, 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:

	2015	2014
	Rupees	
Not later than 1 year	16,834	14,788
Later than 1 year and no later than 5 years	37,200	51,600
	54,034	66,388

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)

25. NET REVENUE

	2015	2014
	Rupees	
Gross local sales	23,997,674	24,097,182
Less:		
- Sales tax	3,436,585	3,489,764
- Discounts	240,797	367,629
	3,677,382	3,857,393
	20,320,292	20,239,789
Export sales	1,872,443	3,530,917
Supply of electricity - note 25.1	71,007	48,566
	22,263,742	23,819,272

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

26. COST OF SALES

	2015	2014
	Rupees	
Opening stock of work-in-process	21,632	27,923
Raw and packing materials consumed - note 26.1	11,277,158	14,349,401
Salaries, wages and staff welfare - note 26.2	889,095	784,340
Fuel, power and gas - note 26.3	3,400,214	3,998,451
Repairs and maintenance	362,967	341,868
Depreciation - note 4.2	1,247,190	1,210,823
Consumable stores	314,741	300,209
Purchased services	165,669	132,828
Storage and handling	1,019,968	1,023,385
Training, conveyance and travelling	107,477	94,858
Communication, stationery and other office expenses	7,459	8,684
Insurance	95,478	110,582
Provision for slow moving stores and spares - note 9.1	24,502	7,127
Stores and spares written-off - note 9	29,200	-
Raw materials written off - note 10.4	-	428
Other expenses	24,068	26,625
	18,965,186	22,389,609
Closing stock of work-in-process	(23,533)	(21,632)
Cost of goods manufactured	18,963,285	22,395,900
Opening stock of finished goods	1,469,225	1,224,556
Closing stock of finished goods	(942,011)	(1,469,225)
	527,214	(244,669)
	19,490,499	22,151,231

26.1 This is net of reversal of provision amounting to Rs. 90,418 in respect of duty on import of raw materials (note 23).

(Amounts in thousand)

26.2 Includes Rs. 81,352 (2014: Rs. 69,930) 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 Rs. 753,664, in respect of GIDC of prior periods, as disclosed in note 23.1.

27. DISTRIBUTION AND MARKETING EXPENSES

	2015	2014
	Rupees	
Salaries, wages and staff welfare - note 27.1	143,706	140,719
Sales promotion	108,706	135,705
Product transportation and handling	899,332	1,071,576
Rent, rates and taxes	23,067	20,188
Purchased services	8,261	6,797
Depreciation - note 4.2	3,839	4,893
Training, conveyance and travelling	10,868	14,361
Communication, stationery and other office expenses	3,209	4,364
Others	10,508	10,406
	1,211,496	1,409,009

27.1 Includes Rs. 21,414 (2014: Rs. 13,712) in respect of staff retirement and other service benefits, referred to in note 34.

28. ADMINISTRATIVE EXPENSES

	2015	2014
	Rupees	
Salaries, wages and staff welfare - note 28.1	252,208	240,501
Rent, rates and taxes	65,902	79,187
Purchased services	97,031	80,613
Insurance	631	1,661
Depreciation - note 4.2	18,079	7,930
Amortization - note 5	14,871	13,394
Training, conveyance and travelling	26,285	29,415
Communication, stationery and other office expenses	18,500	23,807
Others	21,841	17,908
	515,348	494,416

28.1 Includes Rs. 15,698 (2014: Rs. 12,780) in respect of staff retirement and other service benefits, referred to in note 34.

(Amounts in thousand)

29. OTHER OPERATING EXPENSES

	2015	2014
	Rupees	
Legal and professional charges	15,435	20,678
Auditors' remuneration - note 29.1	6,127	2,898
Donations - notes 29.2 and 29.3	11,127	13,669
Workers' welfare fund	-	5,596
Loss on disposal of operating assets	1,429	-
Foreign exchange loss - net	291,310	258,393
Operating assets written-off, net - note 4.1	46	7,905
	325,474	309,139

29.1 Auditors' remuneration

	2015	2014
Fee for:		
- Annual statutory audit	985	915
- Half yearly review	235	200
- Review of compliance with Code of Corporate Governance	40	50
Taxation and other advisory services	4,594	1,590
Reimbursement of expenses	273	143
	6,127	2,898

29.2 Includes donation to Engro Foundation amounting to Rs. 2,000 (2014: Rs. 2,250), and to Institute of Business Administration - Sukkur amounting to Rs. Nil (2014: Rs. 30). Both are related parties 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. Khalid Siraj Subhani (Director) who is the member of the Academic Council of Institute of Business Administration - Sukkur, and the trustee of Engro Foundation along with Mr. Imran Anwer (CEO) and Ms. Naz Khan (Director).

30. OTHER INCOME

	2015	2014
	Rupees	
On financial assets		
Income on bank deposits	26,680	28,858
Income from short term investments	7,248	17,757
On non-financial assets		
Profit on disposal of operating assets	-	834
Scrap sales	6,965	15,508
Dividend from Subsidiary	-	100,000
Others	16,596	11,387
	57,489	174,344

(Amounts in thousand)

	2015	2014
	Rupees	
31. FINANCE COSTS		
Interest / mark-up on:		
- long term borrowings	781,117	919,097
- short term borrowings	142,606	81,655
- running finances	34,293	35,528
	958,016	1,036,280
Foreign exchange loss / (gain) on borrowings	62,412	(142,400)
Guarantee commission	4,247	559
Interest on Workers' profits participation fund	-	3,894
Bank charges and others	119,519	166,639
	1,144,194	1,064,972
32. TAXATION		
Current		
- for the year - note 32.1	191,211	154,348
- for prior years	48,063	(48,228)
	239,274	106,120
Deferred		
- for the year	43,803	(519,366)
- for prior years	-	(5,766)
	43,803	(525,132)
	283,077	(419,012)

32.1 Represents minimum tax at the rate of 1% (2014: 1%) on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

32.2 Relationship between tax expense and accounting loss

	2015	2014
	Rupees	
Loss before taxation	(365,780)	(1,435,151)
Tax calculated at applicable rate of 32% (2014: 33%)	(117,050)	(473,600)
Tax effect of presumptive tax regime and income subject to lower tax rates	(39,046)	(280,820)
Prior year tax charge / (reversal), net	48,063	(53,994)
Effect of inadmissible expenses	4,505	5,346
Effect of non-recognition of deferred tax on minimum turn over tax	172,487	-
Derecognition of deferred tax asset on minimum turnover tax	154,348	387,210
Impact of change in tax rate	58,161	(3,521)
Others	1,609	367
	283,077	(419,012)

(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:

	2015	2014
	Rupees	
Loss for the year	(648,857)	(1,016,139)
	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, 2014 and unaudited financial statements as at June 30, 2015.

34.1.1 Details of the Fund

	June 30, 2015	June 30, 2014
	Rupees	
Size of the Fund - Total assets	3,161,499	2,091,284
Cost of the investment made	2,333,996	1,679,824
Percentage of investments made	87%	89%
Fair value of investments	2,736,879	1,861,191

34.1.2 Breakup of Investment is as follows:

	June 30, 2015		June 30, 2014	
Description	Investments in Rupees	Percentage of investment made	Investments in Rupees	Percentage of investment made
National savings scheme	223,037	8%	290,609	16%
Government securities	1,045,090	38%	901,642	48%
Listed securities and unit trust	1,164,311	43%	518,263	28%
Balances with banks in savings account	304,441	11%	150,677	8%
	2,736,879	100%	1,861,191	100%

(Amounts in thousand)

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. 55,128 (2014: Rs. 52,174) 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. 60,373 (2014: Rs. 42,023) 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. 2,963 (2014: 2,225) 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:

	2015			2014		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	Rupees					
Managerial remuneration	18,962	-	564,285	32,648	-	539,703
Retirement benefit funds	1,324	-	88,007	-	-	83,172
Bonus	7,148	-	80,524	12,088	-	78,886
Other benefits	2,164	-	109,786	3,986	-	85,687
Directors fee	-	1,350	-	-	1,672	-
Total	29,598	1,350	842,602	48,722	1,672	787,448
Number of persons including those who worked part of the year	2	6	259	1	9	252

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. 720 (2014: Rs. 927).

(Amounts in thousand)

36. CASH GENERATED FROM OPERATIONS

	2015	2014
	Rupees	
Loss before taxation	(365,780)	(1,435,151)
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	118,464	96,422
Depreciation and amortization	1,283,979	1,237,040
Provision for slow moving stores and spares	24,502	7,127
Stores and spares written-off	29,200	-
(Reversal of Provision) / Provision for net realizable value of stock-in-trade, net	(672,350)	694,475
Write-off of damaged items of property, plant and equipment	46	7,905
Income on bank deposits and short term investments	(33,928)	(46,615)
Unrealized foreign exchange loss / (gain) on borrowings	32,895	(97,000)
Amortization of prepaid financial charges	27,069	28,167
Unrealized foreign exchange (gain) / loss on imports and derivatives	(95,589)	3,612
Finance costs	958,016	1,036,280
Loss / (Profit) on disposal of operating assets	1,429	(834)
Provisions against concessionary duty on import of raw materials and GIDC, net	134,690	749,243
Dividend from Subsidiary	-	(100,000)
Working capital changes - note 36.1	(1,260,223)	575,474
	182,420	2,756,145

36.1 WORKING CAPITAL CHANGES

	2015	2014
	Rupees	
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(116,285)	(90,128)
Stock-in-trade	1,628,647	(1,341,388)
Trade debts	117,814	(29,649)
Loans, advances, deposits, prepayments and other receivables - net	145,179	(104,513)
	1,775,355	(1,565,678)
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,035,578)	2,141,152
	(1,260,223)	575,474

(Amounts in thousand)

37. CASH AND CASH EQUIVALENTS

	2015	2014
	Rupees	
Cash and bank balances - note 15	154,779	537,185
Short term investments - note 14	300,000	150,012
Money market loans - note 20	(1,080,000)	-
Running finance utilized under markup arrangements - note 20	(527,086)	-
	(1,152,307)	687,197

38. FINANCIAL INSTRUMENTS BY CATEGORY

38.1 Financial assets as per balance sheet

	2015	2014
Held to maturity		
Short term investments - Term Deposits Receipts	300,000	-
Loans and receivables		
Long term loans	45,887	49,309
Trade debts - considered good	436,852	554,666
Loans, deposits and other receivables	50,808	88,429
Short term investments - Pakistan Investment Bonds	-	150,012
Cash and bank balances	154,779	537,185
	688,326	1,379,601

38.2 Financial liabilities as per balance sheet

	2015	2014
Financial liabilities measured at amortized cost		
Long term borrowings	8,326,676	9,114,904
Short term borrowings	3,026,180	600,000
Trade and other payables	5,814,696	8,767,706
Accrued interest / mark-up	56,116	92,785
	17,223,668	18,575,395
Derivatives		
Used for hedging purposes	17,382	44,414
At fair value through profit or loss	23,982	119,571
	41,364	163,985

(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	-	41,364	-	41,364

There were no transfers amongst the levels during the year.

There were no 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, 2015, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 183,824 (2014: Rs. 336,162) and Rs. 5,358,286 (2014: Rs. 5,273,967) respectively.

At December 31, 2015, 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. 258,706 (2014: Rs. 165,416), 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 December 31, 2015, 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. 86,919 (2014: Rs. 56,146) 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, 2015 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:

	2015	2014
	Rupees	
Long term loans	45,887	49,309
Trade debts - considered good	436,852	554,666
Loans, deposits and other receivables	50,808	88,429
Short term investments	300,000	150,012
Bank balances	153,893	536,757
	987,440	1,379,173

(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, 2015 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	A
Citibank N.A.	Moody	P1	A2
Deutsche Bank A.G	Moody	P2	A3
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Industrial and Commercial Bank of China	Moody	P-1	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	A-1	A
United Bank Limited	JCR-VIS	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
JS Bank	PACRA	A1	A+
NIB Bank Limited	PACRA	A1+	AA-
Bank Islami Pakistan	PACRA	A1	A+
Soneri Bank	PACRA	A1+	AA-
Pak Oman Investment Company	JCR-VIS	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:

	2015			2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	Rupees					
Financial liabilities						
Long term borrowings	3,064,064	5,262,612	8,326,676	3,016,196	6,098,708	9,114,904
Derivative financial instruments	23,982	17,382	41,364	119,571	44,414	163,985
Trade and other payables	5,814,696	-	5,814,696	8,767,706	-	8,767,706
Accrued interest / mark-up	56,116	-	56,116	92,785	-	92,785
Short term borrowings	3,026,180	-	3,026,180	600,000	-	600,000
	11,985,038	5,279,994	17,265,032	12,596,258	6,143,122	18,739,380

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. 41,364 (2014: Rs.163,985) 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:

	2015	2014
	Rupees	
Long term borrowings - note 17	5,262,612	6,098,708
Total equity	5,303,031	5,939,070
Total capital	10,565,643	12,037,778
Gearing ratio	0.498	0.507

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 operating profit or loss which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance costs, other operating income and expenses, and taxation are managed at Company level. Further, 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)

41.2 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees							
Segment profit and loss								
Revenue	17,825,991	18,491,301	4,366,744	5,279,405	71,007	48,566	22,263,742	23,819,272
Less:								
Cost of sales (excluding depreciation)	(15,775,831)	(18,044,917)	(2,416,358)	(2,880,785)	(51,120)	(14,706)	(18,243,309)	(20,940,408)
Distribution and marketing expenses (excluding depreciation)	(997,837)	(1,043,424)	(209,820)	(360,692)	-	-	(1,207,657)	(1,404,116)
Allocated depreciation	(967,104)	(916,070)	(283,189)	(280,933)	(736)	(18,713)	(1,251,029)	(1,215,716)
(Loss) / Profit before unallocated expenses	85,219	(1,513,110)	1,457,377	1,756,995	19,151	15,147	1,561,747	259,032
Unallocated expenses								
Administrative expenses							(515,348)	(494,416)
Other operating expenses							(325,474)	(309,139)
Other income							57,489	174,344
Finance costs							(1,144,194)	(1,064,972)
Taxation							(283,077)	419,012
Loss for the year							(648,857)	(1,016,139)
Segment assets								
Total segment assets (note 41.3)	14,785,696	15,560,768	5,093,381	6,218,330	12,585	12,907	19,891,662	21,792,005
Unallocated assets							4,350,496	4,509,179
Total assets							24,242,158	26,301,184

41.3 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts.

(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	2015	2014
		Rupees	
Holding Company			
- Engro Corporation Limited	Use of operating assets	-	601
	Mark-up on subordinated loan	110,981	81,655
	Reimbursement made	92,646	86,418
	Reimbursement received	7,917	2,252
	Life insurance contribution	506	515
	Medical insurance contribution	221	516
Subsidiary Company			
- Engro Polymer Trading (Private) Limited	Reimbursement received	-	5
	Short-term loan received	69,094	-
Associated Company			
- Mitsubishi Corporation	Purchase of goods	7,447,889	10,715,860
	Sale of goods	94,696	1,222,340
	Purchase of services	48	350
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Purchase of services	-	2,712
	Sale of goods	14,757	21,428
	Sale of services	-	517
	Sales of utilities	95,427	71,252
	Use of operating assets	1,417	5,407
	Reimbursement made	33,213	15,810
	Reimbursement received	2,495	1,795
- Engro Vopak Terminal Limited	Purchase of services	1,024,413	923,568
	Reimbursement made	15,016	13,660
	Reimbursement received	8,354	13,913
- Engro Elengy Terminal Limited	Reimbursement received	464	-
	Reimbursement made	88	-
- Engro Foundation	Reimbursement made	2,022	607
	Donation	2,000	2,250
- Engro PowerGen Qadirpur Limited	Reimbursement received	4,196	4
- Engro PowerGen Limited	Reimbursement made	-	429
	Use of operating assets	-	481
- Engro Foods Limited	Sale of goods	38,239	53,194
	Reimbursement received	814	9
	Reimbursement made	-	4,460
	Use of operating assets	145	505
- Engro Eximp (Private) Limited	Reimbursement received	-	109
	Use of operating assets	-	57
- Sindh Engro Coal Mining Company Limited	Reimbursement received	-	83
- Shell Pakistan Limited	Purchase of goods	3,471	-
- Dawood Hercules Corporation Limited	Purchase of services	14,493	14,480
- Lahore University of Management Sciences	Purchase of services	418	-
- Pakistan Institute of Corporate Governance	Purchase of services	-	1,024
	Annual subscription	75	252
- Institute of Business Administration - Sukkur	Reimbursement made	88	-
	Purchase of services	-	446
	Donation	-	30
- Pakistan Japan Business Forum	Annual subscription	50	-
- Overseas Investors Chamber of Commerce & Industries	Annual subscription	396	330
- Pakistan Society for Human Resource Management	Annual subscription	20	-
Other related party			
- Arabian Sea Country Club	Purchase of services	41	218
	Annual subscription	393	71
Directors	Fee	1,350	1,672
	Advance paid	4,950	-
	Repayment of advance	825	-
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	55,128	52,174
	- Gratuity fund	60,373	42,023
	- Pension fund	2,963	2,225
Key management personnel	Managerial remuneration	70,248	72,480
	Retirement benefit funds	8,755	9,781
	Bonus	23,367	28,254
	Other benefits	15,203	15,477

(Amounts in thousand)

42.2 The related party status of outstanding balances as at December 31, 2015 are disclosed in the respective notes.

43. GENERAL

43.1 Number of employees

Number of permanent employees as at December 31, 2015 was 433 (2014: 442) and average number of employees during the year was 438 (2014: 433).

43.2 Production capacity

	Designed Annual Capacity		Actual Production		Remarks
	2015	2014	2015	2014	
	Kilo tons				
PVC	178	164	162	153	Production planned as per market demand and in house consumption needs
EDC	127	127	100	118	
Caustic soda	106	106	98	114	
VCM	204	204	162	168	
	Mega Watts				
Power	66	66	50	50	

44. CORRESPONDING FIGURES

For better presentation, following reclassifications have been made in these financial statements:

Description	Rupees	Head of account in financial statements for the year ended December 31, 2014	Head of account in financial statements for the year ended December 31, 2015
Profit and loss account			
Salaries, wages and staff welfare	6,701	Administrative expenses	Cost of sales
‘’	3,918	Distribution and marketing expenses	‘’
Purchased services	61,996	Administrative expenses	‘’
Training, conveyance and travelling	80,271	Administrative expenses	‘’
Rent, rates and taxes	15,485	Distribution and marketing expenses	Administrative expenses

The effects of other rearrangements and reclassifications are not material.

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 1, 2016 by the Board of Directors of the Company.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated Financial Statements

pwc

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, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of 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, 2015 and the results of their operations, changes in equity and cash flows for the year then ended.

Chartered Accountants
Karachi
Dated: March 14, 2016
Engagement Partner: Waqas A. Sheikh

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Consolidated balance sheet

as at december 31, 2015

(Amounts in thousand)	Note	2015	2014
		Rupees	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	16,249,050	16,923,190
Intangible assets	5	90,345	51,847
Long term loans and advances	6	66,372	66,351
Deferred taxation	7	908,103	966,120
		17,313,870	18,007,508
Current Assets			
Stores, spares and loose tools	8	1,539,344	1,476,761
Stock-in-trade	9	2,941,206	3,897,503
Trade debts - considered good	10	436,852	554,666
Loans, advances, deposits, prepayments and other receivables	11	395,547	545,081
Taxes recoverable	12	1,115,723	1,092,307
Short term investments	13	300,000	218,872
Cash and bank balances	14	169,222	544,017
		6,897,894	8,329,207
TOTAL ASSETS		24,211,764	26,336,715
EQUITY AND LIABILITIES			
Equity			
Share capital	15	6,634,688	6,634,688
Share premium		964,029	964,029
Hedging reserve		(11,993)	(29,757)
Accumulated loss		(2,252,996)	(1,603,926)
		5,333,728	5,965,034
Non-Current Liabilities			
Long term borrowings	16	5,262,612	6,098,708
Derivative financial instruments	17	17,382	44,414
		5,279,994	6,143,122
Current Liabilities			
Current portion of long term borrowings	16	3,064,064	3,016,196
Derivative financial instruments - at fair value through profit or loss	17	23,982	119,571
Service benefit obligations	18	38,976	39,737
Short term borrowings	19	2,957,086	600,000
Trade and other payables	20	6,310,020	9,346,087
Accrued interest / mark-up	21	55,041	92,785
Provisions	22	1,148,873	1,014,183
		13,598,042	14,228,559
TOTAL EQUITY AND LIABILITIES		24,211,764	26,336,715
Contingencies and Commitments	23		

The annexed notes 1 to 44 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated profit and loss account

for the year ended december 31, 2015

[Amounts in thousand except for loss per share]	Note	2015	2014
		Rupees	
Net revenue	24	22,263,742	23,819,272
Cost of sales	25	(19,490,499)	(22,151,231)
Gross profit		2,773,243	1,668,041
Distribution and marketing expenses	26	(1,211,496)	(1,409,009)
Administrative expenses	27	(515,348)	(494,491)
Other operating expenses	28	(326,315)	(309,893)
Other income	29	62,967	82,063
Operating profit / (loss)		783,051	(463,289)
Finance costs	30	(1,143,122)	(1,064,980)
Loss before taxation		(360,071)	(1,528,269)
Taxation	31	(284,053)	418,951
Loss for the year		(644,124)	(1,109,318)
Loss per share - basic and diluted	32	(0.97)	(1.67)

The annexed notes 1 to 44 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated statement of comprehensive income

for the year ended december 31, 2015

(Amounts in thousand)	Note	2015	2014
		Rupees	
Loss for the year		(644,124)	(1,109,318)
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)	(1,648)
Items that may be reclassified subsequently to profit or loss			
Hedging reserve			
(Loss) / Gain arising during the year, net		(5,417)	33,147
Reclassification adjustments for losses included in profit or loss		32,449	2,445
Income tax relating to hedging reserve		(9,268)	(12,545)
		17,764	23,047
Other comprehensive income for the year - net of tax		12,818	21,399
Total comprehensive loss for the year		(631,306)	(1,087,919)

The annexed notes 1 to 44 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated statement of changes in equity

for the year ended december 31, 2015

(Amounts in thousand)

	Share Capital	RESERVES – CAPITAL: Share premium	RESERVES – REVENUE: Hedging reserve	RESERVES – REVENUE: Accumulated loss	Total
	Rupees				
Balance as at January 1, 2014	6,634,688	964,029	(52,804)	(492,960)	7,052,953
Total comprehensive loss for the year ended December 31, 2014	-	-	23,047	(1,110,966)	(1,087,919)
Balance as at December 31, 2014	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

The annexed notes 1 to 44 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated statement of cash flows

for the year ended december 31, 2015

(Amounts in thousand)	Note	2015	2014
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	186,156	2,776,486
Finance costs paid		(994,685)	(1,026,248)
Long term loans and advances		(21)	(13,746)
Retirement benefits paid		(119,225)	(120,347)
Income tax paid		(263,666)	(458,283)
Net cash (utilized in) / generated from operating activities		(1,191,441)	1,157,862
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(607,339)	(1,036,971)
- intangible assets		(53,369)	(15,143)
Proceeds from disposal of property, plant and equipment		10,896	12,024
Proceeds from sale of short term investments		-	170,909
Income on short term investments and bank deposits		38,692	29,110
Net cash utilized in investing activities		(611,120)	(840,071)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term borrowings		2,150,000	1,700,000
Repayments of long term borrowings		(2,998,192)	(2,253,880)
Proceeds from short term borrowings		750,000	300,000
Repayments of short term borrowings		-	(300,000)
Net cash utilized in financing activities		(98,192)	(553,880)
Net decrease in cash and cash equivalents		(1,900,753)	(236,089)
Cash and cash equivalents at beginning of the year		762,889	998,978
Cash and cash equivalents at end of the year	36	(1,137,864)	762,889

The annexed notes 1 to 44 form an integral part of these financial statements.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Consolidated notes to the financial statements

for the year ended december 31, 2015

(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 (formerly Karachi Stock Exchange in which Lahore and Islamabad Stock Exchanges have merged).

1.3 EPCL is a subsidiary of Engro Corporation Limited (the Holding Company) which is a subsidiary of Dawood Hercules Corporation Limited (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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all 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 2015

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

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

(Amounts in thousand)

- IFRS 10 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. The standard does not have any significant impact on the Company's consolidated financial statements.

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

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

- IAS 27 (Revised) 'Separate financial statements'. This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard does not have any significant impact on the Company's consolidated financial statements.

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

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

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

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

- Servicing contracts – If an entity transfers a financial 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 standard provides guidance about what is meant by continuing involvement. The amendment is prospective with an option to apply retrospectively.

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

(Amounts in thousand)

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

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

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.

(Amounts in thousand)

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 Financial instruments

2.5.1 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.

(Amounts in thousand)

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.

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.

2.5.2 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.

(Amounts in thousand)

2.5.3 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

(Amounts in thousand)

2.11 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.

2.12 Retirement and other service benefits

2.12.1 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 income.

2.12.2 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 income.

2.12.3 Compensated absences

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

2.12.4 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.

2.13 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.

2.14 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.

(Amounts in thousand)

2.15 Taxation

2.15.1 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.

2.15.2 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.

2.16 Foreign currency transactions and translation

These consolidated 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.

2.17 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 17. 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.

2.18 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 recorded 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.

2.19 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.

2.20 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)

2.21 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.

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

	2015	2014
	Rupees	
Operating assets, at net book value - note 4.1	15,520,580	16,472,475
Capital work-in-progress - note 4.4	642,520	366,659
Capital spares	85,950	84,056
	16,249,050	16,923,190

(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, 2014										
Cost	194,127	500,071	21,704,587	398,968	26,122	50,315	33,849	157,765	133,494	23,199,298
Accumulated depreciation	(33,020)	(108,075)	(5,859,762)	(145,688)	(18,447)	(10,274)	(9,120)	(114,939)	(66,901)	(6,366,226)
Net book value	161,107	391,996	15,844,825	253,280	7,675	40,041	24,729	42,826	66,593	16,833,072
Year ended December 31, 2014										
Opening net book value	161,107	391,996	15,844,825	253,280	7,675	40,041	24,729	42,826	66,593	16,833,072
Additions - note 4.4	-	3,611	849,384	-	-	-	-	29,149	-	882,144
Disposals - note 4.3										
Cost	-	-	-	-	-	-	-	-	(34,586)	(34,586)
Accumulated depreciation	-	-	-	-	-	-	-	-	23,584	23,584
	-	-	-	-	-	-	-	-	(11,002)	(11,002)
Write offs - note 4.3										
Cost	-	-	(42,484)	-	-	-	-	(263)	-	(42,747)
Accumulated depreciation	-	-	34,613	-	-	-	-	41	-	34,654
	-	-	(7,871)	-	-	-	-	(222)	-	(8,093)
Depreciation charge - note 4.2	(3,934)	(12,491)	(1,152,313)	(19,948)	(1,306)	(2,516)	(1,692)	(13,915)	(15,531)	(1,223,646)
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
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 December 31, 2015										
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
Annual Rate of Depreciation (%)	2 to 2.14	2.5 to 10	5 to 25	5	5	5	5	5 to 33	5 to 25	

(Amounts in thousand)

		2015	2014
		Rupees	
4.2	Depreciation charge has been allocated as follows:		
	Cost of sales - note 25	1,247,190	1,210,823
	Distribution and marketing expenses - note 27	3,839	4,893
	Administrative expenses - note 28	18,079	7,930
		1,269,108	1,223,646

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	1,920	1,380	540	480	By Company policy to existing/ separating employees	Abdul Qayuum Sheikh
“	1,920	1,380	540	480		Syed Kaleem Asghar Naqvi
“	1,960	1,378	582	490		Adeeb Ahmed Malik
“	1,930	1,387	543	483		Farhan Ansari
“	1,930	1,417	513	483		M.Ali Ansari
“	8,000	3,750	4,250	3,877		Arshaduddin Ahmed
“	1,399	940	459	350		S.M Farooq Ahmed
“	1,965	1,351	614	492		Muneeza Kassim
“	1,447	904	543	475		Usama H. Siddiqui
“	1,648	747	901	824		Aneeq Ahmed
“	1,950	1,341	609	488		Syed Nayyar Iqbal Raza
“	1,386	975	411	347		Rizwan Ahmed Taqi
“	1,825	1,369	456	356		Jahanzeb Dal
“	1,269	952	317	317		Hasnain Mahmood Ali
“	1,424	1,024	400	356		Syed Muhammad Ali
“	1,448	1,040	408	359		Mohsin Mumtaz
	33,421	21,335	12,086	10,657		
Computer equipment - Laptop	283	44	239	239	By specific approval - seperating employee	Arshaduddin Ahmed
Computer equipment - Laptop	125	79	46	70	Insurance claim	EFU General Insurance
2015	33,829	21,458	12,371	10,966		
2014	77,333	58,238	19,095	12,024		

(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, 2014					
Balance as at January 1, 2014	2,261	197,934	9,931	1,707	211,833
Additions during the year	6,325	994,613	21,177	29,998	1,052,113
Transferred to:					
-Operating assets - note 4.1	(3,611)	(849,384)	(29,149)	-	(882,144)
-Intangible assets - note 5	-	-	-	(15,143)	(15,143)
Balance as at December 31, 2014	4,975	343,163	1,959	16,562	366,659
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

5. INTANGIBLE ASSETS - Computer software

	Rupees
As at January 1, 2014	
Cost	92,543
Accumulated amortization	(42,445)
Net book value	50,098
Year ended December 31, 2014	
Opening net book value	50,098
Additions at cost - note 4.4	15,143
Amortization charge - note 27	(13,394)
Closing net book value	51,847
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 27	(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

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

(Amounts in thousand)

	2015	2014
	Rupees	
6. LONG TERM LOANS AND ADVANCES		
- Considered good		
Executives - notes 6.1, 6.2, 6.4 and 6.5	101,023	99,847
Less: Current portion shown under current assets - note 11	(34,653)	(33,636)
	66,370	66,211
Employees - notes 6.3 and 6.5	16	340
Less: Current portion shown under current assets - note 11	(14)	(200)
	2	140
	66,372	66,351

6.1 No loans and advances were due from Chief Executive at the beginning or at end of the year. Reconciliation of the carrying amount of loans and advances to executives is as follows:

	2015	2014
	Rupees	
Balance at beginning of the year	99,847	88,146
Add: Disbursements	70,725	63,560
Less: Repayments / Amortizations	(69,549)	(51,859)
Balance at end of the year	101,023	99,847

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. 139,119 (2014: Rs. 102,242). 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)

7. DEFERRED TAXATION

	2015	2014
	Rupees	
Credit balances arising due to:		
- accelerated tax depreciation	(2,995,947)	(3,517,629)
Debit balances arising due to:		
- recoupable carried forward tax losses - note 7.1	3,424,568	3,628,101
- recoupable minimum turnover tax - note 7.2	-	154,348
- unpaid liabilities	70,720	88,283
- provision for Gas Infrastructure Development Cess, Custom duty and Special Excise Duty	325,412	314,747
- provision for net realizable value of stock-in-trade	14,312	220,655
- provision for slow moving stores and spares	14,182	8,545
- fair value of hedging instrument	5,389	14,657
- share issuance cost, net to equity	49,467	54,413
	3,904,050	4,483,749
	908,103	966,120

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, 2015 amount to Rs. 11,415,228 (2014: Rs. 10,994,246).

7.2 During the year, the Company has fully derecognized the deferred tax asset relating to minimum turnover tax paid in prior years, on account of significant uncertainty over its future recoverability. Further, the Company has also not recognized deferred tax asset relating to minimum turnover tax for the current year.

8. STORES, SPARES AND LOOSE TOOLS

	2015	2014
	Rupees	
Consumable stores and spares	1,621,069	1,504,784
Less:		
- Provision for slow moving stores and spares - note 8.1	52,525	28,023
- Stores and spares written-off - note 25	29,200	-
	1,539,344	1,476,761

	2015	2014
	Rupees	
8.1 The movement in the provision for slow moving stores and spares is as follows:		
Balance at beginning of the year	28,023	20,896
Add: Recognized during the year - note 25	24,502	7,127
Balance at end of the year	52,525	28,023

(Amounts in thousand)

	2015	2014
	Rupees	
9. STOCK-IN-TRADE		
Raw and packing materials - notes 9.1, 9.3, 9.4 and 9.5	1,975,662	2,406,646
Work-in-process	23,533	21,632
Finished goods - own manufactured product - notes 9.1 and 9.2	942,011	1,469,225
	2,941,206	3,897,503

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

- Engro Vopak Terminal Limited, a related party	459,663	579,802
- Dawood Hercules Corporation Limited, a related party	8,755	9,334
- Al-Rahim Trading Company (Private) Limited	108,297	7,739
	576,715	596,875

9.2 This includes carrying value of Poly Vinyl Chloride resin, net of realizable value reduction of Rs. 51,299 (2014: Rs. 700,679).

9.3 This includes carrying value of Vinyl Chloride Monomer (VCM) net of realizable value reduction of Nil (2014: Rs. 22,970).

9.4 Raw materials amounting to Nil (2014: Rs. 428) were written-off during the year.

9.5 This includes goods in transit amounting to Rs. 416,837 (2014: Rs. 650,925).

	2015	2014
	Rupees	
10. TRADE DEBTS - considered good		
Secured - notes 10.1 and 10.2	301,035	464,597
Unsecured - note 10.2	135,817	90,069
	436,852	554,666

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	2015	2014
	Rupees			
Engro Fertilizer Limited	11,675	5,221	16,896	4,752
Engro Foods Limited	2,679	10	2,689	1,492
Mitsubishi Coporation	-	-	-	135,342
	14,354	5,231	19,585	141,586

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 defaults in recent history.

(Amounts in thousand)

11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	Rupees	
Considered good		
Current portion of long term loans and advances - note 6		
- executives	34,653	33,636
- employees	14	200
	34,667	33,836
Advances to employees	2,829	3,788
Advances to suppliers and others	71,605	61,661
Deposits	19,957	53,106
Prepayments	85,746	89,219
Receivable from Government of Pakistan		
- Sales tax and Federal excise duty refundable, net	174,071	289,070
- Octroi/duty claims	152	152
	174,223	289,222
Due from related parties:		
Engro Vopak Terminal Limited	1,800	-
Engros Fertilizers Limited	-	9,754
Engro Foods Limited	7	-
Engro Powergen Qadirpur Limited	253	9
	2,060	9,763
Other receivables	4,460	4,486
	395,547	545,081
Considered doubtful		
Custom duty claims refundable - note 11.1	18,043	18,043
Less: Provision for impairment - note 11.2	(18,043)	(18,043)
	-	-
Special Excise Duty (SED) refundable	36,687	36,687
Less: Provision for impairment - note 11.2	(36,687)	(36,687)
	-	-
	395,547	545,081

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 As at December 31, 2015, receivables aggregating to Rs. 54,870 (2014: Rs. 54,870) were deemed to be impaired and have been provided for in full, based on prudence. The remaining balances of loans, deposits, 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.

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. 36,689; addition of imputed interest on loans to employees and executives of Rs. 20,599 and not considering net loss.

The entire demand of Rs. 163,206 was adjusted against assessed tax refunds and an appeal was filed by 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.

(Amounts in thousand)

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. 36,689 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 consolidated financial statements.

	2015	2014
	Rupees	
13. SHORT TERM INVESTMENTS		
Held to maturity		
Term Deposits Receipts - note 13.1	300,000	-
Treasury bills - note 13.3	-	68,860
Loans and receivables		
Pakistan Investment Bonds - note 13.2	-	150,012
	300,000	218,872

13.1 These Term Deposits Receipts mature on January 12, 2016 and carry markup at the rate of 7.6% per annum.

13.2 These represent Pakistan Investment Bonds carrying an effective interest rate of 9.41%, matured on January 7, 2015.

13.3 These represent treasury bills having face value of Rs. 69,000 discounted using the market yield of 9.30%.These treasury bills matured on January 8,2015.

	2015	2014
	Rupees	
14. CASH AND BANK BALANCES		
Cash in hand	886	428
Cash at bank:		
- current accounts	40,122	74,158
- saving accounts - note 14.1	128,214	469,431
	168,336	543,589
	169,222	544,017

14.1 Includes Rs. 36,683 (2014: Rs. 53,908) held in foreign currency bank account.

(Amounts in thousand)

	2015	2014
	Rupees	

15. SHARE CAPITAL

	2015	2014
Authorized capital		
800,000,000 (2014: 800,000,000) ordinary shares of Rs. 10 each	8,000,000	8,000,000
400,000,000 (2014 : Nil) preference shares of Rs. 10 each - note 15.1	4,000,000	-
Issued, subscribed and paid-up capital		
663,468,788 (2014: 663,468,788) ordinary shares of Rs. 10 each, fully paid in cash - note 15.2	6,634,688	6,634,688

15.1 During the year, pursuant to a special resolution passed in the Extra Ordinary General Meeting held on 30 April 2015, the authorized share capital of the Company has been increased by 400,000,000 preference shares having a par value of Rs.10 each.

15.2 As at December 31, 2015, Engro Corporation Limited (the Holding Company) held 372,809,989 (2014: 372,809,989) ordinary shares of Rs.10 each.

16. LONG TERM BORROWINGS

Title	Mark-up rate per annum	Installments		2015	2014
		Number	Commencing from	Rupees	
Syndicated term finance I (note 16.3)	6 months KIBOR + 2.25%	13 half yearly	November 2010	1,385,616	2,530,284
Syndicated term finance II (note 16.3)	6 months KIBOR + 3%	13 half yearly	June 2010	212,085	566,842
Syndicated term finance IV (note 16.4)	6 months KIBOR + 2.55%	6 half yearly	May 2013	-	166,667
Syndicated term finance V (note 16.5)	6 months KIBOR + 1.5%	8 half yearly	June 2015	991,605	1,322,136
Bilateral Loan I (note 16.2)	6 months KIBOR + 2%	6 half yearly	June 2016	544,291	542,388
Master Istisna III	6 months KIBOR + 2%	6 half yearly	June 2015	-	200,000
Master Istisna IV (note 16.6)	6 months KIBOR + 2.6%	Single	April 2016	100,000	100,000
International Finance Corporation (IFC) (note 16.2)	6 months LIBOR + 2.6% to 3%	15 half yearly	June 2010	1,246,479	1,991,687
Bilateral Loan II (note 16.2)	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
Bilateral Loan III (note 16.2)	6 months KIBOR + 1.35%	6 half yearly	June 2017	848,300	847,450
Subordinated loan from Engro Corporation Limited (note 16.1)	3 months KIBOR + 3.5%	Repayable in full five years		2,150,000	-
				8,326,676	9,114,904
Less: Current portion shown under current liabilities				(3,064,064)	(3,016,196)
				5,262,612	6,098,708

(Amounts in thousand)

16.1 During the year, the Company has 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, 2015 Rs. 2,150,000 have been drawn from the available facility.

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

16.3 These finances are secured by:

(i) a first charge ranking pari passu with each other over leasehold land together with the buildings, plant, machinery and other equipment thereon; and

(ii) a first charge by way of hypothecation over:

- all Project Assets; and

- all present and future moveable fixed assets other than Project Assets.

16.4 These finances were secured by:

(i) a second charge over leasehold land together with the building, plant and machinery and other equipment thereon; and

(ii) a second charge by way of hypothecation over all present and future fixed assets of the Company.

16.5 These finances are secured by:

(i) a mortgage over leasehold land together with the building, plant and machinery and other equipment thereon; and

(ii) a ranking charge by way of hypothecation over all present and future fixed assets of the Company excluding land and buildings.

16.6 This facility is secured by joint floating pari passu charge of Rs. 125,000 over the present and future stocks and receivables of the Company.

16.7 Under the terms of the agreements for long term borrowings from International Finance Corporation (IFC) and Syndicate banks and under the Bilateral Loan agreements, the Company is required to comply with certain debt covenants. As at December 31, 2015, the Company is not in compliance with some of these debt covenants and has accordingly notified the concerned financial institutions. The company is considering various measures, including issuance of preference shares, as approved by shareholders during the year (note 15.1), to improve the Company's financial position and ratios.

17. DERIVATIVE FINANCIAL INSTRUMENTS

17.1 As at December 31, 2015, the Company has outstanding interest rate swap agreements with banks for notional amounts aggregating 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:

(Amounts in thousand)

Notional Amounts US $	Effective Date	Termination Date	Fixed Rate %	Fair Values as at 2015	2014
				Rupees	
3,000	December 15, 2008	June 15, 2017	3.385	7,602	19,293
1,000	June 15, 2009	June 15, 2017	3.005	2,132	5,426
3,000	June 15, 2009	June 15, 2017	2.795	5,731	14,771
1,000	June 15, 2009	June 15, 2017	2.800	1,917	4,924
8,000				17,382	44,414

17.2 As at December 31, 2015, the Company has outstanding Exchange Rate Forward agreements with banks for amounts aggregating US$ 24,471 (2014: US$ 52,339) 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, 2015 the fair value of these derivatives is Rs. 23,982 (2014 : Rs. 119,571).

	2015	2014
	Rupees	
18. SERVICE BENEFIT OBLIGATIONS		
Service incentive plan - note 18.1	38,976	39,737

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

	2015	2014
	Rupees	
19. SHORT TERM BORROWINGS		
Running finance utilized under mark-up arrangements - note 19.1	527,086	-
Export refinance facility - note 19.2	750,000	-
Money market loans - note 19.3	1,080,000	-
Sub-ordinated loan from Engro Corporation Limited - note 19.4	600,000	600,000
	2,957,086	600,000

(Amounts in thousand)

19.1 The aggregate facilities for running finance available from various banks, representing the sales price of all mark-up arrangements, amounted to Rs. 3,050,000 (2014: Rs. 2,875,000). 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% (2014: relevant period KIBOR plus 1.0% to 1.25%) per annum. During the year, the mark-up rates, net of prompt payment rebate, ranged from 7.44% to 11.15% (2014: 10.77% to 11.69%) 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 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 are obtained for a period ranging from 7 to 30 days and are secured by a hypothecation charge over the current assets of the Company.

19.4 This represents 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.

19.5 The facility for opening letters of credit as at December 31, 2015 aggregates to Rs.13,175,000 (2014: Rs.13,950,000). The amount utilized as at December 31, 2015 was Rs. 4,436,000 (2014: Rs. 7,533,229). The facilities carry commission at the rate of 0.05% to 0.1% flat (2014: 0.05% flat).

20. TRADE AND OTHER PAYABLES

	2015	2014
	Rupees	
Trade and other creditors - note 20.1	4,474,429	7,446,284
Accrued liabilities	1,240,189	1,253,221
Advances from customers - note 20.1	437,624	516,138
Retention money against project payments	11,887	8,733
Security deposits	41,937	35,614
Workers' welfare fund	52,490	52,373
Withholding tax payable	4,858	8,912
Others	46,606	24,812
	6,310,020	9,346,087

(Amounts in thousand)

		2015	2014
		Rupees	
20.1	Includes amount due to following related parties:		
	- Engro Corporation Limited	392	1,100
	- Mitsubishi Corporation	2,195,710	5,920,255
	- Engro Fertilizers Limited	485	-
	- Engro Vopak Terminal Limited	93,654	95,479
		2,290,241	6,016,834

21. ACCRUED INTEREST / MARK-UP

	2015	2014
Finance cost accrued on:		
- long term borrowings	27,435	64,292
- short term borrowings	27,606	28,493
	55,041	92,785

22. PROVISIONS

	2015	2014
Provision for Gas Infrastructure Development Cess - note 22.1	1,148,873	923,765
Provision for duty on import of raw materials	-	90,418
	1,148,873	1,014,183

22.1 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 has reversed the provision relating to industrial portion of GIDC amounting to Rs. 753,664 for the period prior to promulgation of GIDC Act, 2015 and retained GIDC provision amounting to Rs.592,125 in respect of captive power.

(Amounts in thousand)

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 provision of Rs. 556,748 pertaining to the period subsequent to promulgation of GIDC Act, 2015.

23. CONTINGENCIES AND COMMITMENTS

23.1 Subsequent to the balance sheet date, the Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016 raised sales tax demand of Rs. 524,589 on account of alleged short payment of sales tax due on the finished products that would have been produced and sold from the excess wastage of raw material. The management of the Company strongly believes that the order passed against the Company is baseless as the DCIR has used inappropriate theoretical assumptions for calculating the sales tax liability.

The management of the Company, based on the advice of its tax consultant, is confident that the ultimate outcome of the aforementioned matter would be favorable and is in the process of filing appeal against aforesaid order at relevant forums.

23.2 The aggregate facility of performance guarantees issued by banks on behalf of the Company as at December 31, 2015 amounts to Rs. 1,098,000 (2014: Rs.1,165,000). The amount utilized there against as at December 31, 2015 is Rs. 1,097,280 (2014: Rs. 1,080,939).

23.3 The Company has entered into operating lease arrangements with Al-Rahim Trading Company (Private) Limited and Dawood Hercules Corporation Limited – a related party, 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:

	2015	2014
	Rupees	
Not later than 1 year	16,834	14,788
Later than 1 year and no later than 5 years	37,200	51,600
	54,034	66,388

23.4 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)

		2015	2014
		Rupees	
24.	NET REVENUE		
	Gross local sales	23,997,674	24,097,182
	Less:		
	- Sales tax	3,436,585	3,489,764
	- Discounts	240,797	367,629
		3,677,382	3,857,393
		20,320,292	20,239,789
	Export sales	1,872,443	3,530,917
	Supply of electricity - note 24.1	71,007	48,566
		22,263,742	23,819,272

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

		2015	2014
		Rupees	
25.	COST OF SALES		
	Opening stock of work-in-process	21,632	27,923
	Raw and packing materials consumed - note 25.1	11,277,158	14,349,401
	Salaries, wages and staff welfare - note 25.2	889,095	784,340
	Fuel, power and gas - note 25.3	3,400,214	3,998,451
	Repairs and maintenance	362,967	341,868
	Depreciation - note 4.2	1,247,190	1,210,823
	Consumable stores	314,741	300,209
	Purchased services	165,669	132,828
	Storage and handling	1,019,968	1,023,385
	Training, conveyance and travelling	107,477	94,858
	Communication, stationery and other office expenses	7,459	8,684
	Insurance	95,478	110,582
	Provision for slow moving stores and spares - note 8.1	24,502	7,127
	Stores and spares written-off - note 8	29,200	-
	Raw materials written off - note 9.4	-	428
	Other expenses	24,068	26,625
		18,965,186	22,389,609
	Closing stock of work-in-process	(23,533)	(21,632)
	Cost of goods manufactured	18,963,285	22,395,900
	Opening stock of finished goods	1,469,225	1,224,556
	Closing stock of finished goods	(942,011)	(1,469,225)
		527,214	(244,669)
		19,490,499	22,151,231

25.1 This is net of reversal of provision amounting to Rs. 90,418 in respect of duty on import of raw materials (note 22).

(Amounts in thousand)

25.2 Includes Rs. 81,352 (2014: Rs. 69,930) 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 Rs. 753,664, in respect of GIDC of prior periods, as disclosed in note 22.1.

26. DISTRIBUTION AND MARKETING EXPENSES

	2015	2014
	Rupees	
Salaries, wages and staff welfare - note 26.1	143,706	140,719
Sales promotion	108,706	135,705
Product transportation and handling	899,332	1,071,576
Rent, rates and taxes	23,067	20,188
Purchased services	8,261	6,797
Depreciation - note 4.2	3,839	4,893
Training, conveyance and travelling	10,868	14,361
Communication, stationery and other office expenses	3,209	4,364
Others	10,508	10,406
	1,211,496	1,409,009

26.1 Includes Rs. 21,414 (2014: Rs. 13,712) in respect of staff retirement and other service benefits, referred to in note 33.

27. ADMINISTRATIVE EXPENSES

	2015	2014
	Rupees	
Salaries, wages and staff welfare - note 27.1	252,208	240,501
Rent, rates and taxes	65,902	79,262
Purchased services	97,031	80,613
Insurance	631	1,661
Depreciation - note 4.2	18,079	7,930
Amortization - note 5	14,871	13,394
Training, conveyance and travelling	26,285	29,415
Communication, stationery and other office expenses	18,500	23,807
Others	21,841	17,908
	515,348	494,491

27.1 Includes Rs. 15,698 (2014: Rs. 12,780) in respect of staff retirement and other service benefits, referred to in note 33.

(Amounts in thousand)

28. OTHER OPERATING EXPENSES

	2015	2014
	Rupees	
Legal and professional charges	15,973	20,838
Auditors' remuneration - note 28.1	6,458	3,218
Donations - notes 28.2 and 28.3	11,127	13,669
Workers' welfare fund	117	5,736
Loss on disposal of operating assets	1,429	-
Foreign exchange loss - net	291,165	258,527
Operating assets written-off, net - note 4.1	46	7,905
	326,315	309,893

28.1 Auditors' remuneration

Fee for:		
- Annual statutory audit	1,035	965
- Half yearly review	260	220
- Review of compliance with Code of Corporate Governance	40	50
Taxation and other advisory services	4,844	1,840
Reimbursement of expenses	279	143
	6,458	3,218

28.2 Includes donation to Engro Foundation amounting to Rs. 2,000 (2014: Rs. 2,250), and to Institute of Business Administration - Sukkur amounting to Nil (2014: Rs. 30). Both are related parties 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. Khalid Siraj Subhani (Director) who is the member of the Academic Council of Institute of Business Administration - Sukkur, and the trustee of Engro Foundation along with Mr. Imran Anwer (CEO) and Ms. Naz Khan (Director).

29. OTHER INCOME

	2015	2014
	Rupees	
On financial assets		
Income on bank deposits	26,876	29,110
Income from short term investments	11,816	25,223
On non-financial assets		
Profit on disposal of operating assets	-	834
Scrap sales	6,965	15,508
Others	17,310	11,388
	62,967	82,063

(Amounts in thousand)

30. FINANCE COSTS

	2015	2014
	Rupees	
Interest / mark-up on:		
- long term borrowings	781,117	919,097
- short term borrowings	141,531	81,655
- running finances	34,293	35,528
	956,941	1,036,280
Foreign exchange loss / (gain) on borrowings	62,412	(142,400)
Guarantee commission	4,247	559
Interest on Workers' profits participation fund	-	3,894
Bank charges and others	119,522	166,647
	1,143,122	1,064,980

31. TAXATION

	2015	2014
Current		
- for the year - note 31.1	192,453	154,409
- for prior years	47,797	(48,228)
	240,250	106,181
Deferred		
- for the year	43,803	(519,366)
- for prior years	-	(5,766)
	43,803	(525,132)
	284,053	(418,951)

31.1 Represents minimum tax at the rate of 1% (2014: 1%) on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

31.2 Relationship between tax expense and accounting loss

	2015	2014
	Rupees	
Loss before taxation	(360,071)	(1,528,269)
Tax calculated at applicable rate of 32% (2014: 33%)	(115,223)	(504,329)
Tax effect of presumptive tax regime and income subject to lower tax rates	(39,631)	(249,482)
Prior year tax charge / (reversal), net	47,797	(54,542)
Effect of inadmissible expenses	4,505	5,346
Effect of non-recognition of deferred tax on minimum turn over tax	172,487	-
Derecognition of deferred tax asset on minimum turnover tax	154,348	387,210
Impact of change in tax rate	58,161	(3,521)
Others	1,609	367
	284,053	(418,951)

(Amounts in thousand)

32. LOSS PER SHARE - Basic and diluted

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

	2015	2014
	Rupees	
Loss for the year	(644,124)	(1,109,318)
	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 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, 2014 and unaudited financial statements as at June 30, 2015.

33.1.1 Details of the Fund

	June 30, 2015	June 30, 2014
	Rupees	
Size of the Fund - Total assets	3,161,499	2,091,284
Cost of the investment made	2,333,996	1,679,824
Percentage of investments made	87%	89%
Fair value of investments	2,736,879	1,861,191

33.1.2 Breakup of Investment is as follows:

	June 30, 2015		June 30, 2014	
Description	Investments in Rupees	Percentage of investment made	Investments in Rupees	Percentage of investment made
National savings scheme	223,037	8%	290,609	16%
Government securities	1,045,090	38%	901,642	48%
Listed securities and unit trust	1,164,311	43%	518,263	28%
Balances with banks in savings account	304,441	11%	150,677	8%
	2,736,879	100%	1,861,191	100%

(Amounts in thousand)

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. 55,128 (2014: Rs. 52,174) 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. 60,373 (2014: Rs. 42,023) 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. 2,963 (2014: 2,225) 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 details of amounts charged during the year in respect of remuneration and benefits to the Chief Executive, Directors and executives are as follows:

	2015			2014		
	Director			Director		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	Rupees					
Managerial remuneration	18,962	-	564,285	32,648	-	539,703
Retirement benefit funds	1,324	-	88,007	-	-	83,172
Bonus	7,148	-	80,524	12,088	-	78,886
Other benefits	2,164	-	109,786	3,986	-	85,687
Directors fee	-	1,350	-	-	1,672	-
Total	29,598	1,350	842,602	48,722	1,672	787,448
Number of persons including those who worked part of the year	2	6	259	1	9	252

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. 720 (2014: Rs. 927).

(Amounts in thousand)

35. CASH GENERATED FROM OPERATIONS

	2015	2014
	Rupees	
Loss before taxation	(360,071)	(1,528,269)
Adjustments for non cash charges and other items:		
Provision for staff retirement and other service benefits	118,464	96,422
Depreciation and amortization	1,283,979	1,237,040
Provision for slow moving stores and spares	24,502	7,127
Stores and spares written-off	29,200	-
(Reversal of Provision) / Provision for net realizable value of stock-in-trade, net	(672,350)	694,475
Write-off of damaged items of property, plant and equipment	46	7,905
Income on bank deposits and short term investments	(38,692)	(29,110)
Gain on investments in mutual funds held for trading	-	(5,787)
Unrealized foreign exchange loss / (gain) on borrowings	32,895	(97,000)
Amortization of prepaid financial charges	27,069	28,167
Unrealized foreign exchange (gain) / loss on imports and derivatives	(95,589)	3,612
Finance costs	956,941	1,036,280
Loss / (Profit) on disposal of operating assets	1,429	(834)
Provisions against concessionary duty on import of raw materials and GIDC, net	134,690	749,243
Working capital changes - note 35.1	(1,256,357)	577,215
	186,156	2,776,486

35.1 WORKING CAPITAL CHANGES

	2015	2014
	Rupees	
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(116,285)	(90,128)
Stock-in-trade	1,628,647	(1,341,388)
Trade debts	117,814	(29,649)
Loans, advances, deposits, prepayments and other receivables - net	149,534	(103,297)
	1,779,710	(1,564,462)
(Decrease) / Increase in current liabilities		
Trade and other payables	(3,036,067)	2,141,677
	(1,256,357)	577,215

(Amounts in thousand)

36. CASH AND CASH EQUIVALENTS

	2015	2014
	Rupees	
Cash and bank balances - note 14	169,222	544,017
Short term investments - note 13	300,000	218,872
Money market loans - note 19	(1,080,000)	-
Running finance utilized under markup arrangements - note 19	(527,086)	-
	(1,137,864)	762,889

37. FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets as per balance sheet

Held to maturity		
Short term investments - Treasury bills	-	68,860
Short term investments - Term Deposits Receipts	300,000	-
	300,000	68,860
Loans and receivables		
Long term loans	45,887	49,309
Trade debts - considered good	436,852	554,666
Loans, deposits and other receivables	50,808	88,429
Short term investments - Pakistan Investment Bonds	-	150,012
Cash and bank balances	169,222	544,017
	702,769	1,386,433

37.2 Financial liabilities as per balance sheet

Financial liabilities measured at amortized cost		
Long term borrowings	8,326,676	9,114,904
Short term borrowings	2,957,086	600,000
Trade and other payables	5,815,048	8,768,664
Accrued interest / mark-up	55,041	92,785
	17,153,851	18,576,353
Derivatives		
Used for hedging purposes	17,382	44,414
At fair value through profit or loss	23,982	119,571
	41,364	163,985

(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	-	41,364	-	41,364

There were no transfers amongst the levels during the year.

There were no 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, 2015, the financial assets and liabilities exposed to foreign exchange risk amount to Rs. 186,828 (2014: Rs. 339,020) and Rs. 5,358,286 (2014: Rs. 5,273,967) respectively.

At December 31, 2015, 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. 258,808 (2014: Rs. 165,321), 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 December 31, 2015, 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. 86,919 (2014: Rs. 56,146) 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, 2015 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:

	2015	2014
	Rupees	
Long term loans	45,887	49,309
Trade debts - considered good	436,852	554,666
Loans, deposits and other receivables	50,808	88,429
Short term investments	300,000	218,872
Bank balances	168,336	543,589
	1,001,883	1,454,865

(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, 2015 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	A
Citibank N.A.	Moody	P1	A2
Deutsche Bank A.G	Moody	P2	A3
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Industrial and Commercial Bank of China	Moody	P-1	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	A-1	A
United Bank Limited	JCR-VIS	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
JS Bank	PACRA	A1	A+
NIB Bank Limited	PACRA	A1+	AA-
Bank Islami Pakistan	PACRA	A1	A+
Soneri Bank	PACRA	A1+	AA-
Pak Oman Investment Company	JCR-VIS	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:

	2015			2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	Rupees					
Financial liabilities						
Long term borrowings	3,064,064	5,262,612	8,326,676	3,016,196	6,098,708	9,114,904
Derivative financial instruments	23,982	17,382	41,364	119,571	44,414	163,985
Trade and other payables	5,815,048	-	5,815,048	8,768,664	-	8,768,664
Accrued interest / mark-up	55,041	-	55,041	92,785	-	92,785
Short term borrowings	2,957,086	-	2,957,086	600,000	-	600,000
	11,915,221	5,279,994	17,195,215	12,597,216	6,143,122	18,740,338

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. 41,364 (2014: Rs.163,985) 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.

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:

	2015	2014
	Rupees	
Long term borrowings - note 16	5,262,612	6,098,708
Total equity	5,333,728	5,965,034
Total capital	10,596,340	12,063,742
Gearing ratio	0.497	0.506

40. SEGMENT INFORMATION

40.1 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 operating profit or loss which in certain respects, as explained in table below, is measured differently from profit or loss in the financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Finance costs, other operating income and expenses, and taxation are managed at Company level. Further, 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)

40.2 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees							
Segment profit and loss								
Revenue	17,825,991	18,491,301	4,366,744	5,279,405	71,007	48,566	22,263,742	23,819,272
Less:								
Cost of sales (excluding depreciation)	(15,775,831)	(18,044,917)	(2,416,358)	(2,880,785)	(51,120)	(14,706)	(18,243,309)	(20,940,408)
Distribution and marketing expenses (excluding depreciation)	(997,837)	(1,043,424)	(209,820)	(360,692)	-	-	(1,207,657)	(1,404,116)
Allocated depreciation	(967,104)	(916,070)	(283,189)	(280,933)	(736)	(18,713)	(1,251,029)	(1,215,716)
(Loss) / Profit before unallocated expenses	85,219	(1,513,110)	1,457,377	1,756,995	19,151	15,147	1,561,747	259,032
Unallocated expenses								
Administrative expenses							(515,348)	(494,491)
Other operating expenses							(326,315)	(309,893)
Other income							62,967	82,063
Finance costs							(1,143,122)	(1,064,980)
Taxation							(284,053)	418,951
Loss for the year							(644,124)	(1,109,318)
Segment assets								
Total segment assets (note 40.3)	14,785,696	15,560,768	5,093,381	6,218,330	12,585	12,907	19,891,662	21,792,005
Unallocated assets							4,320,102	4,544,710
Total assets							24,211,764	26,336,715

40.3 Segment assets consist primarily of property, plant and equipment, stores and spares, stock in trade and trade debts.

(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	2015	2014
		Rupees	
Holding Company			
- Engro Corporation Limited	Use of operating assets	-	601
	Mark-up on subordinated loan	110,981	81,655
	Reimbursement made	92,646	86,418
	Reimbursement received	7,917	2,252
	Life insurance contribution	506	515
	Medical insurance contribution	221	516
Associated Company			
- Mitsubishi Corporation	Purchase of goods	7,447,889	10,715,860
	Sale of goods	94,696	1,222,340
	Purchase of services	48	350
Related parties by virtue of common directorship			
- Engro Fertilizers Limited	Purchase of services	-	2,712
	Sale of goods	14,757	21,428
	Sale of services	-	517
	Sales of utilities	95,427	71,252
	Use of operating assets	1,417	5,407
	Reimbursement made	33,213	15,810
	Reimbursement received	2,495	1,795
- Engro Vopak Terminal Limited	Purchase of services	1,024,413	923,568
	Reimbursement made	15,016	13,660
	Reimbursement received	8,354	13,913
- Engro Elengy Terminal Limited	Reimbursement received	464	-
	Reimbursement made	88	-
- Engro Foundation	Reimbursement made	2,022	607
	Donation	2,000	2,250
- Engro PowerGen Qadirpur Limited	Reimbursement received	4,196	4
- Engro PowerGen Limited	Reimbursement made	-	429
	Use of operating assets	-	481
- Engro Foods Limited	Sale of goods	38,239	53,194
	Reimbursement received	814	9
	Reimbursement made	-	4,460
	Use of operating assets	145	505
- Engro Eximp (Private) Limited	Reimbursement received	-	109
	Use of operating assets	-	57
- Sindh Engro Coal Mining Company Limited	Reimbursement received	-	83
- Shell Pakistan Limited	Purchase of goods	3,471	-
- Dawood Hercules Corporation Limited	Purchase of services	14,493	14,480
- Lahore University of Management Sciences	Purchase of services	418	-
- Pakistan Institute of Corporate Governance	Purchase of services	-	1,024
	Annual subscription	75	252
- Institute of Business Administration - Sukkur	Reimbursement made	88	-
	Purchase of services	-	446
	Donation	-	30
- Pakistan Japan Business Forum	Annual subscription	50	-
- Overseas Investors Chamber of Commerce & Industries	Annual subscription	396	330
- Pakistan Society for Human Resource Management	Annual subscription	20	-
Other related party			
- Arabian Sea Country Club	Purchase of services	41	218
	Annual subscription	393	71
Directors	Fee	1,350	1,672
	Advance paid	4,950	-
	Repayment of advance	825	-
Contribution to staff retirement benefits	Managed and operated by the Holding Company		
	- Provident fund	55,128	52,174
	- Gratuity fund	60,373	42,023
	- Pension fund	2,963	2,225
Key management personnel	Managerial remuneration	70,248	72,480
	Retirement benefit funds	8,755	9,781
	Bonus	23,367	28,254
	Other benefits	15,203	15,477

(Amounts in thousand)

41.2 The related party status of outstanding balances as at December 31, 2015 are disclosed in the respective notes.

42. GENERAL

42.1 Number of employees

Number of permanent employees as at December 31, 2015 was 433 (2014: 442) and average number of employees during the year was 438 (2014: 433).

42.2 Production capacity

	Designed Annual Capacity		Actual Production		Remarks
	2015	2014	2015	2014	
	Kilo tons				
PVC	178	164	162	153	Production planned as per market demand and in house consumption needs
EDC	127	127	100	118	
Caustic soda	106	106	98	114	
VCM	204	204	162	168	
	Mega Watts				
Power	66	66	50	50	

43. CORRESPONDING FIGURES

For better presentation, following reclassifications have been made in these consolidated financial statements:

Description	Rupees	Head of account in financial statements for the year ended December 31, 2014	Head of account in financial statements for the year ended December 31, 2015
Profit and loss account			
Salaries, wages and staff welfare	6,701	Administrative expenses	Cost of sales
ʻʼ	3,918	Distribution and marketing expenses	ʻʼ
Purchased services	61,996	Administrative expenses	ʻʼ
Training, conveyance and travelling	80,271	Administrative expenses	ʻʼ
Rent, rates and taxes	15,485	Distribution and marketing expenses	Administrative expenses

The effects of other rearrangements and reclassifications are not material.

44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 1, 2016 by the Board of Directors of the Company.

Imran Anwer
President & Chief Executive

Kimihide Ando
Director

Notice of AGM and Annexures

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Engro Polymer & Chemicals Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Friday, April 29, 2016 at 10:00 a.m. to transact the following business:

A. Ordinary Business

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

2. To appoint Auditors and fix their remuneration.

B. Special Business

3. To consider, and if thought fit, to pass the following resolution as Special Resolution:

RESOLVED that the Articles of Association of the Company be amended by adding a new Article 55A as follows:

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

By Order of the Board
SCHAANE ANSARI
Company Secretary

Karachi,
Dated: February 01, 2016

A statement under Section 160 of the Companies Ordinance, 1984 setting forth all material facts concerning the Resolution contained in item 3 of the Notice which will be considered for adoption at the Meeting will be annexed to this Notice of Meeting being sent to Members.

N.B.

1. The Share Transfer Books of the Company will be closed from Friday, April 15, 2016 to Friday, April 29, 2016 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, by the close of business (5:00 p.m) on Thursday, April 14, 2016 will be treated in time to entitle the transferees to attend the meeting.

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

Statement under Section 160 of the Companies Ordinance, 1984

This statement is annexed to the Notice of the Eighteenth Annual General Meeting of Engro Polymer & Chemicals Limited to be held on Friday, April 29, 2016 at which certain Special Business is to be transacted. The purpose of this statement is to set forth the material facts concerning such Special Business.

Item (3) of the Agenda

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

Update on Preference Shares Issue

The Shareholders of Engro Polymer & Chemicals Limited ("EPCL" or "the Company") had in the 9th Extraordinary General Meeting of the Company held on April 30, 2015, passed a resolution approving the issuance of preference share by way of rights, subject to regulatory approval.

Upon obtaining Shareholders approval the Company proceeded with the necessary formalities for the issue. These include amendments in the Memorandum & Articles of the Association to incorporate the terms and conditions of the new class of shares as well as the increase in authorized capital which was subsequently approved by the Securities and Exchange Commission of Pakistan ("SECP"). Subsequent to such approvals other necessary operational, regulatory and technical formalities were initiated.

In September 2015, Engro Corporation Limited sent a notice to the Stock Exchanges informing that as part of their continuing strategic review of all businesses and companies within the Engro group, it had appointed financial advisors in relation to EPCL to provide strategic options for the Company and that some very preliminary interest for investing in the Company had been received.

On November 23, 2015, ATS Synthetic (Pvt.) Limited sent a public announcement of intention to acquire 56.19% of the Company from Engro Corporation Limited, following which in November 2015, Engro Corporation Limited sent a notice to the Stock Exchanges informing its shareholders that the process of EPCL's due diligence will be commencing. As per law, there are certain restrictions imposed on the target company i.e. EPCL, once it receives the announcement of intention, which includes the issuance of any right or bonus voting shares. These restrictions are in place until either the announcement of intention is withdrawn or the offer period commences, therefore the matter has been put on hold till such time. The process of the issuance of preference shares may be re-initiated depending on the status of the ownership of the majority shareholding of the Company.

By Order of the Board
SCHAANE ANSARI
Company Secretary

Karachi,
Dated: February 01, 2016

Shareholders Information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on April 29, 2016 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of Friday, April 15, 2016 are encouraged to participate and vote.

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

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

Ownership

On December 31, 2015 there were 31,305 shareholders on record of the Company's ordinary shares.

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.

E-dividend Mandate (Optional)

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

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

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

Quarterly Results

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

- 1st quarter : April 18
- 2nd quarter : August 03
- 3rd quarter : October 18

The Company holds quarterly briefings with Security Analysts to discuss the results and the business environment. These sessions are usually planned within one week of announcement of financial results of the Company.

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

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

Change of Address

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

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

Calendar of Major Events

2015

January 2015	DuPont External Audit was conducted and a rating of 4.0 and 4.2 in PSM/PSRM was achieved
February 3, 2015	Approval of Annual accounts, 2014
February 18, 2015	Approval of Board of Directors for the issuance of irredeemable preference shares
April, 2015	DuPont Operation Excellence Program Initiated at Site and in this regard Audit of EPCL done in April 2015
June, 2015	Integrated Management System (ISO 9001; 14001 and OHSAS 18001) Surveillance Audit by SGS
August 4, 2015	Approval of half yearly accounts 2015
Sept 8, 2015	Achieved third position for the Best Corporate Report Awards in chemical sector for the year 2014
April 16, 2015	Approval of first quarterly accounts 2015
April 30, 2015	Annual General Meeting (AGM) for the year ended December 31, 2014
June 1, 2015	Implementation of FICO, SD and MM Module of SAP
October 20, 2015	Approval of third quarterly accounts 2015

Request for Video Conferencing Facility Form

Members can also avail video conferencing facility in Lahore and Islamabad. If the Company recieves consent atleast 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 Ltd.

holder of _________________ Ordinary share(s) as er Register Folio No/GDC A/c No. ______________

hereby opt for video conference facility at ______________________________

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

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

The Company Secretary
Engro Polymer & Chemicals Limited
16th Floor, The Harbour Front Building,
HC-3, Marine Drive, Block 4,
Clifton, Karachi - 75600

I/We ____
of ______________________________ being a member of ENGRO POLYMER AND CHEMICALS LIMITED and holder of _______________ Ordinary shares as per share
(Number of Shares)

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 29th day of April, 2016 and at any adjournment thereof.

Signed this ______________________day of ___________ 2016.

WITNESSES:

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   CNIC or ☐☐☐☐☐■☐☐☐☐☐☐■☐
   Passport No. ____________________

2. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   CNIC or ☐☐☐☐☐■☐☐☐☐☐☐■☐
   Passport No. ____________________

Signature

Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Note:

a 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.

b 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: Computerized National Identity Card

COED: Committee for Organization & Employee Development

CRO: Chief Risk Officer

CSR: Corporate Social Responsibility

E Corp: Engro Corporation - the Holding Company

EBITDA: Earnings before Interest, Taxes ,Depreciation and Amortization.

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

HSE: Health, Safety and 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 زاینڈ کیمیکلز کے رکن اور عام شیئر ز کے حامل کی حیثیت کے ________________ (شیئر ز کی تعداد)

رجسٹرڈ 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 2016 کو منعقد ہوگا، میں/ ہمارے لئے اور میری ہماری طرف سے بحیثیت اپنا پرکسی ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

دستخط ________ بروز ________ بتاریخ ___/______ 2016۔

گواہان:

دستخط ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائز قومی شناختی کارڈ نمبر

یا پاسپورٹ نمبر: ________________

____

دستخط شیئر ہولڈر

کمپنی میں رجسٹرڈ نمونے کے جو مطابق ہونا ضروری ہے

دستخط ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائز 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 ہوجانا چاہیئے۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔

سی ڈی سی شیئر ہولڈرز اوران کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائز شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پرکسی 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

Directors' Report

ڈائریکٹران کی رپورٹ:

ڈائریکٹران اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ اپنی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس برائے سال 31 دسمبر 2015ء پیش کررہے ہیں۔ اس مالی سال کی مدت کو تفصیلی طور پر فروخت کے حوالے سے پیش کیا گیا تھا لیکن PVC / ایتھائلین چین اور گیس کی قیمتوں میں اضافہ کی وجہ سے اور کم مارجن کے سبب اقتصادی فائدے حاصل نہ کرسکے۔

اہم سرگرمیاں:

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ (EPCL یا بطور کمپنی) جو کہ اینگرو کارپوریشن لمیٹڈ (ECL یا ہولڈنگ کمپنی برائے EPCL)، سے ملحق ہے جو کہ داؤد ہرکیولس کارپوریشن لمیٹڈ (DH کارپوریشن یا ہولڈنگ کمپنی بابت ECL)۔ EPCL جو 1997ء میں بطور پبلک لمیٹڈ کمپنی اور کمپنیز آرڈیننس 1984ء کے تحت قائم کی گئی تھی اور اس کا تجارتی عمل 1997ء میں شروع ہوگیا تھا۔ کمپنی کے شیئرز پاکستان اسٹاک ایکسچینج کی فہرست میں موجود ہیں، کمپنی کی اہم سرگرمی کلورو وینائل پروڈکٹس کی مارکیٹنگ بشمول پولی وینائل کلورائیڈ (PVC)، وینائل کلورائڈ مونومر (VCM)، کاسٹک سوڈا، ہائیڈروکلورک ایسیڈ و سوڈیم ہائپوکلورائٹ ہیں۔ کمپنی کے برانڈ کا نشان "SABZ" جو کہ ملک کے اندر PVC کی کوالٹی کا اہم نشان ہے۔ EPCL اپنے فلسفے، لوگوں کے اشتراک اور منافع کی بنیاد پر کام کررہی ہے۔

کاروبار کی نوعیت اور کاروبار کا ماڈل:

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ جو کہ کلورو وینائل سیگمنٹ کو آپریٹ کرتا ہے، اس کی نمو ملک کے اندر مکمل طور پر مائیکرو اکانومک پیداوار فراہم کررہی ہے۔ اس کے علاوہ منافع کے حوالے سے ملک کی طلب کی نمو کیلئے بھی کام کررہی ہے۔ اس کے علاوہ عالمی وینائل چین کی قیمتیں، توانائی کی قیمت، کلورالکلی مارکیٹ میں مدمقابل کمپنیز، موجودہ اتار چڑھاؤ وغیرہ کے تحت کام کررہی ہے۔ اس کمپنی نے اپنی حکمت عملی کے تحت ملکی PVC مارکیٹ پر نظر مرکوز کررکھی ہیں تاکہ زرمبادلہ اور پلانٹ کی گنجائش میں اضافہ کیا جاسکے۔ لیکن اب تک عالمی اشیاء کی قیمتیں، کلورالکلی مارکیٹ اور توانائی کی قیمتوں میں مقابلہ کی وجہ سے کامیابی نہیں ہوئی ہے۔

ادارتی جائزہ:

کمپنی نے ٹیکس کی ادائیگی کے بعد مبلغ 644 ملین روپے کا خسارہ برداشت کیا جو کہ منفی آمدنی برائے سال 2015ء میں 0.97 روپے فی شیئر کے حساب سے مبلغ 1,109 ملین روپے ٹیکس کی ادائیگی کے بعد یہ خرچہ برداشت کیا۔ سال 2014ء میں مبلغ 1.67 ملین روپے فی شیئر منفی آمدنی کا تخمینہ لگایا گیا۔ توانائی کی قیمتوں اور کاسٹک سوڈا پلانٹ کی مرمت میں اضافہ کے سبب وینائل چین کے مارجن پر زبردست دباؤ پڑا جبکہ سال کے دوسرے حصے میں خام مال کی درآمد پر کسٹم ڈیوٹی میں کمی واقع ہوئی اور صنعتی گیس انفرااسٹرکچر ڈویلپمنٹ سیس (GIDC) کی ادائیگی کے تحت کمپنی کو مالیات کے حوالے سے کچھ رعایت حاصل ہوئی۔

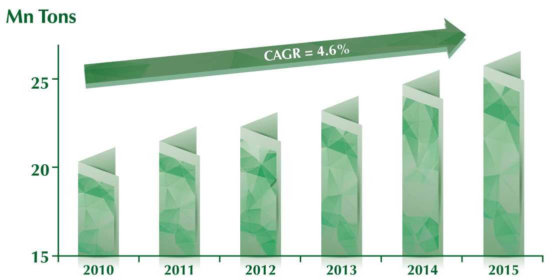
مقاصد اور حکمت عملی:

سال 2015ء میں کمپنی نے بنیادی طور پر اپنا کام شروع کیا لیکن وینائل چین کے تناسب میں زبردست کمی کی وجہ سے کوششیں بارآور ثابت نہ ہوئیں جس میں فلورالکلی پلانٹ کی مرمت بھی شامل ہے اس لئے پورے سال کیلئے منافع پر اثر پڑا۔ کمپنی کے اہم مقاصد کے تحت انتظامیہ نے پائیدار اور مکمل حکمت عملی تیار کی تاکہ سال کے دوران سامنے آنے والے چیلنجز کا مقابلہ کیا جاسکے۔ کمپنی نے یہ بھی حکمت عملی طے کی کہ وہ صنعتی طور پر اپنے منافع کو بحال کرے اس سلسلے میں مارکیٹنگ میں مزید گنجائش پیدا کی گئی۔ حکمت عملی کی تمام تر تفصیلات اس دستاویز میں پیش کی گئی ہیں۔

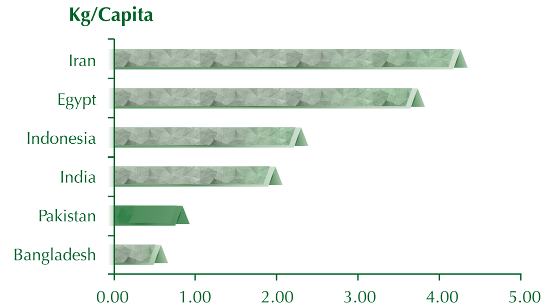
	مقاصد	پیچیدہ کارکردگی کی نشاندہی
 صحت اور ماحول کا تحفظ:	کام کے حوالے سے صاف ستھرا ماحول مرتب کرنا	تمام تر ریکارڈ کردہ حادثہ کا ریٹ (TRIR) کا تخمینہ، فلیٹ حادثہ کے متواتر ہونے کا ریٹ (FAFR) ٹارگیٹس اور DuPont کی کارکردگی کے ریٹ کا نظام۔
	ماحول میں مزید کمی کے اثرات	کمپنی کی کارکردگی مختلف حوالوں سے جس میں بینچ مارک اور خارجی اتھارٹیز کی تصدیق بھی شامل ہے۔
	متاثر: صحت، تحفظ اور ماحول (HSE) جو کہ ہمارے لئے اہمیت کے حامل ہیں۔ ہم اپنی کارکردگی پر فخر کرتے ہیں اور اس بات کی یقین دہانی کرائینگے کہ ہم تمام کام محفوظ طریقہ سے اور ماحول کے ذرائع کے مطابق کرینگے۔	
 پیداوار:	بہتر پیداوار کے لیول کو مرتب کرنا	تمام مصنوعات، پیداوار اور بینچ مارک کیلئے پیداوار کا ٹارگیٹ مرتب کرنا جس کے معیار کی تفصیل دے دی گئی ہے۔
	خام مال/توانائی کے اخراجات کے ریٹ کو مرتب کرنا	اہم خام مال کے اخراج کا تناسب جو کہ یومیہ بنیاد پر ٹارگیٹ مرتب کیا گیا ہے۔
	سائٹ کی اہمیت میں اضافہ کرنا	پیچیدہ بجلی کے آلات کا معائنہ کرنا اور اس بات کو یقینی بنانا کہ سائٹ پر محفوظ طریقہ سے ہائیڈروجنیٹر کلورینیٹر کے عمل میں اصلاح پیدا کی جائے۔
	اثر: پیداوار کی اہمیت جو کہ کاروبار کیلئے ریڑھ کی ہڈی کی حیثیت رکھتی ہے اس کے علاوہ مضبوط پروڈکشن جو کہ کمپنی کے وقار میں مزید اضافہ کرے گی اور ملکی مارکیٹ میں مصنوعات کی دستیابی کو یقینی بنائے گا۔	
 مارکیٹنگ:	وینائل اور کلور الکلی سیگمنٹ کی فروخت کیلئے ملکی مارکیٹ میں اضافہ کرنا	سیلز والیوم کے حساب سے مصنوعات کے حوالے سے کارکردگی کو بہتر بنانا اور معیار قائم کرنا۔
	نئے کاروبار کی تعمیر	کمپنی نے مدمقابل میٹریلز اور درآمدات کے متبادل کیلئے ٹارگیٹ مقرر کئے ہیں جس میں نمو کیلئے نئے مواقع بھی شامل ہیں۔
	نئی مصنوعات کی تعمیر	کمپنی نے مدمقابل میٹریلز اور درآمدات کے متبادل کیلئے ٹارگیٹ مقرر کئے ہیں جس میں نمو کیلئے نئے مواقع بھی شامل ہیں۔
	اثر: اقتصادی امور کے تحت ملکی مارکیٹ میں اضافہ ہوا ہے ان اقدامات کے سبب مصنوعات میں اضافہ ہوگا اور نئے ذرائع پیدا ہونگے۔	
 انسانی ذرائع (ہیومن ریسورس)	ٹیلنٹ کا حصول اور ترقی اور کام کرنے والوں کی تعداد میں اضافہ کرنا	انسانی ذرائع کے حوالے سے باقاعدہ بنیاد پر تمام تر امور کی نگرانی کی جاتی ہے۔
	ملازمین حاصل کرنے کے طریقے میں اصلاح کرنا	ملازمین حاصل کرنے کے حوالے سے تیسرے فریق نے سروے کیا ہے اس کے نتائج انتظامیہ کی کارکردگی کا حصہ ہیں۔
	اثر: انسانی ذرائع جو کہ ادارے کی کامیابی میں اہم کردار ادا کرتے ہیں ہم ملازمین کا تقرر کرتے ہیں تاکہ کام میں تیزی پیدا ہو۔	
مالیات: 	سرمایہ کی ساخت اور نقد کی روانی کا انتظام کرنا	مالیاتی تناسب کریڈٹ کی ریٹنگ اور نقد کی وصولی اور ادائیگی کے اقدامات کرنا۔
	اثر: مالیاتی امور اور نقد رقم کی دستیابی جو کہ بہتر عمل کو یقینی بناتی ہے اور کسی بھی قیمت کے مواقع میں بہتری لاتا ہے۔	

خرچہ کے حوالے سے ایشیاء کی طلب عالمی طلب کے مقابلے میں تقریباً 64% رہی جس میں اہم حصہ شمالی مشرقی ایشیاء کا 46% تھا۔ چائنا جوکہ مستقل طور پر PVC مارکیٹ میں اہم کھلاڑی کی حیثیت سے ہے جس کا تناسب عالمی طلب کے مقابلے میں 40% رہا۔ چائنا نے 2024ء تک یہ امید ظاہر کی ہے کہ اضافہ کا ریٹ 3% ہوجائے گا جوکہ کسی بھی دیگر ملک کے ریٹ کے تناسب سے زیادہ ہے۔

Demand in Asia



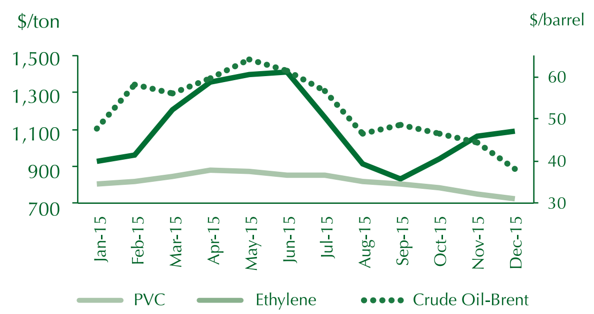
Consumption Pattern - Peer Group



خرچہ کے حساب سے پاکستان اپنے ریجن میں کم سے کم PVC کے اخراج کا اہم ملک ہے جوکہ 0.90kg بنگلہ دیش سے زائد ہے اور پاکستان میں PVC کے اخراج کا ریٹ 0.64kg ہے جوکہ تعمیراتی سرگرمیوں میں اضافہ کی سپورٹ کی وجہ سے ہے۔ جس کا اشارہ نمو کے حوالے سے اس دستاویز میں دیا گیا ہے۔

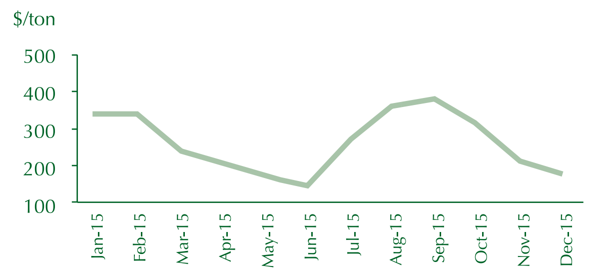
سال 2015ء میں عالمی PVC کی قیمتوں کا تناسب 705 $ فی ٹن سے 885 $ فی ٹن کے درمیان رہا۔ PVC کی قیمتیں مستقل طور پر سال 2015ء کے پہلے حصہ میں قائم رہیں لیکن دوسرے حصہ میں کم ہوگئیں جوکہ خام تیل اور ایتھائلین کی قیمتوں کی وجہ سے ہوئیں۔ PVC کی قیمتیں دسمبر میں اپنے کمترین تناسب 705 $ فی میٹرک ٹن پر رہیں جس کے نتیجے میں عالمی مارکیٹ میں سپلائی اور طلب متاثر ہوئی۔

International PVC & Ethylene Price Trend 2015



International PVC Margins

(Margin = PVC Price – 0.5 X Ethylene)



ایتھائلین کی قیمتیں 2015ء کی دوسری سہ ماہی میں دوبارہ زیادہ ہوگئیں جوکہ روایتی موسم کے دوران سپلائی کے سبب ہوئیں اور اس اضافے میں مزید خام تیل کی قیمتوں کو پائیداری بخشی لہٰذا خام تیل کی قیمت میں اضافہ ہوا۔ ستمبر 2015ء میں ایتھائلین کی قیمت اگست 2010ء کے مقابلے میں کم ترین پوائنٹ پر پہنچ گئی جس کا ہفتہ واری تناسب جنوبی مشرق ایشیاء کے بینچ مارک میں 815 $ فی میٹرک ٹن رہا۔

کاسٹک اور متعلقہ مصنوعات:

سال 2015ء میں عالمی طور پر کاسٹک سوڈا کی طلب 72 ملین ٹن سے تجاوز کر گئی اور ریجن کے حساب سے 5 سال میں نمو کا CAGR ریٹ 3.6% رہا۔ ایشیاء نے عالمی لیڈر کے طور پر اپنی پوزیشن کو مستحکم کیا اور خرچہ 60% کا تخمینہ لگایا جبکہ زیادہ گنجائش کا مسئلہ کاسٹک سوڈا کی صنعت میں بہت بڑا چیلنج ہے کیونکہ اس کے استعمال کا ریٹ 73% تھا۔

کارکردگی کا اندازہ:

اینگرو پولیمر نے اپنی توجہ کارکردگی پر مبذول کی ہے تاکہ کارکردگی کو بہتر کرتے ہوئے ٹارگیٹ حاصل کیا جائے۔ کمپنی نے ایک بہتر نظام قائم کیا ہے تاکہ کمپنی کی کارکردگی کیلئے صحیح عمل کیا جاسکے۔ کاروباری نتائج کا بھی ہفتہ واری بنیاد پر بینچ مارک کے تحت جائزہ لیا جاتا ہے اور حکمت عملی پر عمل کیا جاتا ہے۔ ہر سہ ماہی پر کمپنی میٹنگ کا انعقاد کرتی ہے اور تمام امور کا سالانہ بنیاد پر جائزہ لیا جاتا ہے اور ادارے کی کارکردگی کا اندازہ کیا جاتا ہے۔

کمپنی نے خارجی نظام جیسا کہ DuPont سیفٹی سسٹم، برٹش سیفٹی کاؤنسل، ISO-14001 ماحولیاتی مینجمنٹ سسٹم اور ISO-9001 کوالٹی مینجمنٹ سسٹم کا جائزہ لیا ہے۔

میکرو اکانومک کا ماحول:

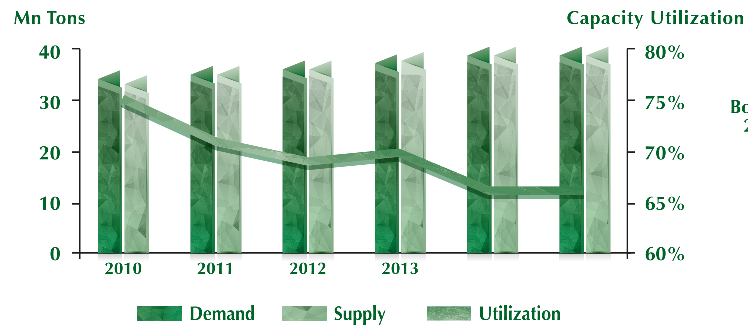
مالیاتی سال 2015ء جوکہ پاکستان کیلئے اقتصادی سال ثابت ہوا ہے۔ GDP نے نمو کا ریٹ 4.24% قائم کیا ہے جوکہ 09-2008 سے زیادہ اور سیکٹرز کے نمو پر اثر انداز ہو رہا ہے اس کے علاوہ مستقل تار چڑھاؤ، ٹیکس کی وصولی میں اضافہ، ورکرز کی کارکردگی میں اصلاح، زرمبادلہ میں اضافہ، Euro اور صکوک بانڈز کا کامیابی سے اجراء شامل ہے۔ ان حالات میں مزید عالمی تیل کی قیمتوں میں تقویت بخشی ہے اور 42 سال کے مقابلے میں پالیسی ریٹ کمتر سطح پر ہے۔ لہٰذا توانائی کی کمی اور سیلاب وغیرہ جوکہ مستقل طور پر اقتصادی ماحول اور نمو کیلئے چیلنج ہے۔

کاروباری جائزہ:

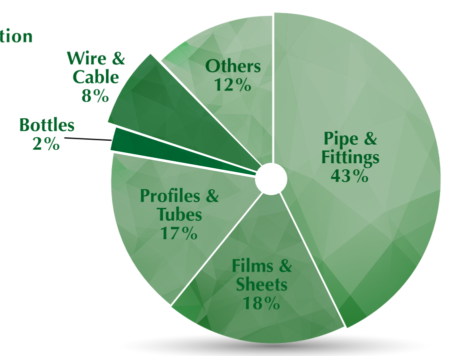
PVC اور متعلقہ مصنوعات:

گلوبل PVC جس کی سال 2015ء میں طلب 41 ملین میٹرک ٹن سے زائد تھی اس کا مقابلہ 5 سال کے مشترکہ سالانہ نمو کے ریٹ (CAGR) PVC مارکیٹ سے 3.7% کیا گیا جس کے تحت 2015ء میں اس کی سپلائی مستقل رہی اور اس کی گنجائش کا ریٹ 16 ملین میٹرک ٹن رہا۔ پروڈیوسر نے یہ چیلنج کیا تھا کہ وہ قیمت میں بہتری کے سبب سپلائی کی مارکیٹ میں بہتر انداز میں مقابلہ کر سکتے ہیں۔ سال 2015ء میں آپریٹنگ کا ریٹ پچھلے سال کے مطابق 66% رہا۔ پائپ اور فٹنگ جوکہ اہم سیکٹر تھے جس کا تناسب 43% رہا۔ فلم اور شیٹس کا 18% اور پروفائل اور ٹیوبز کا 17% تھا۔

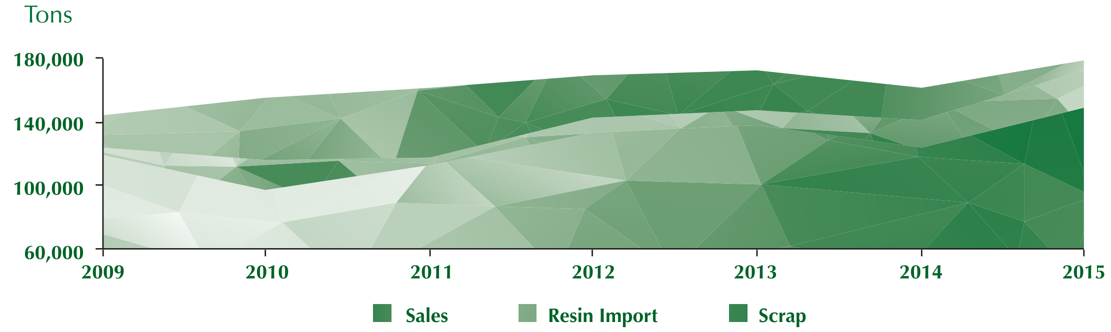
Global PVC Demand Supply Scenario



Product Wise Application

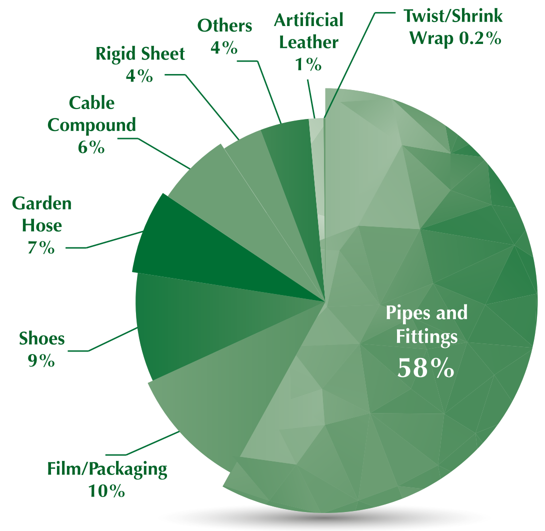


PVC Market Growth & Market Share *



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

Domestic PVC Application - EPCL

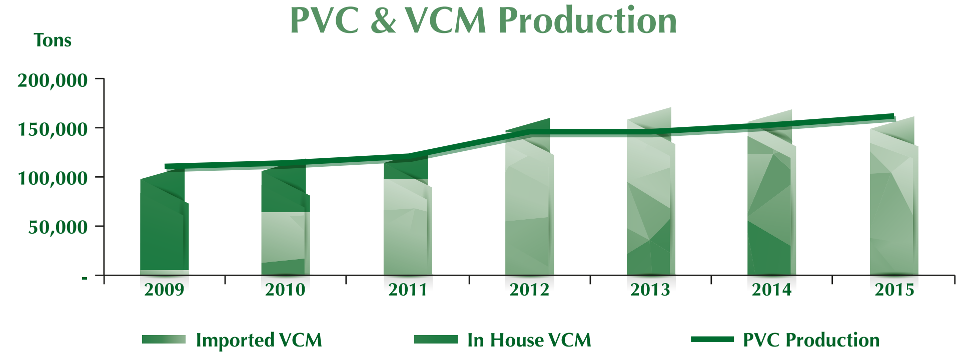


ملکی مارکیٹ میں پائپس اور فٹنگ جوکہ PVC مارکیٹ کا ایک اہم حصہ ہے، تعمیراتی سیکٹرز میں اس کی کافی طلب ہے جس کے حوالے سے گورنمنٹ میں PVC پائپس کے خرچہ میں اضافہ ہوا اور EPCL کی فروخت میں نمو کے حوالے سے انفرااسٹرکچر منصوبے قائم ہوئے۔

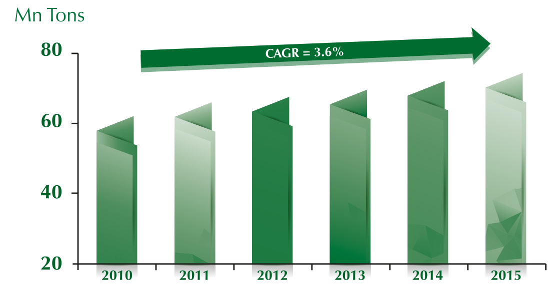
کمپنی نے ملک میں PVC پائپ کی طلب کو بڑھانے کیلئے اپنی کوششیں تیز کیں اور وہ پبلک اور پرائیویٹ سیکٹرز میں کام کررہی ہے تاکہ نئی مصنوعات میں PVC پائپس کے استعمال کو تقویت حاصل ہو۔ EPCL ترقی کے حوالے سے اپنی کوششیں جاری رکھے گی۔ یہ کمپنی مارکیٹنگ کے حوالے سے حکمت عملی پر عمل کررہی ہے اور اپنے صارفین ، سرکاری ایجنسیز، آرکیٹیکٹ اور تعمیراتی کنسلٹنٹ برائے PVC مارکیٹ کے ساتھ مل کر کام کررہی ہے اور کمپنی کو امید ہے کہ یہ کوششیں آنے والے وقت میں اسٹیک ہولڈرز کیلئے فائدہ مند رہیں گی۔

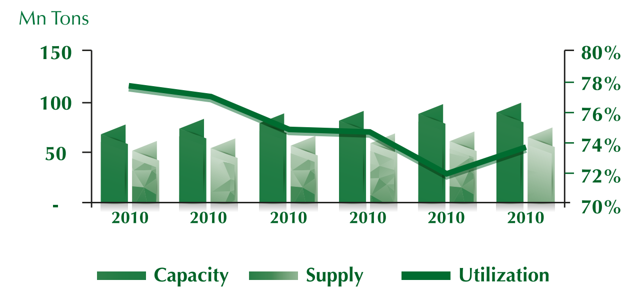
پیداوار کے حوالے سے ہم مستقل طور پر اپنی حکمت عملی پر نظر مرکوز کئے ہوئے ہیں اور VCM کے توسط سے ہماری PVC پیداوار کی ضروریات کو پورا کرنے کیلئے مشغول ہے۔ سال 2015ء میں ہم نے PVC کی فروخت کا تخمینہ 161 کلوٹن لگایا ہے۔

PVC & VCM Production



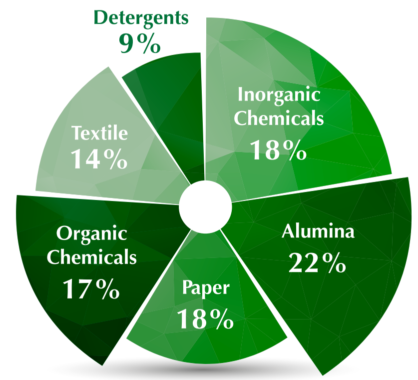
Global Caustic Demand Supply Scenario



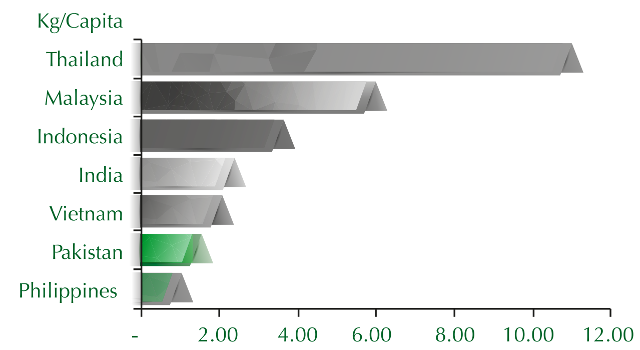


کاسٹک سوڈا کی پیداوار زیادہ تر المونیا، ان آرگینیک کیمیکلز، پلپ اور پیپر، آرگینیک کیمیکلز، ٹیکسٹائل اور ڈٹرجنٹس پر مشتمل تھی۔ عالمی طور پر کاسٹک سوڈا کا خرچہ 2015ء میں تقریباً 10kg کے قریب تھا جوکہ 2014ء کے تناسب 9.8Kg سے قریب ہے۔

Global Caustic Application



Consumption Pattern - Peer Group



عالمی کاسٹک سوڈا کی قیمتیں سال کے دوران مستقل طور پر قائم ہیں۔ جنوبی مشرقی ایشیاء کیلئے قیمت کا تناسب 315 $ فی میٹرک ٹن سے 365 $ فی میٹرک ٹن تک تھا۔ قیمتوں میں کمی کا جائزہ پچھلے دو مہینوں میں لیا گیا تھا۔ کاسٹک سوڈا کی صنعت میں متوقع سپلائی جوکہ آنے والے سال میں آپریٹنگ کے ریٹ کے ساتھ اضافہ سال 2020ء میں 81% ہوگا۔

ملکی مارکیٹ کا جائزہ:

PVC اور متعلقہ مصنوعات:

سال 2015ء میں ملک کی PVC مارکیٹ جوکہ 179 KT پر قائم تھی اور کمپنی اس بات کی گواہ ہے کہ ملک کی مارکیٹ میں نمو کے حوالے سے ابتدائی طور پر فروخت میں اضافہ ہوا تھا۔ گھریلو PVC مارکیٹ جوکہ اینگرو پولیمر اینڈ کیمیکلز کی واحد پیداواری کمپنی ہے جوکہ اپنے مشہور برانڈ SABZ کے تحت مصنوعات فروخت کررہی ہے۔ سال 2015ء میں EPCL کی مارکیٹ میں 83% تک اضافہ ہوا جس کا موازنہ سال 2014ء میں 77% سے کیا جاسکتا ہے۔

PVC اسکریپ کی درآمدات کا تخمینہ 2015ء میں پاکستان میں 6 KT لگایا گیا تھا اور یہ تخمینہ سال 2014ء سے 70% تک قائم ہوا۔ ریزین اور اسکریپ کی قیمت کے مابین فرق کے سبب اسکریپ مینوفیکچررز کی حوصلہ افزائی کی گئی جسے ملکی مارکیٹ میں EPCL سیلز نے سپورٹ کیا۔

آپریشن کا جائزہ:

مینوفیکچرنگ جس نے مستقل طور پر 2015ء میں پیداوار کو قائم رکھا ہے۔VCM پیداوار جو کہ 162 KT، PVC کے مقابلے میں 161 KT رہی اور کاسٹک سوڈا 98 KT رہا جبکہ کاسٹک سوڈا کی پیداوار سال 2014ء میں کاسٹک سوڈا پلانٹ پر مرمت کی وجہ سے تناسب کم رہا۔

اس کے علاوہ 2015ء میں اہم اقدامات کئے گئے جس میں 3 $ ملین کی سرمایہ کاری بھی شامل ہے اس کے ساتھ ساتھ دیگر کاروباری اصول بھی اس میں شامل ہیں جس کی وجہ سے اس میں کامیاب پیداوار ہوئی۔

ٹیکنالوجی کے معاملے میں اضافی کام کیا گیا جس کے لئے آیونز کیمیکلز اور دیگر آلات کی اوور ہالنگ کی گئی تاکہ PVC کے معیار میں بہتری لائی جائے اور صارفین کو مزید اطمینان حاصل ہو۔

سال 2016ء کے سلسلے میں اعلیٰ بنیاد پر عمل مرتب کیا جا رہا ہے جس میں تحفظ فراہم کرنا ہے اور کلورالکلی آپریشنز کو اسی حوالے سے مرتب کرنا ہے اور مارکیٹ کی طلب کو پورا کرنا ہے۔ان چیلنجز کا مقابلہ کرنے کیلئے PVC کی پیداوار میں اضافہ کرنا ہے۔ خام مال کا تناسب قائم کرنے کیلئے VCM پلانٹ کی مسلسل کارکردگی کو یقینی بنانا ہے تاکہ تمام ممکنہ اصولوں کے تحت توانائی اور دیگر متعلقہ ذرائع حاصل ہوسکیں۔

مالیاتی جائزہ اور انتظامیہ:

سال 2015ء کے دوران ٹیکس مبلغ 644 ملین روپے کی ادائیگی کے بعد کمپنی کو خسارہ ہوا اور سال 2014ء میں مبلغ 1,109 ملین روپے ٹیکس کی ادائیگی کے بعد خسارہ کا موازنہ کیا جاسکتا ہے۔کمپنی اس بات کی گواہ ہے کہ دیگر اشیاء کی قیمتوں میں اضافہ کی وجہ سے گھریلو PVC انڈسٹری کی فروخت کی نمو پر بھی اثر پڑا ہے۔گیس کی قیمتوں میں اضافہ اور کلورالکلی یونٹ کی پیداوار کے تحت منافع پر اثر پڑا۔اس کے ساتھ ساتھ ایکسچینج ریٹ میں بھی مثبت نتائج حاصل ہوئے۔اس کے علاوہ ایتھائلین پر امپورٹ ڈیوٹی میں 5% کی کمی واقع ہوئی جس کی وجہ سے کمپنی کو مالیاتی دباؤ سے چھٹکارا حاصل ہوا۔

منافع:

مالیاتی حوالے سے کمپنی PVC پائپ کی قیمتوں میں کمی کے سبب 7% تناسب رہا جس کا موازنہ گزشتہ سال کی کم ترین فروخت برائے کاسٹک سوڈا سے کیا جاسکتا ہے۔گیس کی قیمتوں میں اضافہ اور وینائل مارجن میں کمی کی وجہ سے عالمی طور پر تیل کی قیمتوں پر اثر پڑا اور ٹیکس کے حوالے سے انتظامیہ نے یہ فیصلہ کیا کہ ٹیکس کے اثاثہ جات مبلغ 375 ملین روپے کو ادائیگی سے مستثنیٰ قرار دیا جائے۔

لہٰذا یکم جولائی 2015ء سے ایتھائلین پر درآمداتی ڈیوٹی پر 2% کی کمی واقع ہوئی اس کے علاوہ GIDC کے صنعتی پورشن کی ادائیگی مبلغ 754 ملین روپے ہوئی جو کہ اس دستاویز میں تحریر کی گئی ہے۔

تصفیہ اور نقد کی روانی:

کمپنی کی نقد کی روانی پر منافع کے حوالے سے سخت اثر پڑا جو کہ مطلوبہ CAPEX پر بغیر کسی معاملے کے مالیاتی مینجمنٹ نے موثر کردار ادا نہیں کیا اور جس کی وجہ سے مارکیٹ کی حکمت عملی نے نمو کے مطلوبہ ہدف کو پورا کرنے میں تعاون نہیں کیا۔مزید یہ کہ GIDC کے صنعتی حصہ کیلئے GIDC سیس بل 2015ء پر سینیٹ کی اسپیشل کمیٹی نے معافی کیلئے سفارش کی۔

نقد کی روانی جو کے پورے سال کے دوران مطلوبہ CAPEX کا جائزہ لیا گیا اور پروجیکٹس کی بہتری کیلئے حکمت عملی تیار کی گئی۔

مارکیٹ کی ترقیاتی سرگرمیاں:

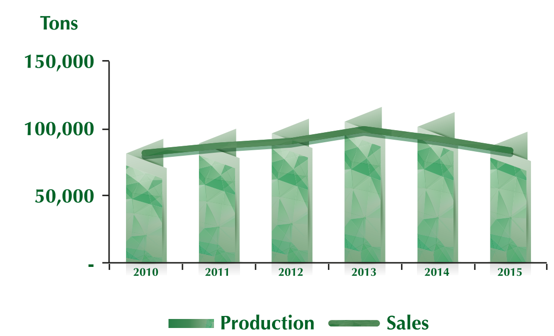
پائپ کے حوالے سے مشترکہ اکاؤنٹس جو کہ PVC کے کل اسراف کا تناسب 65% ہے، اس وقت PVC پائپ جو کہ صرف "24 کے ڈایا میٹر میں دستیاب تھا اور اسی بناء پر اس کا انتخاب کیا گیا تھا۔لہٰذا صارفین نے بڑے ڈایا میٹر کے پائپ کی ضروریات کیلئے متبادل میٹریل استعمال کرنا شروع کیا، اس سلسلے میں کمپنی نے بڑے سائز کے ڈایا میٹر کے پائپ بنام "Spiro" سائٹ پر مہیا کئے اور کامیابی سے ہدف کو پورا کیا۔سال 2015ء میں Spiro پائپ کو کچھ اہم منصوبوں میں استعمال کیا گیا تھا اور اس پروفائل کا استعمال جو کہ کچھ نکاسی کے منصوبوں اور دیگر اسکیمز میں تنصیب کیلئے منظور کیا گیا ہے۔

ایک اور اصول جس کا تعلق PVC جیوممبران میں کامیابی سے تھا۔اس مصنوعات نے مارکیٹ میں اپنی شناخت کروائی جسے پبلک اور پرائیویٹ سیکٹرز کے اہم منصوبوں میں تنصیب کیلئے منظور کیا گیا ہے۔

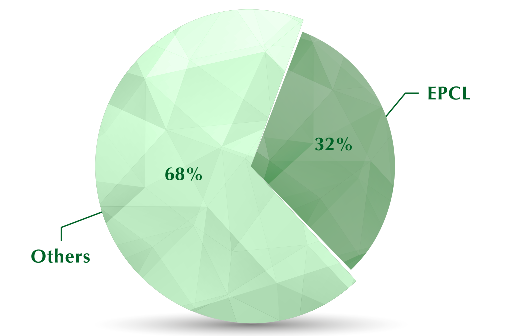
کاسٹک اور متعلقہ مصنوعات:

کاسٹک سوڈا کی مارکیٹ کا تخمینہ 2015ء میں 260 KT ہے۔EPCL نے سال 2015ء میں ملکی مارکیٹ میں 83KT فروخت کیا جس کا موازنہ سال 2014ء میں 93 KT سے کیا جاسکتا ہے جس کے تحت مارکیٹ کا شیئر 32% رہا۔فروخت میں کمی جو کہ مارکیٹ میں شدید مقابلے کی وجہ سے ہوئی جس میں اہم کلورالکلی یونٹ کی مرمت شامل ہے جس کی وجہ سے مصنوعات کی سپلائی متاثر ہوئی۔ان چیلنجز کے باوجود EPCL نے جنوبی کاسٹک سوڈا مارکیٹ میں صارفین کو سپلائی کے حوالے سے اپنی پوزیشن قائم رکھی۔

Caustic Sales and Production

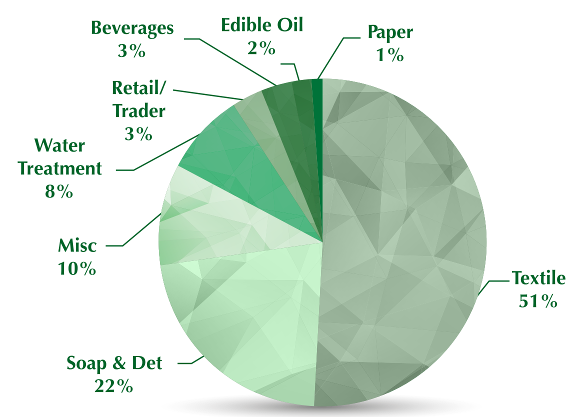


Caustic Market Share in 2015*



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

Domestic Caustic Application - EPCL



پاکستان میں زیادہ تر کاسٹک کی طلب ٹیکسٹائل، صابن اور ڈٹرجنٹ کے حوالے سے ہے۔ان سیکٹرز میں نمو کے سبب کاسٹک سوڈا کی طلب ملک کے اندر بڑھ گئی ہے۔سال 2015ء میں امید کے برخلاف ٹیکسٹائل اور صابن کی فروخت کم رہی جبکہ ٹیکسٹائل سیکٹرز میں بھی گیس کی قیمتوں میں اضافہ کے سبب پیداوار کی رفتار سست رہی جبکہ ڈینیم سیکٹر میں طلب مستقل قائم رہی۔

حکمت عملی کا رسک

پلانٹ آپریشن کا اجراء

حکمت عملی:
اس حوالہ سے مینٹی ننس اور معائنہ کی حکمت عملی پر عملدر آمد کیا جاتا ہے اور مدت کے دوران تمام تر لائسنس کے حوالے سے معاہدے انٹرنیشنل کنسلٹنٹ کے ساتھ کئے جاتے ہیں جس میں فنی امور اور پیچیدہ اثاثہ جات کے معاملے شامل ہیں۔

نتیجہ:
یہ حکمت عملی جو کہ مستقل طور پر کمپنی کی حیثیت سے پروڈکشن کو چلاتی ہے جس میں VCM پروڈکشن جس کی تصدیق پلانٹ کے حوالے سے کی جاتی ہے اور زیادہ سے زیادہ کوشش کی جاتی ہے۔

کمرشل/آپریشن کا رسک

ابتدائی خام مال پر ڈیوٹی عائد کرنا

حکمت عملی:
متعلقہ سرکاری اتھارٹیز کے ساتھ رابطہ کر کے وینائل چین ڈیوٹی اسٹرکچر اور برآمدات میں استعمال ہونے والے خام مال کیلئے DTRE حاصل کرنا۔

عالمی اشیاء کی قیمتیں

حکمت عملی:
ملکی کاروبار کو مرتب کرنا، عالمی اداروں کے ساتھ نیٹ ورک قائم کرنا اور انٹرنیشنل قیمت کے معیار کے تحت اصولی طور پر اپنے حقوق کو اجاگر کرنا۔

نتیجہ:
انتظامیہ جو کہ ہفتہ واری بنیاد پر اس بات کا جائزہ لیتی ہے تا کہ مارکیٹ کی حکمت عملی اور قیمت کے طریقہ کار کی بہتری کیلئے معاملات کا تعین کیا جا سکے اور مارکیٹ سے متعلق مواقع حاصل کرنا۔

توانائی کی قیمتیں

حکمت عملی:
قدرتی گیس کی مختلف قیمتوں کے لیول کے لئے حکمت عملی اور منصوبوں بمع توانائی پر عمل درآمد کرانا۔

نتیجہ:
گیس کی قیمتوں میں اضافہ کی وجہ سے دیگر قیمتوں میں اضافہ ہوا لیکن کمپنی نے قیمتوں میں اضافہ نہیں کیا اور متبادل فیول کا آپشن کا مطالعہ کیا جیسا کہ کوئلہ وغیرہ ہے۔

مالیاتی رسک

حساب کتاب کا رسک/بیلنس شیٹ پروفائل

حکمت عملی:
تصفیہ اور بیلنس شیٹ کی دوبارہ تعمیر کے سلسلے میں حکمت عملی قائم کرنا، ہولڈنگ کمپنی سے مالیات کا انتظام کرنا اور کمپنی کی موجودہ مالیات کے خطوط میں اضافہ کر کے کمپنی کی نقدی کی روانی کو موثر بنانا۔

نتیجہ:
کمپنی اس قابل ہے کہ وہ بغیر کسی متعلقہ آپریشن کے قرضہ جات کی ذمہ داریوں کو پورا کر سکتی ہے اور مختصر مدتی آپریشن کا حساب کتاب اور اخراجات کے حوالے سے مالیات حاصل کرنا شامل ہے۔

زرمبادلہ کا رسک

حکمت عملی:
مختلف معاہدوں کو استعمال کرتے ہوئے زرمبادلہ کو قرضہ جات کے حوالے سے منسلک کرنا۔

نتیجہ:
کمپنی کے ریٹ میں کمی کے تحت ایکسچینج ریٹ میں کمی کرنا لیکن متعلقہ سرمایہ کی حدود کے اندر اسے یقینی بنانا اور اس کا انحصار مارکیٹ میں اشیاء کی فراہمی کی حکمت عملی پر ہے۔

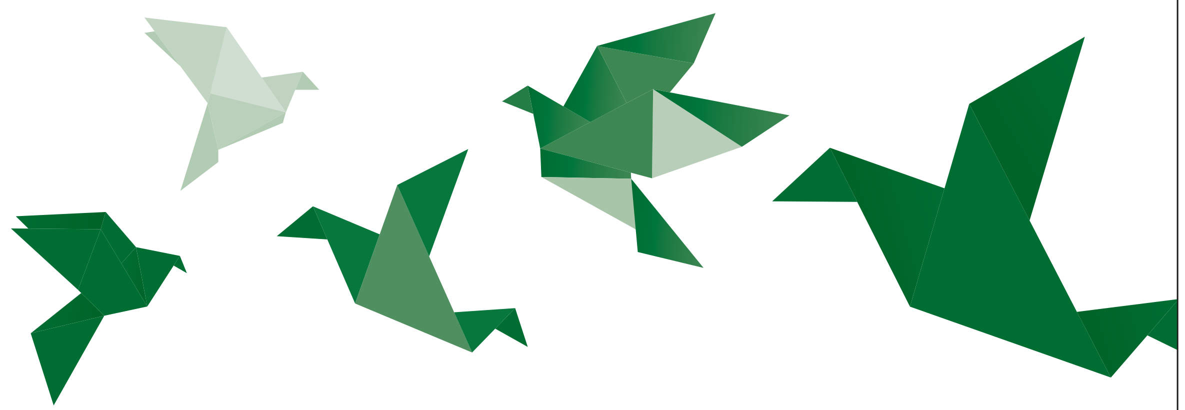
مالیات:

سال کے دوران کمپنی نے اپنی بیلنس شیٹ کو مرتب کرنے کیلئے کوششیں جاری رکھیں۔ شیئر کی رقم مبلغ 4 بلین روپے کے اجراء کے لئے حکمت عملی تیار کی جس کی منظوری بورڈ اور حامل شیئرز نے دی۔ جبکہ تخمینہ کی حکمت عملی اینگرو کارپوریشن نے سال کے دوران اینگرو پولیمر اینڈ کیمیکل لمیٹڈ کیلئے تیار کی جبکہ شیئر کے حوالے سے قانون نے مختلف پابندیاں عائد کیں۔ ان شیئرز کے اجراء کا عمل دوبارہ کرنے کیلئے کمپنی کی اکثریت حامل شیئرز کے مالکانہ حقوق پر منحصر ہے۔

نقدی کی روانی کی ضروریات کو پورا کرنے کیلئے تصفیہ کا عمل کیا گیا۔ کمپنی نے طویل مدتی مالیات اینگرو کارپوریشن سے مبلغ 4 بلین روپے حاصل کئے جس میں سے 2.15 بلین روپے سال کے آخر میں استعمال کئے گئے۔ مزید مختصر مدتی قرضہ جات کی سہولیات بھی سال کے دوران بڑھ گئیں جو کہ سال میں کام کے حوالے سے اور انشورنس کی زمرے میں ہیں۔

سرمایہ کاری کی ساخت:

کمپنی کے اثاثہ جات کا تناسب 50:50 جس کا موازنہ 2014ء میں 51:49 سے کیا گیا جبکہ ہمارا انٹریسٹ جو کہ سال 2015ء میں 0.7 تھا جس کا موازنہ 2014ء میں منفی 0.4 سے کیا گیا۔



رسک مینجمنٹ کا فریم ورک:

اینگرو پولیمر کیمیکل لمیٹڈ نے 2011ء میں لین انٹرپرائز رسک مینجمنٹ فریم ورک تیار کیا۔ یہ اینگرو پولیمر اور کیمیکل لمیٹڈ کی پالیسی ہے کہ رسک مینجمنٹ کو تحفظ کے لحاظ سے اہم کردار کیا ہے اس کے علاوہ ممکنہ طور پر اپنے اعزاز اور اثرات کو منظّم کرنے کیلئے رائے شامل کی گئی ہے۔

ہمیں اس چیز کا علم ہے ہم مشترکہ کاروبار کو آپریٹ کر رہے ہیں کمپنی نے ادارے کی حکمت عملی کی تشخیص کی ہے اور باقاعدگی سے مینجمنٹ کمیٹی تمام امور کی نگرانی کر رہی ہے اور رسک مینجمنٹ کا عمل جو کہ چیف رسک آفیسر (CRO) کرتے ہیں جس کی تصدیق بورڈ آڈٹ کمیٹی کرتی ہے۔

کاروباری اصول اور اینٹی کرپشن:

کاروباری اصول جو کہ ہمارے بنیادی اقدار پر منحصر ہے اور کاروبار کا دل ہے۔ ہم اینگرو پولیمر اینڈ کیمیکل لمیٹڈ میں کام کرتے ہیں اور کمپنی کے بورڈ آف ڈائریکٹرز نے یہ قابل قبول کاروباری پریکٹس سیٹ کیئے ہیں جسے ضابطہ اخلاق بھی کہا جاتا ہے جو اس بات کو یقینی بناتا ہے کہ ہمارے تمام کاروباری لین دین اعلیٰ معیار و اقدار کے ہیں ہم پر کسی قسم کا دباؤ نہیں ہے اور ہم اپنا تمام تر کام پالیسی کے عین مطابق کرتے ہیں اور موثر طور پر تمام کام پر عمل درآمد کرواتے ہیں۔ اس کے علاوہ کئی چینلز دستیاب ہیں جو کہ ہمارے اسٹیک ہولڈرز کو ہماری پریکٹس اور سلوک کی نشاندہی کرتے ہیں جو ہمارے بنیادی اصول ہیں۔ انتظامیہ نے صاف شفاف طریقہ سے کاروباری اصول مرتب کیئے ہیں تاکہ ہمارے ملازمین اس سلسلے میں اپنا اہم کردار ادا کرسکیں۔

توانائی کی انتظامیہ:

توانائی جو کہ ہمارے آپریشن کیلئے بے حد اہم ہے جو کہ بجلی کے حوالے سے ضروری ہے لیکن اس کا انحصار بجلی کی پیداوار کیلئے گیس پر ہے۔ اس سلسلے میں کمپنی نے پیداوار کے ہر یونٹس کے لیئے توانائی بینچ مارک قائم کیا ہے تاکہ کارکردگی کا جائزہ لیا جاسکے۔ ہم مستقل طور پر اپنے منصوبہ کی توانائی کیلئے مسلسل کوششوں میں ہیں۔

ماحولیاتی تحفظ:

ماحولیاتی تحفظ کے بارے میں ہمارا مقصد بے حد اہم اور مضبوط ہے۔ سال کے دوران مختلف تجاویز انٹرنیشنل یونین برائے کنورسیشن آف نیچر (IUCN) کو پیش کی گئیں اور کوسٹل ایکوسسٹم پر بات چیت بھی کی گئی یہ تجاویز ابھی زیر غور ہیں۔

متعلقہ مینجمنٹ سسٹم جو کہ ISO 9001: کوالٹی مینجمنٹ سسٹم (QMS)، ISO 14001: ماحولیاتی مینجمنٹ سسٹم (EMS)، اور OSHAS-18001 (پیشہ ورانہ تحفظ اور صحت کی تشخیص کا سلسلہ) جو کہ 2014ء میں شروع کیا گیا تھا جس کا آڈٹ سال 2015ء میں SGS نے ZERO کی بنیاد پر کیا تھا۔

گرین آفس سرٹیفیکیٹ برائے 4 نئی بلڈنگز جو کہ مینوفیکچرنگ سائٹ پر حاصل کئے گئے تھے اور گرین آفس بلڈنگ کی کل تعداد 8 تھیں۔

5S ہاؤس کیپنگ سرٹیفیکیٹ عمل جسے گزشتہ سال مینٹی ننس ورکشاپ اور I&E ڈپارٹمنٹ نے مکمل کیا تھا۔ سال 2015ء میں پلانٹ لیبارٹری نے NPO (نیشنل پروڈکٹیویٹی آرگنائزیشن منسٹری آف انڈسٹریز) نے 5S مصدقہ پلانٹ لیبارٹریز تشخیص کیں۔

قومی خزانے میں حصہ داری:

اینگرو پولیمر اینڈ کیمیکلز لمیٹڈ جو کہ قومی خزانے میں حصہ دار ہے، سال 2015ء میں کمپنی نے سیلز اور انکم ٹیکس کے اکاؤنٹ میں تقریباً مبلغ 4,046 ملین کا حصہ شامل کیا۔

معاشرتی ذمہ داری:

کمپنی CSR پروگرام جو کہ اینگرو فاؤنڈیشن کے سایہ تلے ہے جس کے ساتھ ساتھ اینگرو کے تمام متعلقین بھی اس میں شامل ہو کر ایک سوسائٹی تشکیل دینے کا عزم رکھتے ہیں۔

کاروباری پلان کا تواتر:

اینگرو پولیمر اینڈ کیمیکل لمیٹڈ اپنی ذمہ داری کو سمجھتے ہوئے کاروباری معاملات کو ہر قسم کی رکاوٹ سے تحفظ دیتا ہے۔ اس حوالے سے کمپنی نے 2013ء میں کاروباری حکمت عملی مرتب کی اس حکمت عملی کے تحت پیچیدہ کاروبار کو بہتر طریقہ سے چلانا اور غیر یقینی صورتحال میں درج ذیل مقاصد شامل ہیں:۔

☆ بلڈنگ کے حوالے سے فریم ورک فراہم کرنا تاکہ موثر جواب حاصل ہو سکے اور اسٹیک ہولڈرز کے مفادات کو تحفظ حاصل ہو سکے اور برانڈ اور ویلیو کی سرگرمیاں پیدا ہو سکیں۔

☆ ہمارے آپریشن کے حوالے سے خطرات کی تشخیص کرنا اور اس کے اثرات کو سمجھتے ہوئے خطرات کو دور کرنا اور ادارتی ماحول کے تحت کاروبار کو مسلسل چلانا۔

☆ کسی بھی رکاوٹ کی صورت میں منظّم طور پر کوشش کرنا اور اس اثر کو کم سے کم کرنے کیلئے مناسب اور موثر طور پر عمل درآمد کرنا۔

☆ جتنی جلدی ہو سکے کاروباری آپریشن کو ریکور کرنا کیونکہ رکاوٹ کے نتیجہ میں ہمارے کاروباری آپریشن یا سپورٹ سروسز میں رکاوٹ پیدا ہوتی ہے۔

☆ باقاعدہ طور پر وقفہ کے تحت مطلوبہ ہدف کا جائزہ لینا اور کاروبار کو مستقل چلانے کیلئے سپورٹ کرنا۔

EPCL کی جوابی حکمت عملی کے تحت کم سے کم آپریٹ کرنے کی صلاحیت، BCP ٹیم کا ادارہ خراب تشخیص اور ابتدائی سائٹ کی سرگرمیوں کی بحالی شامل ہے اور اس بات کو بھی یقینی بنانا ہے کہ خرابی کی صورتحال کو فوری طور پر بحال کرنا ہے، انتظامیہ جو کہ اپنے کاروبار کیلئے خطرات کا جائزہ لیتی ہے اور اس سلسلے میں حکمت عملی تیار کرتی ہے تاکہ کسی بھی غیر یقینی چیلنجز کا مقابلہ کیا جاسکے۔

ذمہ دار شہریت:

اینگرو پولیمر اینڈ کیمیکل لمیٹڈ اپنی ذمہ داریوں کو اچھی طرح سمجھتا ہے جو کہ ماحول سے متعلق ہے۔

کیمیکل اور دیگر مضر اجزاء کے اخراج کا طریقہ کار:

کلورو ینائل پلانٹس جو کہ موثر طور پر کیمیکل کے لئے استعمال کیا جاتا ہے۔ ہم اپنی ذمہ داری کو اچھی طرح سمجھتے ہیں اور اس طرح کے کیمیکل کو بحفاظت عملدرآمد کرنے کو یقینی بناتے ہیں۔ کیونکہ کمپنی تمام تر سامان سے لیس ہے اور ان تمام ساز و سامان کی حفاظت کی جاتی ہے اور ماحولیاتی کارکردگی اور پیرامیٹرز کی باقاعدہ رپورٹنگ ماحولیاتی پروٹیکشن ایجنسی سندھ کو دی جاتی ہے۔

کوالٹی اور ٹیسٹنگ کی یقین دہانی:

کمپنی کے پاس ایک مستند ٹیم ہے جو کہ PVC کی صنعت کے معیار کو قائم رکھنے کیلئے کام کرتے ہیں اس سلسلے میں EPCL نے پاکستان اسٹینڈرڈز اینڈ کوالٹی کنٹرول اتھارٹی کے ساتھ الحاق کیا ہے اس کا مقصد پائپ انڈسٹری اور PVC جیوممبران کے معیار کو قائم رکھنا ہے۔ Spiral اور جیوممبران جس کے معیار میں کنزیومر کے لیول کے مطابق اعتماد پیدا کرنا۔ EPCL کا مقصد نہ صرف اعلیٰ معیار فراہم کرنا ہے بلکہ اپنے صارفین کا اعتماد بھی حاصل کرنا ہے۔

اس کمپنی نے پائپ کوالٹی ٹیسٹنگ لیبارٹری قائم کی ہے جو کہ ہاؤسنگ اینڈ عربن ڈویلپمنٹ ڈپارٹمنٹ (HUD) اور پبلک ہیلتھ انجینئرنگ (PHE) لاہور قائم کی ہے جس میں پروڈکٹ کو جانچنے کیلئے تمام تر آلات مہیا کئے ہیں، یہ پبلک سیکٹر کا ادارہ ہے اور پبلک میونسپلٹیز میں اعلیٰ میٹریل کی تنصیب کو یقینی بناتا ہے۔ اس کے علاوہ ہماری موبائل ٹیسٹنگ لیبارٹری بھی منصوبوں کے مالکان کو ٹیسٹنگ کی سہولیات کی پیشکش کرتا ہے۔

سماجی سرگرمیوں میں سرمایہ کاری اور فلاحی منصوبے

ہمارے ملازمین نے اس کمپنی میں ایک برادری کی حیثیت سے شمولیت حاصل کی ہے انہوں نے سال 2015ء میں کمیونٹی ورک کے 1600 گھنٹے مکمل کئے ہیں اوران سرگرمیوں کا تناسب ورکنگ سے لے کر دارالسکون میں طبعی بچوں کی مدد شامل ہے جنہوں نے گزشتہ ہیٹ اسٹروک میں بھی غریب لوگوں کے ساتھ تعاون کیا تھا۔ فاطمی فاؤنڈیشن میں تھلیسمیا کے مریضوں کو خون فراہم کیا تھا۔ اولڈ ہوم کے نام سے دارالسکون نے ملازمین کے لئے ادارہ قائم کیا تھا جس میں مختلف فنکشن وغیرہ کا انتظام کیا جاتا ہے۔ ہمارے ملازمین ٹریننگ کے حوالے سے اس انڈسٹری میں اپنی بہترین قابلیت کو استعمال کرتے ہیں جس میں پائپ مینوفیکچررز پنجاب اور سندھ شامل ہیں، جو کہ یہ عمل مفت PVC پائپ کی پیداواری عمل میں شامل ہیں۔

کمپنی مستقل طور پر فنی ٹریننگ اور تعلیم کو فروغ دینے کیلئے اسکالرشپ فراہم کرتی ہے اور گھگھر پھاٹک، پورٹ قاسم برائے سٹی اور گائیڈز ٹریننگ ہنر فاؤنڈیشن سے 10 طالب علموں کو وظیفہ دیا جاتا ہے۔

دیہی ڈویلپمنٹ اور عطیات:

کمپنی نے دی سٹیزن فاؤنڈیشن کے ساتھ دسمبر 2013ء میں ایک MOU پر دستخط کئے تھے۔ یہ اسکول گھگھر پھاٹک کے آس پاس کے علاقوں میں بچوں کو معیاری تعلیم فراہم کرتا ہے۔ یہ کیمپس مارچ 2015ء میں مکمل کیا گیا تھا اور یہ اسکول پرائمری اسکول کے طور پر شروع کیا گیا ہے جس میں اب تک 121 طالب علم ہیں۔ پورے سال کے دوران ملازمین ہمارے TCF اسکول کے سایہ تلے تعلیم حاصل کررہے ہیں۔ اس کے علاوہ مختلف سرگرمیوں میں بھی اپنا کردار ادا کررہے ہیں۔ ملازمین نے اس اسکول میں ایک لائبریری بھی قائم کی تھی۔

صحت کی حفاظت اور ماحول:

صحت، حفاظت اور ماحول جو کہ ہمارے لئے بے حد اہم ہیں اس کے لئے مختلف پالیسیاں اور سسٹمز پر عمل کرتے ہیں جو ہمارے آپریشن کا ایک حصہ ہے حفاظت اور ثقافت پر یقین رکھتے ہیں تاکہ ہمارے ملازمین پر دباؤ کم ہوسکے۔ اینگرو پولیمر اینڈ کیمیکل اس بات پر پختہ یقین رکھتی ہے کہ HSE ہر انفرادی شخص کی ذمہ داری ہے۔ ہم تحفظ کو یقینی بناتے ہیں جو کہ ہمارے تمام کاروباری فیصلوں اور ہمارے ملازمین کیلئے اہم حصہ ہے۔ ہمارے ملازمین کیلئے لازم ہے کہ وہ کمپنی کی HSE پالیسیز اور اصولوں کو حاصل کرنے کیلئے کام کریں گے۔

سال 2015ء میں کمپنی کے کُل زخمی ہونے والوں کی تعداد 0.19 اور قابل ریکارڈ زخمی ہونے والوں کی تعداد 03 (02 میڈیکل علاج کیس اور 01 کام کے دوران زخمی ہوا)۔ GOAL ZERO کارکردگی کے مظاہرے پر تمام تر کام کرنے والے گروپس نے مشترکہ طور پر اس میں حصہ لیا اور اس پروگرام کو کامیاب بنایا اس سلسلے میں ایک حفاظتی کتابچہ بھی شائع کیا گیا اس کے علاوہ D لیول (حفاظتی گفتگو) B لیول موثر گفتگو کے طور پر شائع کیا گیا۔ حفاظت کے سلسلے میں ایک اور اقدام بھی کیا گیا جو کہ آن لائن MSA (مینجمنٹ سیفٹی آڈٹ) بھی شروع کیا گیا۔ HSE نے ہمیشہ ذاتی تشخیص اور ڈویلپمنٹ پروگرام میں اہم کردار ادا کیا ہے اسی طرح انفرادی طور پر HSE کارکردگی کی بنیاد پر یہ عمل متعارف کیا گیا۔ HSE کے طریقہ کار کے موثر بات چیت کے تحت اہم طریقہ کار کو اردو زبان میں ترجمہ کرکے سپلائی کیا گیا۔

حفاظت کے سلسلے میں کچھ ترقیاتی اقدامات کئے گئے جس کی تفصیل سیفٹی انٹی گریٹی لیول (SIL)، لیئر آف پروٹیکشن اینالائسس (LOPA) اور فائر رسک اسسمنٹ (FRA) کو مکمل کیا گیا تھا اور انتظامیہ کو پیش کیا گیا تھا اس کے علاوہ تفتیشی ٹریننگ کا بھی انتظام کیا گیا۔ سائٹ QRA (کوانٹی رسک اسسمنٹ) بھی جو کہ اس سلسلے میں بینچ مارک تھا۔ ایمرجنسی کے طریقہ کار اور پریکٹس بھی انڈسٹریز اور آرگنائزیشن (جیسا کہ پاکستان نیوی) بھی شامل تھے۔

EPCL نے تقریباً 60 گاڑیاں اس حوالے سے پیش کی ہیں لوجسٹک ڈپارٹمنٹ کیمیکل کی ٹرانسپورٹ جس میں کاسٹک سوڈا، ایتھائلین ڈی کلورائیڈ، ہائپوکلورائٹ اور HCL شامل ہیں جسے محفوظ طریقے سے مارکیٹ کی گاڑیوں میں ٹرانسپورٹ کیا جاتا ہے۔ اس فلیٹ کی کارکردگی بالکل محفوظ ہوتی ہے جو کہ فلیٹ ایکسیڈنٹ فریکوئنسی ریٹ (FAFR) کے توسط سے انجام دی جاتی ہیں۔ سال 2015ء میں ہمارے لوجسٹکس آپریشن کی فلیٹ میں 1.02 کے تناسب کو حاصل کرکے شاندار کارکردگی کا مظاہرہ کیا جو کہ ایک قابل قبول لیول ہے۔ ہماری ان خدمات کے دوران اور لوجسٹک آپریشن میں پورے سال کے دوران کوئی بھی زخمی نہیں ہوا۔

EPCL نے CCPS (سینٹر فار کیمیکل پراسس سیفٹی)، NSC (نیشنل سیفٹی کاؤنسل)، WWF (ورلڈ وائلڈ لائف فاؤنڈیشن) اور BSC (برٹش سیفٹی کاؤنسل) کے ساتھ ممبرشپ کی ہے جن کے ذریعے کمپنی بہترین HSE پریکٹس میں شمولیت رکھتی ہے۔

اس سال کے دوران PSRM/PSM پر خارجی تشخیص اور DuPont کی جانب سے بہترین آپریشن منعقد کیا گیا۔ EPCL نے PSRM میں 4.2 کی ریٹنگ اور PSM میں کُل 5.0 میں سے 4.0 کی ریٹنگ حاصل کی۔ یہ ریٹنگ جو کہ EPCL نے حفاظتی اصول کو اپناتے ہوئے اور اعلیٰ کارکردگی کا مظاہرہ کرتے ہوئے OSHA سے حاصل کی۔

پیشہ ورانہ صحت اور صنعت ہائی جین لیڈنگ انڈیکیٹرز 2015ء میں شروع کیا گیا جس کا انعقاد ماہانہ بنیاد پر کیا جاتا تھا۔

کمپنی نے DuPont کے حوالے سے 22 ضروری ماڈل کا ہدف بھی سیٹ کیا ہے جو کہ PSM اور PSRM ماڈلز کے عین مطابق ہے۔ ہم BSC آڈٹ کی سفارشات پر عمل کرتے ہوئے ان پروجیکٹس کو بہتر طور پر مرتب کررہے ہیں اور اس میں صحت کا معیار بھی بڑھایا گیا ہے۔

معلوماتی نظام:

سال 2015ء میں IT کا ٹرانسفارمیشن سفر IT حکمت عملی کے تحت 2015ء میں شروع کیا گیا تھا جس میں لینڈ مارک سفائر منصوبے کا اجراء بھی شامل ہے۔

سفائر منصوبہ پر کامیابی سے کمپنی کی مالیات، سیلز اور سپلائی کی چین کے تحت عملدرآمد ہوگا اور یہ پروجیکٹ بغیر کسی تعطل کے جاری کیا گیا تھا جو کہ اینگرو کی تاریخ میں ERP کا ایک بہترین پروجیکٹ ہے اور کراس ڈپارٹمنٹ کے شریک آپریشن اور کوآرڈینیشن کی ایک بہترین مثال ہے جو کہ کاروباری معاملات کے مابین کامیابی کو یقینی بناتا ہے۔

انفارمیشن ٹیکنالوجی ڈپارٹمنٹ پوری کمپنی میں مختلف اقدام کو سپورٹ کررہا ہے جس میں حاضری اور چھٹی کی مینجمنٹ سسٹم پر عملدرآمد بھی شامل ہے اس کے علاوہ لیبارٹری انفارمیشن مینجمنٹ سسٹم (LIMS)، مائی اینگرو میں نئے ماڈلز، آڈٹ کی سفارشات کا ٹریکنگ سسٹم اور پلانٹ ٹریننگ مینجمنٹ سسٹم شامل ہے۔

یہ سفر ایک کامیاب سسٹم ہے جو کہ 2016ء سے مسلسل ہوگا کیونکہ انفارمیشن ٹیکنالوجی جو کہ سسٹم آف ریکارڈز سے لے کر سسٹم آف انگیجمنٹ تک ہے جس کے تحت تمام ماہرین کام کرنے والے اپنے معیار کو قائم رکھتے ہیں نہ صرف یہ بلکہ انقلابی عمل کے تحت حقیقی معنوں میں اینگرو کے کاروباری پارٹنر کی حیثیت سے اپنا کردار سرانجام دے رہے ہیں۔

یہ سفر ایک کامیاب سسٹم ہے جو کہ 2016ء سے مسلسل ہوگا کیونکہ انفارمیشن ٹیکنالوجی جو کہ سسٹم آف ریکارڈز سے لے کر سسٹم آف انگیجمنٹ تک ہے جس کے تحت تمام ماہرین کام کرنے والے اپنے معیار کو قائم رکھتے ہیں نہ صرف یہ بلکہ انقلابی عمل کے تحت حقیقی معنوں میں اینگرو کے کاروباری پارٹنر کی حیثیت سے اپنا کردار سرانجام دے رہے ہیں۔

انسانی ذرائع (ہیومن ریسورس):

سال 2015ء میں ہیومن ریسورسز ابتدائی طور پر ملازمین کی شمولیت میں اضافہ اور کمپنی میں متحرک ہونے پر مرکوز تھا۔ اس سلسلے میں مختلف پروگرام اور سیشن سال کے دوران ملازمین کے لئے منعقد کئے گئے تھے۔

پیداواری اور اصلاحی عمل:

سیکشن ہیڈز، مینیجرز اور ایگزیکیٹیوز کے لئے ایک آؤٹ بریک قائم کیا گیا تھا اس آؤٹ بریک کا مقصد الحاق کو تقویت دینا اور ٹیم ممبران کے مابین تعلق پیدا کرنا تاکہ مختلف سرگرمیوں کے توسط سے موثر انتظامی حکمت عملی کے ذریعے ماضی کے پلانز پر میٹنگ میں بحث کی جاسکے۔

لین سکس سگما جو کہ تیسرے سال کیلئے سرانجام دیا گیا تھا جو کہ سنگاپور سے ہو رہا تھا۔ 24 ملازمین اس ٹریننگ میں شامل تھے اور 29 گرین بیلٹس کی تصدیق سال 2015ء میں سابقہ بیچز سے کی گئی تھی۔ ملازمین کو ان کے مسائل حل کرنے اور انہیں فائدہ پہنچانے کے سلسلے میں جاری شدہ پروجیکٹ پر نظرثانی کی گئی اور کوالٹی کا پیرامیٹر قائم کیا گیا۔

جونیئر ملازمین کے لئے دو پروگرامز سال 2015ء میں شروع کئے گئے تھے۔ جذباتی انٹیلی جنس اور 7 عادتیں، جن کا معیار ہمارے مطابق تھا، اس کے علاوہ کئی ملازمین کو اینگرو گروپ کے بوٹ کیمپس جو کہ کراچی سے باہر تھا، بھیجا گیا اس کے علاوہ دیگر متعلقہ کمپنیز کے ملازمین کو بھی اینگرو میں بطور فیملی شامل کیا گیا تھا۔ Dale Carnegie ٹرینرز کو اینگرو کارپوریشن نے بیرون ملک سے گروپ کے لئے طلب کیا تھا جنہوں نے موثر طور پر کمیونیکیشن کی ٹریننگ دی اور ہمارے لوگوں کی مہارت کو بڑھایا۔ اس کے علاوہ تیسرا اور فائنل پروگرام ہمارے ذاتی موثر سیریز کیلئے تھا جسے پہلی مرتبہ شرکاء نے حاصل کیا تھا۔

2015ء میں انگیجمنٹ میں اضافہ کا ایک اور طریقہ کار اپنایا گیا جو کہ ٹائم آؤٹس کے توسط سے کیا گیا تھا۔ تمام ڈپارٹمنٹ کے ہیڈز نے اپنی ٹیم کے ساتھ ٹائم آؤٹ کو سرانجام دیا تاکہ ٹیموں کے درمیان بہترین تعاون قائم رہے۔ ٹیم کی تعمیر کی سرگرمیاں اور گیمز بھی ملازمین کے لئے فراہم کئے گئے اور ان کو مواقع فراہم کئے گئے تاکہ وہ ٹیم کے اندر رہ کر اپنی باتیں پہنچا سکے اور کمپنی کے ملازمین کی حیثیت سے اطمینان حاصل کرسکے۔

ورک فورس کا معیار اور خدمات:

EPCL کی HR حکمت عملی کے اہم نکات میں سے ایک اہم نکتہ کمپنی کی پائپ لائن کی تقویت بتوسط ٹریننگ حاصل کرنے والوں کی پالشنگ کے ذریعے ہے یہ تصور ان کے ٹیلنٹ کو بڑھانا اور وہ انفرادی لوگ جو کہ پہلے ہی مشہور ہیں انہیں کمپنی کے پراسس اور آپریشن سے آگاہ کرنا ہے۔ سال 2015ء میں انہوں نے اس پول سے کامیابی حاصل کی ہیں اور داخلی و خارجی تناسب میں اضافہ کیا۔

ورک فورس کی منتقلی اور ملازمین کی معذوری:

ورک فورس منتقلی کے تحت خواتین ملازمین اور دیگر معذور ملازمین کے تناسب پر نظر مرکوز کی گئی لیکن کوئی بھی مناسب PWD اس سال کے دوران داخل نہیں ہوسکا جبکہ دیگر متعلقین کے ساتھ انٹرویوز اور سفارشات پیش کی گئیں۔ EPCL جو کہ NOWPDP NGO کے ساتھ کام کر رہا ہے تاکہ مستقبل میں ممکنہ امیدواران کی خدمات حاصل کی جاسکیں۔ کمپنی نے ایک پروگرام "Bring your child to work Day" جس میں ملازمین نے اپنے بچوں کو لاکر حوصلہ افزائی حاصل کی۔

اسٹیک ہولڈرز کی شمولیت اور تعلقات:

کمپنی ہر سطح پر اسٹیک ہولڈرز کو شامل کرنے پر یقین رکھتی ہے اس سال کے دوران ہم نے پریس ریلیز کو سیکیورٹیز کے طور پر استعمال کیا اور اسٹاک ایکسچینج سے اپنی حکمت عملی کے تحت اظہار کیا (بشمول کمپنی کے مالیاتی اسٹیٹمنٹ کے نوٹ 1.4 کو واضح کیا) اس کے علاوہ متعلقہ اسٹیک ہولڈرز کے ساتھ بات چیت کی۔

EPCL نے کئی سوفروخت کنندگان اور صارفین کے ساتھ رابطہ کیا ہم نے ملازمین کے اطمینان کے لئے بینچ مارکس اور نتائج میں شیئر کیا جو کہ متعلقہ مینیجرز اور HR کی حکمت عملی کے بارے میں خطاب کیا۔

کارکردگی کا جائزہ اور مستقبل پر نظر:

سال 2015ء کے دوران ملکی اقتصادی حالت میں نمو حاصل ہوئی اور GDP نمو میں خاطر خواہ اضافہ ہوا جو کہ سرمایہ کاران کے اعتماد کی بحالی سے متعلق ہے اور مثبت اقتصادی اور کاروبار میں اضافہ بھی اس کی ایک کڑی ہے۔ مالیاتی سال 2016ء میں حکومت نے پبلک اور پرائیویٹ سیکٹرز کی ترقی کیلئے حکمت عملی کی ہے اور توانائی کے مسائل کو حل کرنے کا وعدہ کیا ہے۔ کم ڈسکاؤنٹ کا ریٹ بھی کریڈٹ کی حوصلہ افزائی کیلئے ہوگا تاکہ سرمایہ کاری کو فروغ حاصل ہو۔

2015ء کا سال جو کہ چیلنجز سال تھا جس میں مختلف مارکیٹس کی نمو مستقل طور پر پریشر میں رہی اسی طرح زیادہ سپلائی جو کہ طلب کی نمو کی کمزوری ثابت ہوئی اس کے ساتھ ساتھ خام تیل کی قیمتوں میں کمی و بیشی بھی شامل ہے اور یہ پورے بورڈ کیلئے پریشان کن مسئلہ تھا بالخصوص پیٹروکیمیکل چین کیلئے۔

ایتھائلین سپلائی مستقل طور پر سال 2015ء کے دوران بہت سخت رہی کیونکہ اس دوران شمالی مشرقی ایشیاء کے غیر پلان شدہ معاملات کی تکمیل نہیں کی گئی تھی اسی وجہ سے اس میں یہ معاملات پیش آئے۔ کارگو کی تعداد کی دستیابی جو کہ ریجنل ایکسپورٹ کیلئے بھی ضروری تھی اور خام مال کی دستیابی ایک پیچیدہ عمل ہے جو کہ غیر مداخلت شدہ پیداوار کے حوالے سے کمپنی نے کچھ معاہدے اہم سپلائر کے ساتھ کئے اور ایتھائلین کے ذرائع کو واضح کیا۔

گلوبل PVC مارکیٹ کی ڈیمانڈ 2015ء میں قائم رہی جو کہ گلوبل اکانومی میں مستقل نمو کی وجہ سے اس سال کے دوران خام تیل اور ایتھائلین کی قیمتیں زیادہ رہیں اور دوسرے حصہ میں کم ہوگئیں۔ چنانچہ PVC کی قیمتیں ایتھائلین کی قیمتوں کے مقابلے میں کم رہیں۔

engro polymer & chemicals

لوکل PVC مارکیٹ 2015ء میں نموکی گواہ ہے۔ کمپنی کوا کانومکس کے اضافہ اور کنسٹرکشن کے سیکٹر میں نموکی وجہ سے فائدہ حاصل ہوا ہے۔ اگلے سال 2016ء میں انفرا اسٹرکچر منصوبہ کے تحت مزید سرمایہ کاری کی منصوبہ بندی کی گئی ہے اور کنسٹرکشن کے سیکٹر میں کافی مضبوط طلب ہے۔ مزید توانائی کا سیکٹر جو کہ مسائل کا شکار ہے لیکن امید کی جاتی ہے کہ پاور کی سپلائی بہتر ہوگی۔

گھریلو کاسٹک سوڈا کی مارکیٹ اس مدت کے دوران زیر بحث رہی اور کاسٹک کی تمام تر طلب نمو پر رہی۔

CA۔ پلانٹ پر اہم مرمت نے بھی EPCL مصنوعات کی سپلائی کو متاثر کیا۔ اس سلسلے میں موثر اقدامات کئے گئے ہیں تا کہ سال 2016ء کے دوران مکمل پیداوار حاصل ہو۔

با قاعدگی کی بنیاد پر سینیٹ کی اسپیشل کمیٹی نے سفارش کی ہے اور GIDC کے متعلقہ حصے کی ادائیگی پر معافی کی پیشکش کی ہے جس کی وجہ سے کمپنی کی نقد کی روانی پر بہت فائدہ ہوگا۔ اگر اس پر عمل کیا گیا تو کمپنی GIDC کے واجب الادا بیلنس کا کافی حصہ ادا کر دینگے۔

کمپنی کو یقین ہے کہ سال 2016ء میں بہترین آپریشن کی کارکردگی رہے گی یہ بھی امید کی جاتی ہے کہ اس کی مارکیٹنگ کی سرگرمیاں بھی مثبت انداز میں کام کرتی رہیں گی اور آنے والے سالوں میں اس کے بہتر نتائج حاصل ہونگے۔ اس کے ساتھ ساتھ کمپنی نا قابل کنٹرول عوامل جیسا کہ وینائل چین کی قیمتیں، توانائی کی قیمتیں اور کرنسی کے معاملات ہیں، اس پر کنٹرول کرے گی۔

تعمیراتی جائزہ:

کمپنی میں شیئر ہولڈنگ:

31 دسمبر 2015ء کو کمپنی میں شیئر ہولڈنگ کی تفصیلات درج ذیل ہیں

شیئر ہولڈنگ کی درجہ بندی		شیئرز کی تعداد	شیئرز کا فیصد
ڈائریکٹرز، چیف ایگزیکٹیو آفیسر، شوہر/ بیوی اور نابالغ بچے	11	5,010	0.001%
متعلقہ کمپنیز، مقررہ اور متعلقہ فریقین	4	538,955,827	81.23%
بینکس، DFIs، غیر بینکنگ مالیاتی ادارے	5	2,716,333	0.41%
انشورنس کمپنیز	3	1,045,000	0.16%
مضاربہ اور باہمی فنڈ	-	-	
شیئر ہولڈرز کا 10% تناسب	3	537,914,987	81.08%
عام پبلک (انفرادی)			
(a) لوکل	31,202	79,605,656	12.00%
(b) غیر ملکی	-	-	-
دیگران	80	41,140,962	6.20%

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
اینگرو کارپوریشن لمیٹڈ	372,809,989
انٹرنیشنل فائنانس کارپوریشن	97,155,000
مسٹوبشی کارپوریشن	67,949,998
EPCL ایمپلائیز ٹرسٹ	1,040,840
	538,955,827

2۔ باہمی فنڈ

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
باہمی فنڈ	-

3۔ ڈائریکٹران اوران کی بیویاں اور نابالغ بچے

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
مسٹر اسد سعید جعفر	1
مسٹر فیروز رضوی	1
مسٹر عمران انور	1
مسٹر خالد ایس۔ سبحان	1
مسٹر کیمیھدی آندو	1
مس ناز خان	1
مسٹر عمر یعقوب شیخ	1
مسٹر شہزاد داؤد	5,001
مسٹر شیو چی او گیواڑا	1
مسٹر ظفر ہادی	1

4۔ ایگزیکیٹیو

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
ایگزیکٹو	651,104

5۔ پبلک سیکٹر کمپنیز اور کارپوریشن

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
پبلک سیکٹر کمپنیز اور کارپوریشن	-

6۔ بینکس، ڈویلپمنٹ فنانس ادارے، انشورنس، تکافل، مضاربہ اور پنشن فنڈز

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد
بینک، ڈیولپمنٹ فائنانس انسٹیٹیوشن، نان بینکنگ فائنانس کمپنیز، انشورنس، تکافل، مودارابا اور پینشن فنڈ	3,5111,333

7۔ شیئر ہولڈنگ 5% یا زائد کی ووٹنگ کمپنی کے مفاد میں:

شیئر ہولڈنگ کی درجہ بندی	شیئرز کی تعداد	شیئرز کا تناسب %
اینگرو کارپوریشن لمیٹڈ	372,809,989	56%
انٹرنیشنل فائنانس کارپوریشن	97,155,000	15%
مستوبشی کارپوریشن	67,949,998	10%

نام	خریدے گئے شیئرز	فروخت کئے گئے شیئرز	ریٹ	خرید/فروخت کی تاریخ
ساجد محمد خان		2,875	13.47	جنوری 20، 2015
ساجد محمد خان		29,000	13.06	جنوری 22، 2015
خواجہ عبادالدین		31,500	13.18	جنوری 22، 2015
سلمان درانی		1,000	10.53	مارچ 2، 2015
سید نورالاحمد	637		9.00	اپریل 6، 2015
عبدالشکور		230	9.43	جولائی 2، 2015
مظفر اسلام		10,000	11.81	جولائی 27، 2015

9- شیئر ہولڈنگ کی نوعیت 31 دسمبر 2015ء

شیئر ہولڈرز کی تعداد	شیئر ہولڈنگ کا تناسب 10 روپے فی شیئر	شیئرز کی تعداد
431	1 - 100	11,226
20,415	101 - 500	9,810,178
6,433	501 - 1,000	4,556,457
2,712	1,001 - 5,000	6,587,616
522	5,001 - 10,000	4,135,915
229	10,001 - 15,000	2,929,138
118	15,001 - 20,000	2,196,819
94	20,001 - 25,000	2,245,578
51	25,001 - 30,000	1,442,772
27	30,001 - 35,000	897,951
21	35,001 - 40,000	812,642
16	40,001 - 45,000	688,130
30	45,001 - 50,000	1,489,287
18	50,001 - 55,000	940,699
11	55,001 - 60,000	642,750
9	60,001 - 65,000	567,075
6	65,001 - 70,000	404,150
13	70,001 - 75,000	957,954
8	75,001 - 80,000	628,533
4	80,001 - 85,000	332,100
4	85,001 - 90,000	353,000
3	90,001 - 95,000	280,691
33	95,001 - 100,000	3,296,000
4	100,001 - 105,000	409,973
1	105,001 - 110,000	108,375
2	110,001 - 115,000	230,000
2	115,001 - 120,000	236,600
3	120,001 - 125,000	368,502
1	125,001 - 130,000	130,000

شیئرز کی تعداد	شیئر ہولڈنگ کا تناسب 10 روپے فی شیئر			شیئر ہولڈرز کی تعداد
540,000	535,001	-	540,000	1
578,000	575,001	-	580,000	1
595,000	590,001	-	595,000	1
600,000	595,001	-	600,000	1
618,199	615,001	-	620,000	1
700,000	695,001	-	700,000	1
725,000	720,001	-	725,000	1
745,000	740,001	-	745,000	1
800,000	795,001	-	800,000	1
972,000	970,001	-	975,000	1
1,000,000	995,001	-	1,000,000	1
1,040,840	1,040,001	-	1,045,000	1
1,051,000	1,050,001	-	1,055,000	1
1,349,000	1,345,001	-	1,350,000	1
1,742,500	1,740,001	-	1,745,000	1
1,970,500	1,970,001	-	1,975,000	1
2,000,000	1,995,001	-	2,000,000	1
2,550,000	2,545,001	-	2,550,000	1
2,645,333	2,645,001	-	2,650,000	1
2,793,677	2,790,001	-	2,795,000	1
3,199,500	3,195,001	-	3,200,000	1
3,600,000	3,595,001	-	3,600,000	1
7,866,500	7,865,001	-	7,870,000	1
8,000,000	7,995,001	-	8,000,000	1
16,858,097	16,855,001	-	16,860,000	1
67,949,998	67,945,001	-	67,950,000	1
97,155,000	97,150,001	-	97,155,000	1
372,809,989	372,805,001	-	372,810,000	1
663,468,788				**31,305**

شیئرز کی تعداد	شیئر ہولڈنگ کا تناسب 10 روپے فی شیئر			شیئر ہولڈرز کی تعداد
400,000	130,001	-	135,000	3
140,000	135,001	-	140,000	1
155,000	150,001	-	155,000	1
326,000	160,001	-	165,000	2
337,000	165,001	-	170,000	2
175,000	170,001	-	175,000	1
355,500	175,001	-	180,000	2
370,000	180,001	-	185,000	2
186,075	185,001	-	190,000	1
2,200,000	195,001	-	200,000	11
204,000	200,001	-	205,000	1
218,876	215,001	-	220,000	1
225,000	220,001	-	225,000	1
230,000	225,001	-	230,000	1
703,000	230,001	-	235,000	3
743,600	245,001	-	250,000	3
250,500	250,001	-	255,000	1
258,500	255,001	-	260,000	1
261,500	260,001	-	265,000	1
267,500	265,001	-	270,000	1
272,500	270,001	-	275,000	1
559,000	275,001	-	280,000	2
600,000	295,001	-	300,000	2
316,869	315,001	-	320,000	1
325,000	320,001	-	325,000	1
664,350	330,001	-	335,000	2
1,031,099	340,001	-	345,000	3
364,425	360,001	-	365,000	1
737,000	365,001	-	370,000	2
446,250	445,001	-	450,000	1

اہم فیصلے کے ایریا:

اہم ایریا کا تعلق انکم ٹیکسز، مالیاتی دستاویزات، متعلقہ ٹیکس کے اثاثہ جات، ریٹائرمنٹ کے فوائد وغیرہ جس کی تفصیل اکاؤنٹس کے نوٹس میں دی گئی ہے۔

اکاؤنٹنگ کا معیار:

کمپنی کی اکاؤنٹنگ کی پالیسیز مکمل طور پر کمپنیز آرڈیننس 1984ء کے مطابق ہیں اور یہ منظور شدہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ جس کا اندراج اس آرڈیننس میں کیا گیا ہے اور سیکیورٹیز آف ایکسچینج کمیٹی آف پاکستان کی جانب سے مختلف ہدایات کے اجراء کے توسط سے ہے۔

پرووِیڈنٹ فنڈ:

سال 2013ء میں کمپنی نے اپنے پرووِیڈنٹ فنڈ کے اکاؤنٹ کو پرووِیڈنٹ فنڈ (فنڈ) سے تبدیل کیا ہے جسے اینگرو کارپوریشن لمیٹڈ ایک ہولڈنگ کمپنی آپریٹ کرتا ہے۔ درج ذیل معلومات کا انحصار حالیہ آڈٹ شدہ فنڈ کے مالیاتی اسٹیٹمنٹ کی بنیاد پر ہے جسے ہولڈنگ کمپنی نے 30 جون 2014ء کو مرتب کیا ہے اور غیر آڈٹ شدہ مالیاتی اسٹیٹمنٹ 30 جون 2015ء کا ہے۔

Rs.000	پرووِیڈنٹ فنڈ	
	30 جون 2014	30 جون 2015
فنڈ کا حجم۔ کُل اثاثہ جات	2,091,284	3,161,499
سرمایہ کاری کے اخراجات	1,679,824	2,333,996
سرمایہ کاری کا تناسب	89%	87%
سرمایہ کاری کی فیئر ویلیو	1,861,191	2,736,879

اکاؤنٹنگ کا معیار:

کمپنی کی اکاؤنٹنگ کی پالیسیز مکمل طور پر کمپنیز آرڈیننس 1984ء کے مطابق ہیں اور یہ منظور شدہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ جس کا اندراج اس آرڈیننس میں کیا گیا ہے اور سیکیورٹیز آف ایکسچینج کمیٹی آف پاکستان کی جانب سے مختلف ہدایات کے اجراء کے توسط سے ہے۔

کارپوریٹ گورننس پر عملدرآمد:

بورڈ آف ڈائریکٹران نے کمپنی کے تمام معاملات کا جائزہ لیا ہے جس میں کمپنی کی ہدایت کی حکمت عملی، سالانہ کاروباری منصوبہ بندی، ٹارگیٹس، طویل مدتی سرمایہ کاری پر فیصلے اور قرضہ جات شامل ہیں۔ بورڈ آف ڈائریکٹران نے کارپوریٹ گورننس کا اعلیٰ معیار قائم کرنے کا عہد کیا ہے۔

بورڈ کی میٹنگ اور حاضری:

سال 2015ء میں بورڈ آف ڈائریکٹرز نے اپنی تمام سرگرمیوں کے دوران چھ میٹنگز منعقد کیں۔ ڈائریکٹران کی حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹرز کے نام	میٹنگز میں موجودگی
مسٹر محمد علی الدین انصاری (1)	3/6
مسٹر خالد ایس۔ سبحانی	6/6
مسٹر کمیدھی آندو	5/6
مسٹر شہزادا داؤد	2/6
مس ناز خان	5/6
مسٹر وقار ملک (2)	1/6
مسٹر آصف سعد (3)	3/6
مسٹر تکاشی یوشیدا (4)	1/6
مسٹر جعفر (5)	4/6
مسٹر سوچی اوگیوارا (6)	4/6
مسٹر فیروز رضوی (7)	3/6
مسٹر عمران انور (8)	3/6
مسٹر ظفر ہادی (9)	3/6
مسٹر عمر یعقوب شیخ (10)	2/6

(1)	مسٹر محمد علی الدین انصاری	نے 11 مئی 2015	کو استعفیٰ دیا۔
(2)	مسٹر وقار ملک	نے 06 فروری 2015	کو استعفیٰ دیا۔
(3)	مسٹر آصف سعد	نے 18 جون 2015	کو استعفیٰ دیا۔
(4)	مسٹر تکاشی یوشیدا	نے 31 مارچ 2015	کو استعفیٰ دیا۔

(5)	مسٹر اسد جعفر	13 اپریل 2015	کو اپائنٹ ہوئے۔
(6)	مسٹر سوچی اوگیوارا	01 اپریل 2015	کو اپائنٹ ہوئے۔
(7)	مسٹر فیروز رضوی	31 مارچ 2015	کو اپائنٹ ہوئے۔
(8)	مسٹر عمران انور	01 جولائی 2015	کو اپائنٹ ہوئے۔
(9)	مسٹر ظفر ہادی	01 جولائی 2015	کو اپائنٹ ہوئے۔
(10)	مسٹر عمر یعقوب شیخ	15 ستمبر 2015	کو اپائنٹ ہوئے۔

بورڈ آف ڈائریکٹران یہ رپورٹ دینگے کہ:

☆ مالیاتی اسٹیٹمنٹ جسے مینجمنٹ نے تیار کیا ہے جس کے تمام معاملات صحیح ہیں اور جس کے آپریشن کے نتائج نقد کی روانی اور تبدیلی کے عین مطابق ہیں۔

☆ مناسب حساب کے کھاتے مرتب کئے گئے ہیں۔

☆ مناسب اکاؤنٹنگ کی پالیسیز، مالیاتی اسٹیٹمنٹ کی تیاری اور اکاؤنٹنگ کے تخمینہ پر استعمال کیا گیا ہے۔

☆ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ جس کا عملدرآمد پاکستان میں ہے اس سلسلے میں مالیاتی اسٹیٹمنٹ اور دیگر معاملات کی تیاری قانون کے مطابق ہے۔

☆ داخلی کنٹرول کا سسٹم بے حد مفید ہے اور موثر طور پر اس پر عملدرآمد کیا جارہا ہے۔

☆ کمپنی کی اہلیت پر کسی قسم کا کوئی شبہ نہیں ہے۔

☆ کارپوریٹ گورننس کی بہترین پریکٹس سے کسی قسم کا احتمال نہیں ہے جس کی تفصیلات قواعد کی لسٹ میں موجود ہیں۔

شیئرز کی تجارت اور قیمتوں کا تناسب:

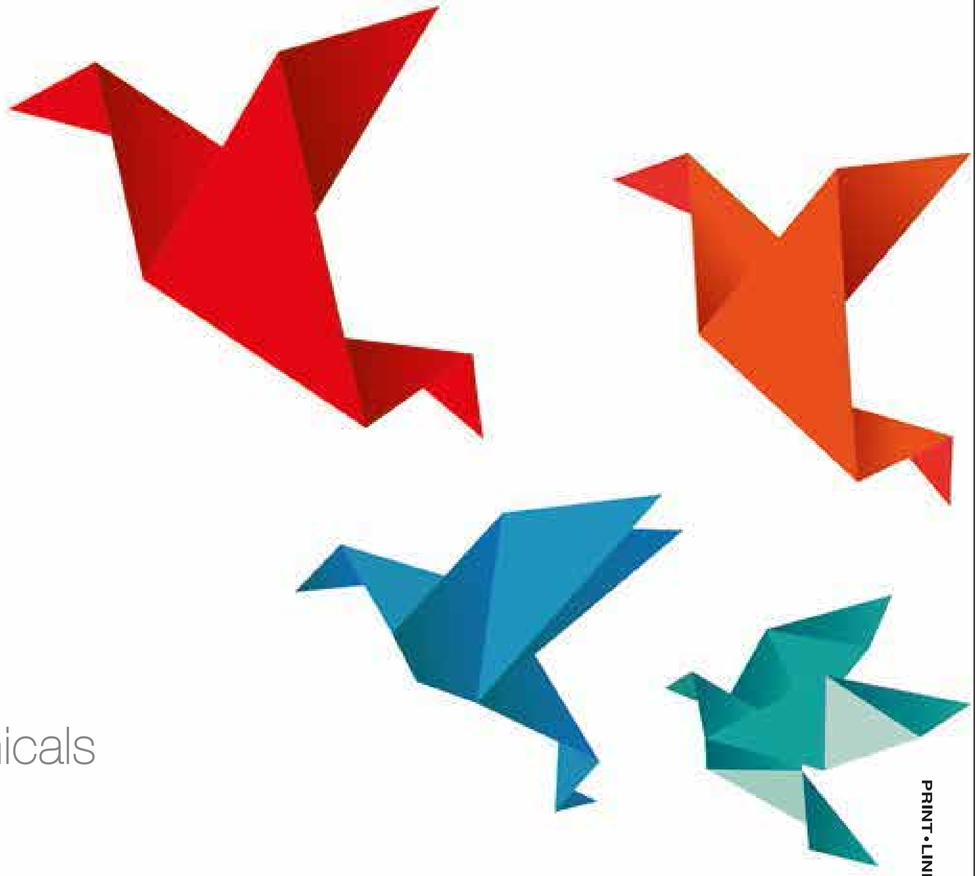
سال 1993ء کے دوران کمپنی کے ملین شیئر کی تجارت کراچی اسٹاک ایکسچینج پر کی گئی اور کمپنی کے شیئر کی قیمت کا تناسب یومیہ کلوزنگ ریٹ Rs.10.68 پر تھا۔ سال 2015ء کے دوران 52 ہفتے کم مدت کے حوالے سے Rs.7.91 ۔ 14.14 فی شیئر تھے۔

ڈویڈنڈز:

کمپنی کے خسارے جو کہ اسٹینڈرڈ کی بنیاد پر مبلغ Rs.2,253 ملین تھے لہٰذا بورڈ نے سال کے دوران کسی بھی ڈویڈنڈ کیلئے سفارش نہیں کی۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی ریٹائر اور انہوں نے دوبارہ تقرری کیلئے اپنے آپ کو پیش کیا ہے۔ بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے اس سفارش کی تصدیق کی ہے۔



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