engro fertilizers

annual report 2017

an ode to the farmers

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annual report 2017
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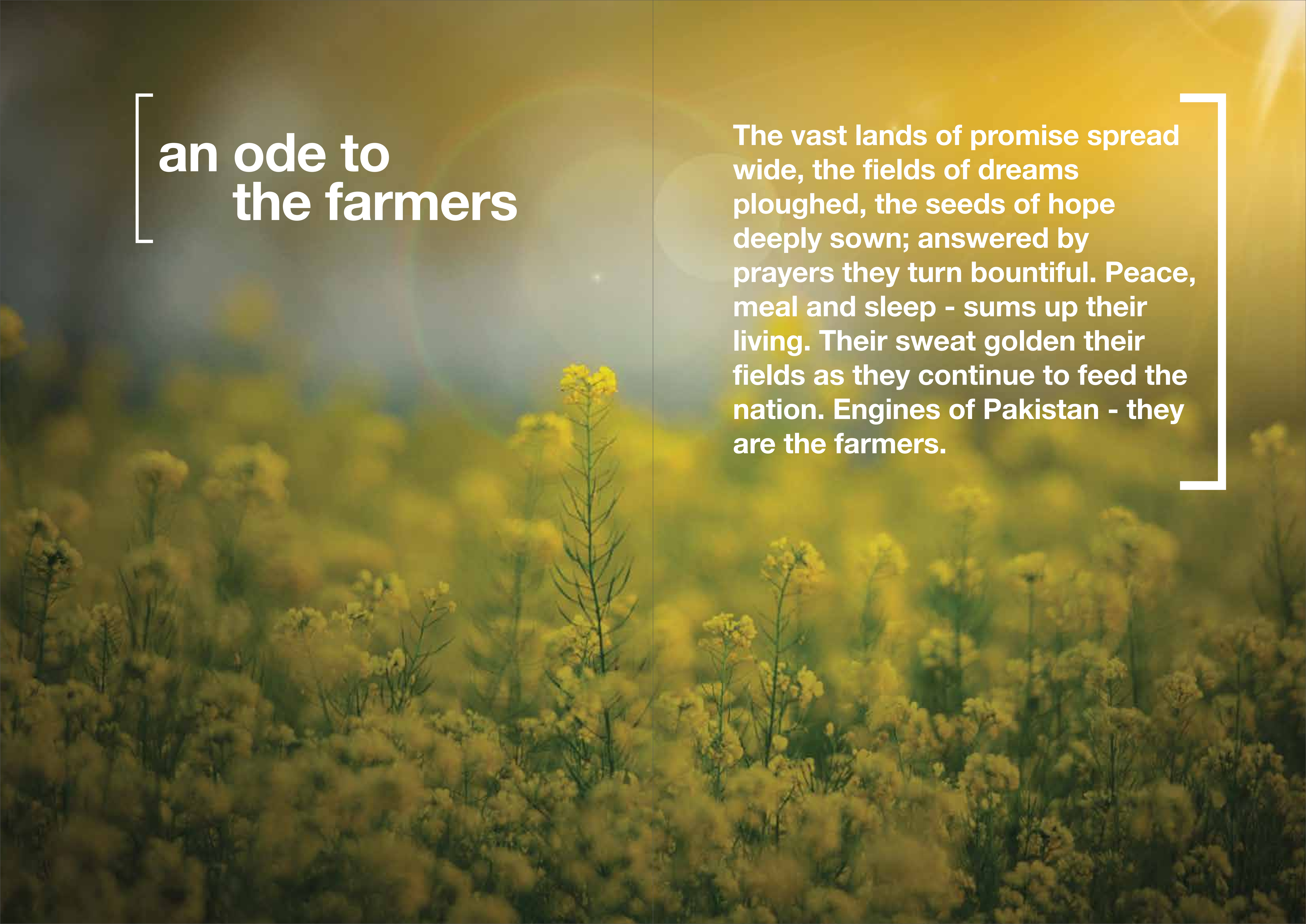

an ode to the farmers

The vast lands of promise spread wide, the fields of dreams ploughed, the seeds of hope deeply sown; answered by prayers they turn bountiful. Peace, meal and sleep - sums up their living. Their sweat golden their fields as they continue to feed the nation. Engines of Pakistan - they are the farmers.

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Our Vision

We are passionate about transforming the agricultural landscape, bringing change and helping the farmer grow.

company information

Board of Directors
Mr. Ghias Khan (Chairman)
Mr. Ruhail Mohammed (Chief Executive)
Mr. Abdul Samad Dawood
Mr. Asad Said Jafar
Mr. Asim Murtaza Khan
Mr. Javed Akbar
Mr. Nadir Salar Qureshi
Ms. Sadia Khan

Chief Financial Officer
Mr. Atif Kaludi

Company Secretary
Ms. Sarah Farooq

Bankers
Conventional
Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
CIMB Bank
Citi Bank .N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Mashreq Bank
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Shariah Compliant
Al Baraka Islamic Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Meezan Bank Limited
Noor Bank

Auditors
A.F. Ferguson & Co.
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

Cost Auditors
J.A.S.B & Associates
Chartered Accountants
1104, Uni Tower
I.I. Chundrigar Road,
Karachi-74000, Pakistan
Tel: +92(21) 32468154-5 / 32468158
Fax : +92(21) 32468157

Registered Office
7th & 8th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501-10
Fax:+92(21) 35810669
e-mail: info@engrofertilizers.com
Website: www.engrofertilizers.com
www.engro.com

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

notice of meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Engro Fertilizers Limited will be held at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi on Monday, March 26, 2018 at 10 a.m. to transact the following business:

A) Ordinary Business

(1) To receive and consider the Audited Accounts for the year ended December 31, 2017 and the Directors' and Auditors' Reports thereon.

(2) To declare a final dividend at the rate of PKR 3.00 (30%) for the year ended December 31, 2017.

(3) To appoint Auditors and fix their remuneration.

N.B.

(1) The Share Transfer Books of the Company will be closed from Monday, March 19, 2018 to Monday, March 26, 2018 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. FAMCO ASSOCIATES (PVT.) LTD, 8-F, near Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi (PABX Nos. (92-21) 34380101-5) and email info.shares@famco.com.pk by the close of business (5:00 p.m) on Friday, March 16, 2018 will be treated to have been in time for the purposes of payment of final dividend to the transferees and to attend and vote at the meeting.

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

(3) SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY) FOR SHAREHOLDERS/ JOINT HOLDERS

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2017, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as: for filers of Income Tax return 15% and Non filer of Income Tax return 20%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

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

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

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

(4) In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05 2012 of SECP and therefore will be constrained under SECP Order dated July 06, 2015 under section 243 (3) of the Companies Act, 2017 to withhold the dispatch of dividend warrants of such shareholders. Further, all the shareholders are advised to immediately check their status on ATL and may, if required take necessary action

for inclusion of their name in the ATL. The Company as per the new Law, shall apply 20% rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

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

(5) In accordance with the provisions of Section 242 of the Companies Act, 2017 and Circular No. 18/2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your future dividends directly in your Bank account, you are required to provide the information mentioned on the Form placed on the Company's website www.engrofertilizers.com and send the same to your brokers/the Central Depository Company Ltd. if the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in paper certificate form.

(6) Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide the following information to the Share Registrar Office of the Company i.e. Messrs. FAMCO ASSOCIATES (PRIVATE) LIMITED, 8-F, near Hotel Faran, Nursery, Block 6, PECHS, Shahrah-e-Faisal, Karachi PABX Nos (+9221) 34380101-5 and email info.shares@famco.com.pk.

I/We, of being a member of Engro Fertilizers Limited holder of Ordinary Share(s) as per Register Folio No. ____________ hereby opt for video conference facility at (Please insert name of the City)

____
Signature of member

UPDATE UNDER RULE 4 OF S.R.O. 27/1/2012

Note relating to Engro Corporation Limited:

Engro Corporation Limited, is the majority shareholder of Engro Fertilizers Limited. In 2016 the shareholders approved a short term loan/ financing facility of upto PKR. 6 billion, which was initially for a period of one year and renewal of the same for four further periods of one year each. The short term loan/ facility is still effective but has only been partially utilized.

By order of the Board

Sarah Farooq
Company Secretary

Karachi,
February 08, 2018.

2017 at a glance

PKR 41 bn
Wealth Generated

PKR 18.7 bn
Contribution to National Exchequer

PKR 90.4 bn
Market Capitalization

AA-
Long term PACRA rating

1,208
Permanent Employees

31%
Urea Market Share

our history

Our story begins with one company's enterprising decision to strive ahead and invest when another had bowed out. In 1957, Pak Stanvac –an Esso/Mobil joint venture –stumbled upon vast deposits rich in natural gas in Mari while pursuing viable oil exploration in Sindh. With Pak Stanvac focused exclusively on oil exploration, the discovery shifted the impetus to Esso which decided to invest on the massive industrial potential of Mari gas field. Esso proposed establishment of a giant urea plant in Daharki, about ten miles from the Mari gas fields, which would use natural gas produced as its primary raw material to churn out urea fertilizer.

Talks with the Government of Pakistan bore fruit in 1964, and an agreement was signed allowing Esso to set up a urea plant with an annual capacity of 173,000 tons. Esso brought in state-of-the-art design; commercially tried facilities; and a highly distinguished pool of technical expertise to ensure a smooth start up. Total investment made was US$ 46M –the single largest foreign investment in Pakistan to date then. The plant started production on 4 December 1968.

To boost sales, a full-fledged marketing organization was established which undertook agronomic programs to educate farmers of Pakistan. As the nation's first branded fertilizer manufacturer, the Company helped modernize traditional farming practices and boost farm yields, directly impacting the quality of life for farmers and their families, and for the nation at large. Farmer education programs increased consumption of fertilizers in Pakistan, paving way for the Company's branded urea called "Engro" –an acronym for "Energy for Growth".
In 1978, Esso became Exxon as part of an international name change. The Company was, therefore, renamed Exxon Chemical Pakistan Limited.

In 1991, Exxon decided to divest its fertilizer business on a global basis. The employees of Exxon Chemical Pakistan Limited –in partnership with leading international and local financial institutions –bought out Exxon's 75% equity. This was, and perhaps still is, the most successful employee buy-out in Pakistan's corporate history. Renamed Engro Chemicals Pakistan Limited, the Company went from strength to strength –with its consistent financial performance; growth of its core fertilizer business; and diversification into other enterprises. A major plant capacity upgrade at Daharki coincided with the employee led buy-out in 1991. Engro also relocated fertilizer manufacturing plants from the UK and US to its Daharki plant site –an international first. As years followed, Engro Chemicals Pakistan Limited started venturing into other sectors namely: foods, energy, chemical storage and handling, trading, industrial automation and petrochemicals.

By 2009, Engro was fast growing and had already diversified its business portfolio in as many as seven different industries. The continuous expansions and diversifications in Company's enterprises necessitated a broad restructuring in Engro Chemicals Pakistan Limited, which subsequently demerged to form a new Engro subsidiary –Engro Fertilizers LImited.

After the necessary legal procedures and approvals, the Sindh High Court sanctioned the demerger on December 9, 2009. The demerger became effective from January 1, 2010. Subsequently, all fertilizer business assets and liabilities have been transferred to Engro Fertilizers Limited against the issue of shares to the parent company Engro Corp.

The Company undertook its largest urea expansion project in 2007.

The state of the art plant EnVen 1.3, stands tall at 125 meters –dubbed the tallest structure in Pakistan. The total cost of this expansion is approximately US$ 1.1 Billion, with the expanded facility making Engro one of the largest urea manufacturers in Pakistan, besides substantially cutting the cost of urea imports to national exchequer.

In 2013, the Company forayed into the capital markets and tapped them to raise the necessary capital required to fund development capex on securing additional gas supplies along with restructuring of the balance sheet to optimize the capital structure of the company. The IPO was a roaring success being oversubscribed four times in the book building process whilst being oversubscribed for three times at the time of public issue.

As we forge ahead we aim to build on our world class experience of five decades to forward our purpose driven growth strategy of being a leader in the fertilizer industry with a global presence.

our milestones

1957
Mari gas field discovered by Esso Mobil joint venture

1964
Signed agreement with the government to set up a urea plant with an annual capacity of 173,000 tons

1965
The company was incorporated as Esso Pakistan Fertilizer Limited, to manufacture and market frtilizers

1968
Urea plant commissioned

1991
Exxon divests its equity from fertilizer business globally; the Company is renamed as Engro Chemicals Pakistan Limited through an employee led buyout

1992
Relocation of world scale ammonia and urea plants (PakVen 600) from USA and UK – capacity enhancement 278 KT to 600 KT

1998
Debottlenecking of relocated plants - capacity enhancement from 600KT - 850KT by 1998 and further enhancement to 950KT by 2006

2007
Started construction of world's largest single-train urea plant - enVen

2010
Demerger of Engro Chemicals Pakistan Limited and transfer of fertilizer business to a separate company, Engro Fertilizers Limited. Engro Chemicals renamed Engro Corporation Limited

2011
Enven capitalized and started commercial production

2013
Successful IPO conducted. Oversubscribed 3x during the process

2015
Highest ever production of UREA (1968 KT) as well as highest ever UREA sales (1878 KT)

Only fertilizer company registered with Dupont to achieve a Level 4 rating in Safety Management Systems

Acquisition of Engro Eximp's Phosphates business

our core values

At Engro Fertilizers, we support our leadership culture through unique systems and policies, which ensure open communication, foster an environment of employee and partner privacy, and guarantee the well-being and safety of our employees.

Our core values form the basis of everything we do at Engro Fertilizers: from formal decision making to how we conduct our business to spot awards and recognition. At Engro Fertilizers, we never forget what we stand for. Following are our core values:

Ethics & Integrity

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

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, grow and develop themselves and help to develop each other. We do not tolerate any form of harassment or discrimination.

Community & Society

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

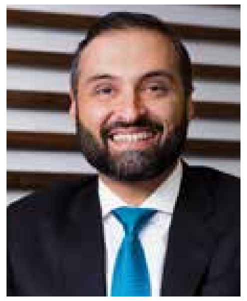
Corporate Governance

“We believe farming has much to teach us about life. Provide us with true education on what the best things in life really are; the splendor of sunrise, the rapture of wide open spaces, and the exhilarating sight of your land greening each spring. On true happiness; seeing your crops ripen, witnessing your children grow in the sun away from all the technological impurities that have penetrated the city life. And most importantly, the satisfaction of having served the nation through thick and thin. We believe that at the end of the day, one should be able to stand tall and feel proud on the day that he has spent and the life that he’s spending, and with farming as an occupation, we believe we get to do so every day.”

board of directors

Left to Right
Abdul Samad Dawood, Asad Said Jafar, Javed Akbar, Ruhail Mohammed, Ghias Khan, Nadir Salar Qureshi, Sadia Khan, Asim Murtaza Khan

directors' profiles



Ghias Khan
Chairman

Ghias Khan is the President and Chief Executive Officer of Engro Corporation Limited and the Chairman of Engro Fertilizer. Before being appointed President and CEO, he had held several roles across the Dawood Hercules Group of Companies, most recently being the Executive Director of Dawood Hercules.

Prior to Engro, Ghias remained the Chief Executive of Inbox Business Technologies for 15 years and, under his leadership, Inbox grew to 1900 employees. He helped in pivoting Inbox from a computer manufacturer to a systems integrator, and then to a technology-enabled digital services company. In his final year at Inbox, it was voted the largest technology company in Pakistan by Domestic Spend. He also served as Chairman of the Board of Elixir Securities for over 3 years.

At Engro, Ghias has played a critical role in developing a 'digital first' vision and a strategic plan to guide the entire group of companies. He also remains a strong believer in social enterprise and the responsibility of businesses toward environmental and human wellbeing.

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

Ruhail Mohammed
Chief Executive Officer

Ruhail Mohammed is currently the Chief Executive Officer of Engro Fertilizers Limited, a state of the art Urea manufacturing facility in Pakistan. He is also the Chairman of Engro Vopak Terminal Limited (EVTL) and Engro Elengy Terminal Private Limited (EETPL).

Prior to his current position, he was the Chief Financial Officer of Engro Corporation Limited and also the Chief Executive Officer of Engro Powergen Limited (which owns a 217 MW IPP). He holds an MBA degree in Finance from the Institute of Business Administration Karachi, and is also a Chartered Financial Analyst (USA).

Ruhail has over 30 years of experience in General Management, Change Management, Business Development, Strategy & Financial Planning and Mergers and Acquisitions. He has worked in these areas in Pakistan, UAE and Europe.

He is on the Board of various Engro companies. In addition, he is also on the Boards of the Hub Power Company Limited and Pakistan Mercantile Exchange Limited.

Abdul Samad Dawood
Director

Abdul Samad Dawood is a graduate in Economics from University College London, UK and a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance.

He currently serves as Director on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, The Hub Power Company Limited, Engro Foods Limited, Engro Corporation Limited, Engro Fertilizers Limited and Tenaga Generasi Limited. He is a member of Young Presidents' Organization, Pakistan Chapter.

Asad Said Jafar
Director

Asad Said Jafar, who is presently the Chairman & CEO of Philips Pakistan, a role he was appointed to in 2009, has been a part of the company for almost twenty years. Over the course of his professional career at Philips, Asad has held senior leadership positions across the Philips world, in Pakistan, Indonesia, Thailand and Singapore.

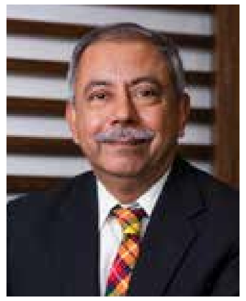
Asad is responsible for managing the company, formulating, executing long-term strategies, and ensuring emergence of the company as a robust market leading solutions provider. He brought to the forefront, the company's global mission of creating meaningful innovations for people which served as a driver of success in business.

A veteran supply chain professional, Asad was serving as Director, Supply Chain Management (SCM) for the ASEAN region for Philips before he took on the role of CEO for Philips Pakistan. As the Supply Chain Director, he implemented various modern SCM strategies that streamlined cumbersome business processes. He was responsible for the setting up of the ASEAN Luminaries Supply Group in Bangkok, Thailand which propelled a massive turnaround in the business. During his expatriate postings, he was also the Head of Supply Chain Management at Philips Indonesia.

In addition to his responsibility as the Country Leader for Philips Pakistan, Asad is associated with various prestigious external organizations. He was the president of Overseas Investors Chamber of Commerce and Industry (OICCI) for the year 2014. He serves on the Board of Directors of Engro Fertilizer. He formerly also served on the Board of Directors of Pakistan Institute of Corporate Governance (PICG) and Engro Polymer & Chemicals Limited. 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 programme.

Asad's career began as a Management Trainee at ICI Pakistan Limited in 1988. His eight years at ICI allowed him to work in diverse engineering, manufacturing, project management and planning related roles. He holds a bachelor's degree in Electrical Engineering from NED University, Karachi and an MBA degree from Imperial College Business School, London, UK where he studied as a Britannia Chevening scholar.

Asad continues to consider learning a priority and has completed many management development programmes including the Leading a Business' program of Ashrides Business School, UK. He attended the 'Philips Simplicity Brand 1000'programme at Chicago Graduates School of Business as well as a Business Marketing Strategy program at Kellogg School of Management, Northwestern University, USA. He is often invited to address business professionals and student audiences at corporate and academic events.

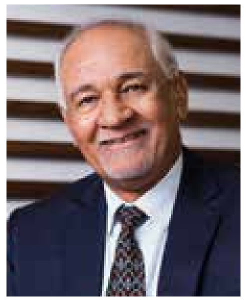


Asim Murtaza Khan
Director

Asim Murtaza Khan is working as CEO (Hon) with the Petroleum Institute of Pakistan (PIP) since November 2015. Prior to that he worked for Pakistan Petroleum Limited (PPL) for over 32 years after joining the Company as a Production Engineer and served on key senior positions. Mr. Khan was also responsible for Bolan Mining Enterprises, a 50:50 joint venture of PPL and the Government of Balochistan for mining of barites, iron ore and lead-zinc; and was one of the founder Directors of PPL's overseas subsidiary companies, PPL Europe E&P Ltd. and PPL Asia E&P B.V.

Mr. Khan was appointed MD/CEO of PPL by the Government of Pakistan on May 12, 2011. After completing the contract term as MD/CEO, Mr. Khan served PPL as Executive Director until superannuation in February 2015.

He earned his Bachelor's in Mechanical Engineering from NED University of Engineering and Technology, Karachi followed by a Masters in Mechanical Engineering from the University of Manchester Institute of Science and Technology, UK. He has also attended several advanced technical and management training programs and is an alumnus of the Kellogg School of Management, Northwestern University, USA. He is a Central Council Member of the Institution of Engineers Pakistan (IEP) and is on the Board of Agritech Limited. In the past he has been the Chairman on the Board of Petroleum Institute of Pakistan (PIP), Member of the Management Committee, Overseas Investment Chamber of Commerce and Industries and a Member of the Executive Committee, Vice Chairman and the Chair of the Technical and Operations Committee of the Pakistan Petroleum Exploration and Production Companies Association (PPEPCA). He has also served on the Boards of Pakistan Institute of Corporate Governance (PICG), the Community Development Board of the Government of Sindh.



Javed Akbar
Director

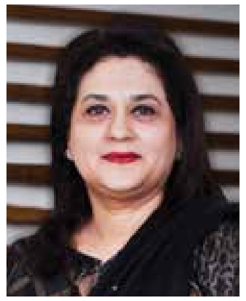
Javed Akbar is a Chemical Engineer and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak in Pakistan and overseas. He was part of the buyout team in 1991 when Exxon divested its stake in Engro.

Prior to his retirement in 2006, he was Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and providing strategic insight.

He currently serves on the board of companies involved in fertilizer, petroleum, power and renewable energy.

Nadir Salar Qureshi
Director

Nadir Salar Qureshi joined Engro Corporation Ltd in March 2017 as Chief Strategy Office. He completed his MBA from Harvard Business School, and his Bachelors and Masters degrees in Nuclear Engineering from MIT. He brings with him expertise in multiple sectors across GCC, Turkey, Australia, India, ASEAN and EU. He is also experienced in consulting private equity and finance. Nadir began his career with Engro Chemical Pakistan Ltd as a Business Analyst and then moved on to organizations such as Hub Power Company, Bain & Company, Carrier Corporation and Abraaj Capital, leading up to his most recent role as Chief Investment Officer at Makara Capital in Singapore. Nadir is a Director on the boards of Engro Fertilizers Limited, Engro Energy Limited, Engro Polymer Limited and Engro Vopak Terminal Limited.



Sadia Khan
Director

Sadia Khan has pursued a versatile career path traversing investment banking, financial regulation, family businesses and entrepreneurship across three continents. With Masters degrees in Economics from both Cambridge University, U.K and Yale University, U.S.A, Sadia started her career at Lehman Brothers in New York. Since then she has worked with various international institutions and local regulatory authorities, including the Asian Development Bank (ADB) in the Philippines, the Securities & Exchange Commission of Pakistan and the State Bank of Pakistan. She is currently the CEO of Selar Enterprises (Pvt) Ltd, a company she founded in 2011 while working as the Group Executive Director in her family-owned business, Delta Shipping (Pvt) Ltd. Sadia has been a passionate advocate of corporate governance since the past two decades. She has served as a member of various Task Force/Committees responsible for Revising the Code of Corporate Governance and introducing Guidelines for State Owned Enterprises. As a corporate governance practitioner, she has served on various boards as an Independent Director including the First MicroFinance Institution, Kashf Foundation, HBL Asset Management, Pakistan Cables, Karandaz, Punjab Board of Investment & Trade, National Testing Service and as a Non Executive Director on the Boards of the United Arab Shipping Agency Company and the Delta Group of Companies. Sadia is the global President of the INSEAD Alumni Association. She also serves as a member of the Executive Committee of the Pakistan France Business Alliance and has in the past served as the Chairperson of Alliance Francaise.

In 2014, the French Government recognized her contributions to France-Pakistan relations by awarding her the prestigious French award, “Chevalier de l’Ordre National du Mérite” (Knight of the National Order of Merit). Sadia was a member of the Global Agenda Council on Pakistan convened by the World Economic Forum during 2012-14. She has been serving as the Honorary Consul General of Finland in Karachi since 2012.

board committees

The Board has established the following two committees:

Board Compensation Committee

The committee meets multiple times throughout the year to review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the remuneration of all employees including executives of the company and members of the management committee.

The Chief Executive Officer attends Board Compensation Committee meetings by invitation. The committee met twice during 2017.

Members
Ghias Khan – Chairman
Abdul Samad Dawood – Member
Javed Akbar – Member

The Secretary of the Committee is Syed Shahzad Nabi, VP HR & Administration.

The Board Audit Committee

The committee meets atleast 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 and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met four times during 2017.

Members
Javed Akbar – Chairman
Asad Said Jafar – Member
Sadia Khan – Member

The Secretary of the Committee is Syed Mohammed Ali, Head of Audit.

functional committees

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

Management Committee

Management Committee is headed by the President & CEO, and includes the functional heads of all departments. The committee meets to discuss Company's performance and works in an advisory capacity to the President & CEO.

Members
Ruhail Mohammed – Chairman
Asif Sultan Tajik
Aasim Butt
Atif Kaludi
Fahd Khawaja
Kassim Mottiwalla
Mohsin A. Mangi
Mudassar Y. Rathore
Syed Shahzad Nabi

The Secretary of Management Committee is Rabia Wafah Khan

Corporate HSE Committee

This committee is responsible for bringing in excellence in the sectors of Health, Safety and Environment.

Members
Ruhail Mohammed – Chairman
Ahmad Shakoor
Asif Sultan Tajik
Aasim Butt
Atif Kaludi
Fahd Khawaja
Kassim Mottiwalla
Mohsin A. Mangi
Mudassar Y. Rathore
Syed Shahzad Nabi

The Secretary of the Corporate HSE Committee is Muhammad Azhar Malik

Committee for Organizational and Employee Development (COED)

The COED is responsible for the review of Compensation, Organization, Training and Development matters of all employees. The members of COED at Engro Fertilizers are as follows:

Members
Ruhail Mohammed – Chairman
Asif Sultan Tajik
Aasim Butt
Atif Kaludi
Fahd Khawaja
Kassim Motiwalla
Mohsin A. Mangi
Muddassar Y. Rathore
Syed Shahzad Nabi

The Secretary of the COED is Nadeem Ahmed

Six Sigma Corporate Council

This council oversees the implementation of Six Sigma.

Members
Ruhail Muhammed – Chairman
Asif Sultan Tajik
Aasim Butt
Atif Kaludi
Fahd Khawaja
Kassim Motiwalla
Mohsin A. Mangi
Mudassar Y. Rathore
Syed Shahzad Nabi

Muhammad Ahsan Jawed – Secretary

our governance framework

With a strong legacy system spanning over four decades, Engro Fertilizers continues to optimize its governance framework by institutionalizing its core values, policies and principles across the board.

Compliance Statement

The Board of Directors has throughout the year 2017 complied with the 'Code of Corporate Governance' as per the listing requirements of the Pakistan Stock Exchange and the 'Corporate and Financial Reporting Framework' of the Securities & Exchange Commission of Pakistan.

Risk Management Process

Management at Engro Fertilizers periodically reviews major financial and operating risks faced by the business. We also continue to operate an Enterprise-wide Risk (ERM) system to proactively highlight risks associated with the business and deploy mitigation strategies that feed into our governance framework.

Internal Control Framework

Responsibility:

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

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

Framework:

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

Review:

The Board meets quarterly to consider the Company's financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators.

The Board Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls.

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

Audit:

Engro Fertilizers has an Internal Audit function. The Board Audit Committee annually reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee, Chief Executive and the divisional management.

Directors:

As at December 31, 2017 the Board comprises of one Executive Director, four independent Directors, three non-executive of whom two are executives in other Engro Group company, who have the collective responsibility for ensuring that the affairs of Engro Fertilizers are managed competently and with integrity.

A non-executive Director, Ghias Khan, chairs the Board and the Chief Executive Officer is Mr. Ruhail Mohammed. Biographical details of the Directors are given earlier 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.

statement of compliance with the code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at December 31, 2017 the Board included the following members:

Category	Name
Independent Directors	Mr. Asad Said Jafar Mr. Asim Murtaza Khan Mr. Javed Akbar Ms. Sadia Khan
Executive Director	Mr. Ruhail Mohammed
Non-Executive Directors	Mr. Abdul Samad Dawood Mr. Ghias Khan Mr. Nadir Salar Qureshi

   The independent directors meet the criteria of independence under clause i (b) of the CCG. Of the non-executive directors, Mr. Ghias Khan and Mr. Nadir Salar Qureshi are executives in other Engro Group Companies.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident Directors of the Company are registered as Tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. One casual vacancy occurred on the Board on March 31, 2017, which was filled by the Directors immediately.
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 the meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One of the Directors has not attended the directors training course conducted by the Pakistan Institute of Corporate Governance (PICG). All the other directors have already completed this course earlier.

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

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

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

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

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

15. The Board has formed an Audit Committee comprising of three members all of whom including the Chairman are independent directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for Compliance.

17. The Board has formed a Human Resource and Remuneration Committee i.e. Board Compensation Committee. It comprises of three members, of whom one is an independent director and two are non-executive directors 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 and are conversant with policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “closed period”, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the Directors, employees and stock exchange.

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

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

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

Ghias Khan
Chairman

Ruhail Mohammed
Chief Executive Officer

Chairman's Message & Directors' Report

"Every night we get off from work, amongst many things that we feel, is the pride. The pride that we have in us for what we do for the nation, serves our well-being. We don't wish for more as it suffices. As what greater pride there is than to serve the nation? This enigma of loyalty is kneaded in our culture like a soul in a body. The winter's chill, the scorching sun, doesn't petrify us; instead it's every reason we live and serve."

Chairman's Message

Dear Shareholders,

I'd like to start by offering my sincerest thanks for trusting Engro Ferilizers as a vehicle for your investment. In the many decades of Engro Fertilizers' journey it has seen several eras, each with its singular combination of economics and ideas. In each era Engro Fertilizers has had to take important decisions and when needed change itself with organizational restructuring, expansions, operational innovations, export markets, product line extensions etc. We have done this because above everything, we endeavor to deliver differentiated value for you. Your continued trust in us helps us create greater benefits for the country and the communities our businesses operate in.

The digital era has now arrived. The scope and scale of its change are unprecedented. This is yet another era where we must reinvent ourselves. In this age of constant change we feel there is great hope and optimism for what Engro Fertilizer can achieve for the nation and its shareholders. We feel with our size and understanding of the agriculture value chain we are ideally placed to capture the highest value opportunities as we respond with agility and reinvention. Our talent plans, our strategic roadmap, our digital initiatives and our move into new lines of businesses are all geared to ensure sustainable profitable growth for the long term while addressing the complexities and ambiguities of the current economic cycle.

To remain viable in this age it is important for Engro Fertilizers to continue to embrace certain principles that will help us systematically seize new opportunities. Firstly we are building an institution. This means there is no compromise on the talent we hire at all levels. I would like to commend the board for ensuring the strategic planning process, the monitoring of executive initiatives, for their healthy engagement with the leadership team, and for ensuring the highest levels of ethical, legal and risk management standards. We will keep endeavoring to set the standard for corporate governance in Pakistan with a combination of policy and practices so that a long term focus on prudence, efficiency and innovation are even more firmly ingrained into our DNA. We will continue to seek value in differentiations at both the product and business levels. The greatest value creation in a commercial ecosystem is when innovation and empathy allow you to fulfill market needs in unique and exciting ways. As importantly our commitment to growing our top line stays paramount. We will continue to seek avenues of growth domestically and increasingly internationally.

With leadership come responsibilities. The common thread that weaves our past with our future, our responsibilities to our customers and to our investors, and with business partners, is to be a purpose driven organization. Engro will continually strive to be the company that believes that economic value is not exclusive of social value. A significant part of that is our Corporate Social Responsibility (CSR). We continue to invest in the communities our businesses touch in fundamental meaningful ways. Even within CSR we are encouraging more and more programs that do not simply give, but rather empower the most disenfranchised and vulnerable groups in society to better their lives in a sustainable and dignified manner. Organizations with purpose also create professionals infused with a sense of mission. One of my greatest privilege as Chairman of Engro Fertilizers is to consistently come across employees for whom the mission driven aspect of our company is a significant reason to come to work. They understand that with improved access to quality input like fertilizers, seeds and pesticides, and with access to best farming practices and digitally powered value chains, we can end hunger by producing more food from less land. They know we can within our scope address the looming specter of water scarcity. They realize that Engro Fertilizers has both the means and will to put such aspirations at the heart of its business model.

The age we find ourselves is persistently volatile. However our diversity of businesses, the leadership positions in the markets we operate in, and our deep bench of talent creating incremental synergies among our product lines remain a bulwark against uncertainty. Investors will find in Engro Fertilizers a resilient tested company for whom prudently managing risk and growing sensibly yet reinventing when necessary remains a defining feature. I am grateful for your steadfast support, as we look forward to the evolving market landscape with optimism and confidence.

Ghias Khan
Chairman

CEO's Message

Dear Shareholder,

The year 2017 was a challenging year for the fertilizer industry. Oversupply and lean margins in a highly competitive market, combined with political uncertainty, translated into a difficult commercial environment. It is a testament to the resilience of our business model, operational capability and the leadership team of Engro Fertilizers, that we were able to meet our strategic priorities and fiscal guidance.

Against a dynamic backdrop of a rapidly evolving industry environment, Engro Fertilizers, anchored by operational excellence and the adaptability that comes with deep industry experience, was able to deliver strong results across the board. For full year 2017, consolidated profit after tax stands at PKR 11.2 billion, versus PKR 9.3 billion in 2016 and consolidated earnings per share increased to PKR 8.36 vs. PKR 6.98 last year. Our shareholders seek us out and trust Engro Fertilizers to consistently create value for them. In that spirit, I am pleased to announce that in addition to interim dividend already paid at PKR 5.5 per share we will be proposing paying out a further dividend of PKR 3.0 for the year ended December 31, 2017 for approval of the members at the Annual General Meeting to be held on March 26, 2018, bringing the total dividend for 2017 to PKR 8.50 per share.

Our stakeholders, from our employees, to the communities we impact, to our shareholders, are at the center of everything we do. Once again, we walked the walk on this defining principle of Engro Fertilizers with numerous initiatives across the spectrum. In terms of Health Safety & Environment (HSE), we maintained our industry leading figures across all metrics, while working with relevant stakeholders in the public and civil domain on relevant initiatives. Our CSR arm, Engro Foundation, continued impact investments in the areas of education, livelihood, infrastructure development, health and emergency relief in low income communities around our plants and beyond. Our employees also contributed thousands of volunteer hours to various social causes.

The best way to navigate the future is to create it, to have an understanding of what must endure and what needs to change. Engro Fertilizers has a clear strategic plan in place to do just that, which will have a powerful and positive impact for our shareholders. Our operational excellence that is already best in class will be further augmented by digital and artificial intelligence initiatives to maximize asset optimization. We will utilize our hands-on knowledge of the agriculture value chain to expand our business footprint. We have already launched a full-fledged initiative in the adjacent input areas of seeds and pesticides, and you can expect more exciting initiatives to create definitive long-term shareholder value this year.

We passionately believe that our mission is to enrich the lives of the average farmers. Only by improving their lives, their yields and solving challenges related to agriculture, from sustainability to water scarcity, can we ensure long-term, unceasing and inclusive growth for Engro Fertilizers. This approach is the only way to create and develop new opportunities and markets. Agriculture yields are ground zero in this battle, which is critical not only for us but for all companies operating in this sector and for the nation. Obsession with the farmer, thus, is at the core of our business strategy, and a relentless drive to improve their wellbeing via the best portfolio of products and a suite of complementing services, is our best guarantee to create long term value for all our stakeholders.

We look forward to this journey for a sustainable and inclusive future, and thank you for your continued support.

Ruhail Mohammed
Chief Executive Officer

key numbers

PKR 77* bn
Revenue in 2017

1,807 KT
Urea Production

501 KT
Phosphates Sales

1,962** KT
Urea sales

PKR 11 bn
2nd Highest ever PAT

2 plant
operation for the 4th year

* Excludes subsidy income amounting to Rs. 5 bn classified as other income.
** Includes urea export sales of 223 KT.

business review

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to submit the Directors' report and the audited financial statements of the Company for the year ended December 31, 2017.

Market Review

Local urea industry demand increased by 6% in 2017 to 5,826 KT versus 5,485 KT in 2016, catalyzed by lower urea prices prevailing throughout the year and improved agronomic demand. On the export front, the industry exported 557 KT during the year out of the total export allowance of 600KT. The Economic Coordination Committee has further extended the export deadline to 28th February 2018, with an enhancement of 35 KT in the volume.

Urea production for 2017 clocked in at 5,614 KT vs 5,998 KT last year, a decline of 6%. Lower production is attributable to intermittent operations of LNG based fertilizer plants. With improved industry sales and significant exports during the period, industry inventory has depleted to 0.3 MT compared to 1 MT at the end of 2016. Local urea prices have stabilized on the back of this inventory depletion, but the domestic industry continues to face challenges in the guise of subsidy accumulation and long lead time in its disbursements. As an industry, we continue to engage with the Government for streamlining subsidy disbursement mechanism and payment of outstanding dues. On the International front, urea price stabilized at USD 255/T (equivalent to PKR1,730/bag) towards the year end, after shooting up to USD 280/T at the end of Q3, primarily due to normalization of demand from India.

DAP demand in the local market increased by 5% compared to last year, with sales recorded at 2,343 KT vs 2,225 KT in 2016 on the back of continued government support (cash subsidy replaced by reduced sales tax on DAP) and improved farmer economics. On the International front, DAP prices remained firm throughout the year, increasing to USD 430/T towards the end of the year due to supply constraints from China.

Gas Scenario

Gas supply from Mari and SNGPL continued throughout the year as per contract. In line with the industry, EFERT continues to withhold GIDC on all non-concessionary gases in lieu of the interim order by the High court in October 2016, striking down the GIDC Act. The Company obtained a stay order against GIDC applicability on concessionary gas in 2015, and no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our Gas Supply Contracts, on the basis of which we invested USD 1.1 Billion to expand our fertilizer manufacturing capacity.

Segment Analysis

• Urea

The Company produced 1,807 KT of urea, compared to 1,881 KT produced in 2016, a 4% decline due to plant shut down. However, sales during the year clocked in at 1,739 KT compared to 1,652 KT in 2016, exhibiting an increase of 5% YoY, which was further boosted by export sales of 223 KT during the period. Overall, our domestic urea market share stood at 30% in line with last year (branded urea market share: 31% in 2017 vs. 30% in 2016).

• Phosphates

Company sales were recorded at 501 KT in 2017; down 6% YoY compared to 534 KT in 2016, which also led to a decline in EFERT's market share to 21% vs 24% last year. Sales were primarily dented at the start of this year due to pricing cap imposed by the Government, which had made imports unfeasible at that time, coupled with lower competitor prices.

• Zarkhez

The Company's blended fertilizer (Zarkhez, Engro NP, MOP/SOP/AS) sales registered an increase of 26% YoY to clock in at 144 KT compared to 114 KT last year. The overall potash market increased to 48 KT in 2017 vs 32 KT in 2016, buoyed by lower prices, subsidy on potash and improved farmer economics. Company market share was 40% this year (48% in 2016) because of aggressive potash sales by private importers.

EFERT continues to explore opportunities within the agriculture sector in Pakistan to create value for shareholders by leveraging its strong position in the Agri space. During the year, the Company also created a footprint in the Seeds and Pesticides business and is also evaluating other businesses in the Agri space.

Financial Review

Sales revenue for the Company was recorded at PKR 77,129 million for 2017, 11% higher compared to the previous year (PKR 69,537 million). Increase in sales revenue was witnessed on the back of higher domestic offtake and was further augmented by urea exports during the year.

Gross profit for the year 2017 was PKR 23,219 million as compared to PKR 17,439 million for the same period last year. Financial charges declined to PKR 2,648 million versus PKR 3,187 million in 2016 (lower by 17%). The decrease is mainly due to loan repayments, lower benchmark interest rates and re-pricing of various long term loans.

For full year 2017, the Company has declared a profit after tax of PKR 10,137 million (standalone), a significant increase of 12% over PKR 9,025 million earned in 2016, resulting in EPS of 7.60 vs EPS of 6.78 in 2016. The higher profitability was led by urea exports, higher offtake and regularization of gas prices for Plant I post allocation.

2017 consolidated profit after tax stands at PKR 11,156 million, versus PKR 9,283 million in 2016 due to the reasons explained above.

Resultantly, consolidated earnings per share increased to PKR 8.36 vs. PKR 6.98 last year.

Dividend

The Board is pleased to propose a final dividend of PKR 3 per share in addition to interim dividend already paid at PKR 5.5 per share (total dividend: PKR 8.5 per share) for the year ended December 31, 2017 for approval of the members at the Annual General Meeting to be held on March 26, 2018.

Capital Structure

In 2017, the Company continued to concentrate its efforts on reducing costs of financing and gradually declining its debt levels; towards this end, on the back of improved industry conditions and higher urea offtake, including urea exports, the Company raised PKR 1.5 billion for capex financing, while maturing PKR 5.2 billion during the year. We plan to gradually reduce our loan portfolio in the coming years.

Long term borrowings at year end 2017 were PKR 30,903 million (2016: PKR 34,551 million). Shareholder's equity as at December 31, 2017 stands at PKR 42,470 million (2016: PKR 41,648 million).

During the year, PACRA maintained its long term and short term credit ratings of AA- and A1+ respectively.

Outlook

Globally, urea demand in 2018 is expected to grow marginally by 1.7%, while supply is expected to trend moderately higher with new capacities entering the global market. International urea prices have lately stabilized around USD 255/T (translating to a landed equivalent of PKR 1,730/bag) after trending at highs of USD 280/T during the year. Low crop prices and supply side pressure, along with the commissioning of new capacities in India, US and Nigeria are expected to keep prices soft during most of 2018. On the other hand, decline in exports from China owing to production constraints on the back of environmental tax implementation may ease off some supply pressure and translate into stable prices.

Local urea demand for 2018 is expected to remain stable, courtesy the anticipated improvement in farmer income and subsidy continuation in 2018 providing relief to local urea demand. Domestic production is also expected to trend at current levels, keeping prices stable.

International DAP prices are expected to remain soft in 2018 compared to late 2017. Capacity additions, low energy prices and excess supply of grains is expected to gradually soften input prices. Due to continuation of subsidy and upbeat farmer economics, local DAP demand for 2018 is expected to remain stable.

Our Commitment to HSE

The safety of our workers has always been of paramount importance and a key priority for Engro Fertilizers. We work hard to provide a positive health and safety culture to our employees backed by processes and training so that health and safety is second nature to everyone. We remain committed to providing the safest working environment to our employees, particularly at manufacturing facilities while vigilantly fulfilling our environmental duties and responsibilities.

Our consistently outstanding performance in maintaining the highest health and safety measures is a result of considerable investment in physical infrastructure, as well as creating an institutional architecture where health and safety are rigorously monitored at every level of the organizational hierarchy. We also aspire to raise the bar above globally acceptable standards every year. Engro Fertilizers also received "International Fertilizers Association's "Best Progression Award" at Amman Jordan.

In HSE governance, we had a great year with the transition of "IMS" & "Social Accountability" (SA-8000) to new standards & surveillance audit conducted without any major non-conformance. Standardization of carbon foot print estimation & monitoring was achieved through successful revalidation from a third Party. A Green Office Audit was conducted and a new certification was achieved for Warehouse & Marketing Office buildings, while the HACCP certification was achieved for Plant Canteen.

There was no letup in our infrastructure improvements related to HSE. Effluent Ponds geo membrane lining for one pond was completed whereas for the second pond it is in progress.

In other initiatives the NOC application for Green climate fund was submitted to Ministry of Climate Change. We launched "Mera Kaam-Mera Emaan" program, an initiative to improve operational discipline by empowering site to lead different initiatives and linking it with one's moral values, which resulted in significant improvement in resolution of current issues of site. The "Healthy Daharki Project" was launched to improve lifestyles of the community. Some of the activities include development of dedicated cycling track, distribution of 300 bicycles as HSE awards, development of an outdoor gym, launch of healthy food snacks at plant canteen, management club & office canteens, and an anti-smoking campaign which also banned lighters at site.

Our HSE expertise was sought out within the Engro group and outside it. We provided HSE facilitation (Fire & Explosion Study, Consequence Modeling, F&G Mapping) for ENCOP-3 & CO2 Recovery Project.

Our initiatives to scale HSE initiatives and welcome them to the digital age also continued briskly. OPERA Phase-1 Go-Live at all affiliates post completion of UAT & Power User Training was done. For Phases-2/3 design document was signed off and construction phase was started.

We ensure that all employees in plant operations at all our manufacturing facilities are provided an outline of the process and operating procedures, with an emphasis on specific HSE hazards, emergency operations and safe work practices. The Occupational Health Program at the company includes aspects of industrial hygiene and occupational medicine. In addition, all employees are trained and kept abreast of technological changes and safety-related aspects of their jobs.

Our HSE Performance	
Total Recordable Injury Rate (TRIR)	0.10
Loss Workday Injury (LWI)	0
Total Man-hours	13.4 M
Fatalities	Nil*
Recordable Injuries	08

* Subsequent to year end, an unfortunate incident occurred at one of the evaporation pond close to our manufacturing facility, at Daharki in which a contractual security guard accidently drowned. Detailed investigation is underway

Our Social Investments

Social purpose is integrated into Engro Fertilizers' business model. We passionately believe in "shared value" where benefits extend beyond employees and shareholders to communities in our areas of business and the nation at large. We invest in sustainable initiatives that impact lives and result in enduring economic change. We hold ourselves accountable for the impact of our business decisions and take ownership of the welfare and development of the communities that we engage with. We aspire to exceed the expectations of business goals and endeavor to fulfill sustainable social goals. This vision to lift those at the bottom of the pyramid, is demonstrated by our CSR wing – Engro Foundation – which strives to improve the lives of people living in low-income communities with impact investments in the areas of education, livelihood, infrastructure development, health and emergency relief. They go beyond corporate philanthropy and help deploy a sustainable inclusive business strategy.

Community Engagement: A key enabling part of our social investment is community engagement. The ability to incorporate needs and values of people living in communities in policy development and planning, decision-making, service delivery and assessment is at the heart of smart sustainable social interventions. Throughout the year, we invested in capacities in the domains of livelihood, education and infrastructure development in and around Daharki including nearby vicinities such as village Bago Bhutto, village Jan Muhammad Bughio, village Jung, village Kalo Burriro, village Kotlo Mirza and village Noor Hassan Shah as well as other villages. These interventions included renovation of educational facilities, upgrading of community physical infrastructure, provision of income generation opportunities, and provision of basic health treatment through medical care centers.

Technical Training College (TTC): The Company helped establish the TTC, which serves as the fulcrum for our skills training programs. The college offers a 3-year Diploma in Associated Engineering (DAE) in Chemical and Mechanical technologies along with short-term vocational training programs for youth near Daharki and Ghotki areas. We helped the college develop and deploy a placement software which will act as a student databank, and will be used for tracking alumni employment for impact evaluation and governance. In addition, for TTC a manpower recruitment study was conducted which identified employment opportunities for TTC graduates overseas. For vocational training courses, a partnership with USAID worth PKR 7 million was secured to train youth to become carpenters, welders, and general electricians.

In 2017 total DAE strength was 436 students. Of these 152 students were new inductees, while we were privileged to witness 73 students graduated and join the ranks of alumni, bringing the total Alumni network to 238 individuals. Of the new graduates, 25 were placed in EFERT. Similarly, total Vocational Training Center (VTC) enrolled trainees in 2017 were 1,082. The number of graduates were 623, swelling the VTC alumni pool to 2,098 graduates till date. Around 459 new trainees were inducted so they could learn skills that would make them valuable employees or entrepreneurs as well as useful and contributing members of the community.

Pathways to success: In 2017 we implemented a groundbreaking USAID funded Project in Karachi and Ghotki called "Pathways to Success" focused on livelihood for girls, and we are very excited to share with you the impact from that.

All vocational trainings in Ghotki have concluded and 219 girls are trained in ECE, as beauticians and artisans, and in MS Office and web design. Additionally, 31 beneficiaries are interning at diverse institutes including Engro fertilizers, schools, TTC and NGOs. IBA Sukkur was also engaged as partner for training 40 girls in Ghotki in entrepreneurship.

Trainings in Karachi in IT and graphic designing have been concluded at MITI Korangi for 119 students. There are 20 beneficiaries interning in various places with the help of our access. Entrepreneurship training in Karachi has been completed by Injaz Pakistan. The National Mentorship Program led by Moneeza Hashmi is in progress. Guest speaker sessions held with various well-known personalities have inspired the girls.

Local mentorship and book club arranged by engaging women from Engro Fertilizers colony has augmented all of this. An advisory board, constituted with external members with regular meetings held, provided governance. Finally, over 900 girls in age group 13-17 from government schools in Karachi and Ghotki are being trained in life skills.

Education: Education has always been one of our core focus areas for social investments. Education is a human right and the base on which a life of opportunity and an escape from poverty is built. Since our inception, we have worked passionately to provide education to the underprivileged in the communities around our manufacturing facility while improving quality and learning outcomes at all levels. For our many adopted schools, we initiated the Engro Reading Program that aimed to improve reading skills for primary grades in addition to commencing adult literacy classes. Under the project we established 13 computer labs and library corners in each school to enhance reading capacities of over 1,300 children at the primary level. We conducted 26 inter school competitions in reading and spelling bee which culminated with a prize distribution ceremony. In addition, approximately 52 community sessions were held for parents and community influencers of adopted schools to enhance school enrollment numbers and other metrics. Under the reading project, Sindhi stories have also been shortlisted for translation into English and Urdu which will be used to enhance and personalize the scope of the program in the coming years.

When 2017 ended, the enrollment at our adopted schools stood at 1,651 students – The average annual result was 64%, while a very high 92% of students were promoted to Secondary. Dropouts were down to just 3% while enrollment of girls was up to 41% of the total student strength.

Health: Our Health projects continued to provide essential services to communities. The Sahara Clinic treated a total of 8,564 patients while the singular Snake-bite Treatment Facility treated a total of 10,093 patients.

EnVison: EnVision is an employee-volunteering program that provides various opportunities to employees to participate in activities linked to myriad social causes. Employees based in Daharki, Karachi and other locations took active part in different activities that equated thousands of hours in volunteerism work.

Our Commitment to Our People

Human Capital Management has been central to Engro Fertilizers' approach to achieving operational and business excellence, and our success is determined by consistently attracting new talent, retaining, and motivating our employees while growing as an organization.

To inculcate a performance driven culture, this year, amongst other initiatives, HR EFERT took upon itself to challenge the status quo by embarking upon the following interventions focusing on a sustainable culture and equal learning opportunities.

1. HR Connect:
   HR Connect was an indigenous intervention initiated in 2016 and concluded in 2017 designed to gauge the true pulse of the organizational climate. After a series of thorough, well planned engagement sessions targeting 100% employee population, findings and data gathered were clubbed to form the basis for new interventions. The top 5 outcomes were studied at length, and plans were put into place to address each area with a focused approach.

2. Transitional Training Model / Crucial Conversations / Viral Change Program:
   The analysis of the data derived from HR Connect reflected that our training concept / methodology needed to be revisited. After a year-long of hard work, the Transitional Training Model was successfully conceptualized and launched by HR with the intent to develop a learning architecture where the focus shifts from "delivering training" to "developing capability". This model aimed at building alignment and bringing a more structured, sustainable and unified focus on skill enhancement, covering all aspects / divisions.

   In addition to this, HR conducted various programs catering to different aspects uncovered in HR Connect and launched interventions such as Crucial Conversations and the Viral Change Program. Moreover, throughout the year, we also focused on developing high performing teams through intensive Boot Camps and Outbreaks, and are currently in the process of developing customized Business Simulations with world renowned consultants.

To enhance our marketing orientation, a customized Marketing Training Program in conjunction with IBA was also designed and is set to be launched in Q1 2018 for the marketing division.

3. Leadership Pipeline Development / Mentorship Program
   The launch of Mentorship Program for Top talent, and designing of a Business Acumen program based on real Engro case studies for employees was conducted as part of the Leadership Pipeline Development agenda.

4. Performance Management System:
   The need to revisit the Performance Management System was an aspect identified through HR Connect program and to address this concern, EFERT HR conceived and developed a performance assessment system, eliminating waste elements causing disconnect between process and outcome. The aim is to encourage department managers to take ownership of their teams careers progression and performance management.

Communication:

- The Company vision was communicated and rolled out in an immaculately planned Outbreak.
- The EFERT website was revamped to make it a more viable communication platform for our stake holders and students aspiring for careers at Engro by ensuring that the website is more informative, user friendly and interactive.
- In house Mandarin classes were also introduced at the Head Office along with two half yearly magazines to keep employees connected across the nation.

During the year various policies were revised and enhanced to further facilitate and benefit the employees in general. In addition, various employee value propositions were also launched enhancing benefits available to employees.

We are cognizant of the dynamic environment our employees work in, and therefore are proud to have developed customized programs that help them enhance and realize their true potential. Going forward for 2018, we aim to follow the Strategic Human Resource Management philosophy to align our practices with global benchmarks

Pension, Gratuity & Provident Fund

The employees of the Company participate in Retirement Funds maintained by Engro Corporation (the Parent Company). The Company contributes to plans that provide post-employment and retirement benefits for its employees. These include DC provident fund, DC gratuity plan and DB gratuity plans. The value of net assets of Provident Fund (as at June 30, 2017), Gratuity funds (as at December 31, 2016) and Pension Funds (as at December 31, 2016) based on their respective audited accounts are:

Provident Fund: PKR 3,942 million (EFERT's share: ~PKR 1,968 million)
DC Pension Fund: PKR 689 million (EFERT's share: ~PKR 371 million)
DB Pension Fund: PKR 34 million (All EFERT)
DC Gratuity Fund: PKR 1,425 million (EFERT's share: ~PKR 594 million)
DB NMPT Gratuity Fund: PKR 170 million (All EFERT)
DB MPT Gratuity Fund: PKR 245 million (EFERT's share: ~PKR 165 million)

Auditors

The existing auditors, A.F. Ferguson & Co. Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee recommends their appointment as auditors for the year ending December 31, 2018

Pattern of Shareholding

Major shareholder of Engro Fertilizers Limited is Engro Corporation. A statement of the general pattern of shareholding along with statement of purchase and sale of shares by Directors, Executives and their spouses and minor children, during 2017 is shown later in this report.

Statement of Director Responsibilities

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

1. The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. Accounting estimates are based on reasonable prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. One of the directors has not attended directors training course by the Pakistan Institute of Corporate Governance (PICG). All other directors have already completed this course earlier.

Board Meetings and Attendance

In 2017, the Board of Directors held 6 meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Member's Name	Meetings Attended
Ghias Khan	6
Ruhail Mohammed	6
Abdul Samad Dawood	3
Asad Said Jafar	4
Asim Murtaza Khan	5
Javed Akbar	6
Mazhar Hasnani *	1
Nadir Qureshi**	4
Sadia Khan	4

* Mr. Mazhar Hasnani resigned on 31-03-2017
** Mr. Nadir Qureshi Joined on 31-03-2017

BCC Attendance

In 2017 the Board Compensation Committee held two meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Member's Name	Meetings Attended
Ghias Khan – Chairman	2
Abdul Samad Dawood – Member	1
Javed Akbar – Member	2

BAC Attendance

In 2017 the Board Audit Committee held four meetings to cover its complete cycle of activities. The attendance record of the Directors is as follows:

Member's Name	Meetings Attended
Javed Akbar – Chairman	4
Asad Said Jafar	3
Sadia Khan	3

Ghias Khan
Chairman

Ruhail Mohammed
Chief Executive Officer

horizontal analysis

Balance Sheet - Consolidated

(Amounts in millions)

	2017 Rs.	17 Vs. 16 %	2016 Rs.	16 Vs. 15 %	2015 Rs.	15 Vs. 14 %	2014 Rs.	14 Vs. 13 %	2013 Rs.	13Vs. 12 %	2012 Rs.
EQUITY AND LIABILITIES											
EQUITY											
Share capital	13,353	0.3	13,309	-	13,309	1.0	13,183	7.8	12,228	14.0	10,728
Share premium	3,385	8.1	3,132	-	3,132	38.5	2,261	20,454.5	11	-	11
Advance against issue of shares	-	-	-	-	-	-	-	(100.0)	2,119	100.0	-
Exchange revaluation reserves	83	654.5	11	(21.4)	14	100.0	-	-	-	-	-
Hedging reserve	-	-	-	(100.0)	(4)	(89.7)	(39)	(73.6)	(148)	(54.4)	(324)
Remeasurement of post employment benefits	(47)	74.1	(27)	(32.5)	(40)	185.7	(14)	(33.0)	(21)	100.0	-
Unappropriated profits	25,696	1.9	25,223	(2.7)	25,921	35.8	19,088	75.4	10,880	102.1	5,383
	42,470	2.0	41,648	(1.6)	42,332	22.8	34,479	37.5	25,069	58.7	15,798
NON-CURRENT LIABILITIES											
Borrowing	22,784	(22.5)	29,380	16.2	25,290	(29.9)	36,091	(31.8)	52,896	9.1	48,482
Subordinated loan from Holding Company	-	-	-	-	-	-	-	(100.0)	3,000	-	3,000
Derivative financial instruments	-	-	-	-	-	(100.0)	7	(99.5)	1,531	207.5	498
Deferred liabilities	9,454	25.0	7,561	16.5	6,493	24.2	5,227	12.3	4,655	37.7	3,381
Service benefit obligations	175	11.5	157	26.0	125	10.3	113	8.6	104	5.1	99
	32,413	(12.6)	37,098	16.3	31,907	(23.0)	41,438	(33.4)	62,186	12.1	55,460
CURRENT LIABILITIES											
Trade and other payables	21,966	46.7	14,969	(15.4)	17,702	(27.7)	24,472	35.9	18,012	126.3	7,960
Accrued interest / mark-up	595	1.9	584	(31.5)	852	(37.4)	1,362	(8.0)	1,480	(17.2)	1,788
Taxes payable	913	(17.3)	1,104	(46.4)	2,061	204.9	676	100.0	-	-	-
Current portion of Borrowings	8,120	57.0	5,172	(51.8)	10,737	35.7	7,913	170.6	2,924	(80.4)	14,896
Retirement and other service benefits obligations	50	2.0	49	2.1	48	11.6	43	(2.0)	44	9.7	40
Short-term borrowings	5,264	175.6	1,910	2,446.7	75	100.0	-	-	-	(100.0)	1,000
Unclaimed dividend	25	25.0	20	233.3	6	100.0	-	-	-	-	-
Derivative financial instruments	-	(100.0)	250	(31.7)	366	(66.4)	1,090	411.6	213	(62.4)	566
	36,933	53.5	24,058	(24.5)	31,847	(10.4)	35,556	56.8	22,673	(13.6)	26,250
TOTAL EQUITY AND LIABILITIES	111,816	8.8	102,804	(3.1)	106,086	(4.8)	111,473	1.4	109,928	12.7	97,508
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	68,923	(1.8)	70,168	(2.8)	72,199	(3.7)	74,963	(5.5)	79,315	(4.3)	82,878
Intangible assets	4,475	0.5	4,451	(0.2)	4,462	3,681.4	118	(14.8)	138	(14.5)	162
Deferred taxation	-	-	-	(100.0)	73	100.0	-	-	-	-	-
Long term loans and advances	135	11.6	121	(24.4)	160	70.2	94	(14.0)	109	30.2	84
	73,533	(1.6)	74,740	(2.8)	76,894	2.3	75,175	(5.5)	79,562	(4.3)	83,124
CURRENT ASSETS											
Store, spares and loose tools	5,280	8.0	4,887	5.3	4,639	(1.6)	4,714	7.9	4,369	6.4	4,107
Stock-in-trade	7,636	12.3	6,799	(3.3)	7,029	538.4	1,101	(20.3)	1,382	(18.1)	1,687
Trade debts	5,419	(28.6)	7,585	235.3	2,262	198.8	757	(0.2)	758	(27.5)	1,046
Derivative financial instruments	-	-	-	(100.0)	29	100.0	-	(100.0)	130	12,920.7	1
Loans, advances, deposits and prepayments	1,161	70.0	683	14.8	595	37.4	433	(30.8)	626	58.4	395
Other receivables	8,803	26.0	6,986	414.1	1,359	4,753.6	28	(0.6)	28	(56.0)	64
Taxes recoverable	-	-	-	(100.0)	705	100.0	-	(100.0)	557	(72.1)	2,000
Short-term investments	8,188	687.3	1,040	(91.1)	11,650	(53.5)	25,076	38.9	18,058	585.3	2,635
Cash and bank balances	1,796	2,038.1	84	(90.9)	924	(77.9)	4,189	(6.0)	4,458	82.0	2,449
	38,283	36.4	28,064	(3.9)	29,192	(19.6)	36,298	19.5	30,366	111.1	14,384
TOTAL ASSETS	111,816	8.8	102,804	(3.1)	106,086	(4.8)	111,473	1.4	109,928	12.7	97,508

vertical analysis

Balance Sheet - Consolidated

(Amounts in millions)

	2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
EQUITY AND LIABILITIES										
EQUITY										
Share capital	13,353	11.9	13,309	12.9	13,309	12.5	13,183	11.8	12,228	11.1
Share premium	3,385	3.0	3,132	3.0	3,132	3.0	2,261	2.0	11	0.0
Advance against issue of shares	-	-	-	-	-	-	-	-	2,119	1.9
Exchange revaluation reserves	83	0.1	11	0.0	14	0.0	-	-	-	-
Hedging reserve	-	-	-	-	(4)	(0.0)	(39)	(0.0)	(148)	(0.1)
Remeasurement of post employment benefits	(47)	(0.0)	(27)	(0.0)	(40)	(0.0)	(14)	(0.0)	(21)	(0.0)
Unappropraited profits	25,696	23.0	25,223	24.5	25,921	24.4	19,088	17.1	10,880	9.9
	42,470	38.0	41,648	40.5	42,332	39.9	34,479	30.9	25,069	22.8
NON-CURRENT LIABILITIES										
Borrowing	22,784	20.4	29,380	28.6	25,290	23.8	36,091	32.4	52,896	48.1
Subordinated loan from Holding Company	-	-	-	-	-	-	-	-	3,000	2.7
Derivative financial instruments	-	-	-	-	-	-	7	0.0	1,531	1.4
Deferred liabilities	9,454	8.5	7,561	7.4	6,493	6.1	5,227	4.7	4,655	4.2
Service benefit obligations	175	0.2	157	0.2	125	0.1	113	0.1	104	0.1
	32,413	29.0	37,098	36.1	31,907	30.1	41,438	37.2	62,186	56.6
CURRENT LIABILITIES										
Trade and other payables	21,966	19.6	14,969	14.6	17,702	16.7	24,472	22.0	18,012	16.4
Accrued interest / mark-up	595	0.5	584	0.6	852	0.8	1,362	1.2	1,480	1.3
Taxes payable	913	0.8	1,104	1.1	2,061	1.9	676	0.6	-	-
Current portion of Borrowings	8,120	7.3	5,172	5.0	10,737	10.1	7,913	7.1	2,924	2.7
Retirement and other service benefits obligations	50	0.0	49	0.0	48	0.0	43	0.0	44	0.0
Short-term borrowings	5,264	4.7	1,910	1.9	75	0.1	-	-	-	-
Unclaimed dividend	25	0.0	20	0.0	6	0.0	-	-	-	-
Derivative financial instruments	-	-	250	0.2	366	0.3	1,090	1.0	213	0.2
	36,933	33.0	24,058	23.4	31,847	30.0	35,556	31.9	22,673	20.6
TOTAL EQUITY AND LIABILITIES	111,816	100.0	102,804	100.0	106,086	100.0	111,473	100.0	109,928	100.0
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	68,923	61.6	70,168	68.3	72,199	68.1	74,963	67.2	79,315	72.2
Intangible assets	4,475	4.0	4,451	4.3	4,462	4.2	118	0.1	138	0.1
Deferred taxation	-	-	-	-	73	0.1	-	-	-	-
Long term loans and advances	135	0.1	121	0.1	160	0.2	94	0.1	109	0.1
	73,533	65.8	74,740	72.7	76,894	72.5	75,175	67.4	79,562	72.4
CURRENT ASSETS										
Store, spares and loose tools	5,280	4.7	4,887	4.8	4,639	4.4	4,714	4.2	4,369	4.0
Stock-in-trade	7,636	6.8	6,799	6.6	7,029	6.6	1,101	1.0	1,382	1.3
Trade debts	5,419	4.8	7,585	7.4	2,262	2.1	757	0.7	758	0.7
Derivative financial instruments	-	-	-	-	29	0.0	-	-	130	0.1
Loans, advances, deposits and prepayments	1,161	1.0	683	0.7	595	0.6	433	0.4	626	0.6
Other receivables	8,803	7.9	6,986	6.8	1,359	1.3	28	0.0	28	0.0
Taxes recoverable	-	-	-	-	705	0.7	-	-	556	0.5
Short-term Investments	8,188	7.3	1,040	1.0	11,650	11.0	25,076	22.5	18,058	16.4
Cash and bank balances	1,796	1.6	84	0.1	924	0.9	4,189	3.8	4,458	4.1
	38,283	34.2	28,064	27.3	29,192	27.5	36,298	32.6	30,366	27.6
TOTAL ASSETS	111,816	100.0	102,804	100.0	106,086	100.0	111,473	100.0	109,928	100.0

horizontal and vertical analysis

Profit & Loss Account - Consolidated

(Amounts in millions)

	2017 Rs.	17 Vs 16 %	2016 Rs.	16 Vs 15 %	2015 Rs.	15 Vs 14 %	2014 Rs.	14 Vs 13 %	2013 Rs.
Horizontal Analysis									
Sales	77,129	10.9	69,537	(21.0)	88,033	43.3	61,425	22.5	50,129
Cost of Sales	53,911	3.5	52,098	(6.5)	55,724	43.5	38,822	38.6	28,008
Gross profit	23,219	33.1	17,439	(46.0)	32,309	42.9	22,603	2.2	22,121
Distribution and marketing expenses	7,245	8.1	6,705	22.7	5,466	23.1	4,441	26.5	3,511
Administrative expenses	1,294	42.7	907	1.2	896	16.1	772	28.5	601
Other income	5,866	(28.0)	8,143	357.2	1,781	(27.3)	2,449	121.6	1,105
Other expenses	1,234	7.4	1,149	(43.5)	2,034	54.3	1,318	(36.0)	2,060
Operating profit	19,312	14.8	16,821	(34.5)	25,694	38.7	18,521	8.6	17,054
Finance cost	2,648	(16.9)	3,187	(31.1)	4,627	(30.2)	6,625	(23.6)	8,670
Net profit before taxation	16,664	22.2	13,634	(35.3)	21,067	77.1	11,896	41.9	8,384
Provision for taxation	5,509	26.6	4,351	(30.4)	6,249	69.5	3,687	27.7	2,887
Net profit after taxation	11,156	20.2	9,283	(37.4)	14,818	80.5	8,209	49.3	5,497

	2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Vertical Analysis										
Sales	77,129	100	69,537	100	88,033	100	61,425	100	50,129	100
Cost of Sales	53,911	69.9	52,098	74.9	55,724	63.3	38,822	63.2	28,008	55.9
Gross profit	23,219	30.1	17,439	25.1	32,309	36.7	22,603	36.80	22,121	44.1
Distribution and marketing expenses	7,245	9.4	6,705	9.6	5,466	6.2	4,441	7.2	3,511	7.0
Administrative expenses	1,294	1.7	907	1.3	896	1.0	772	1.3	601	1.2
Other income	5,866	7.6	8,143	11.7	1,781	2.0	2,449	4.0	1,105	2.2
Other expenses	1,234	1.6	1,149	1.7	2,034	2.3	1,318	2.1	2,060	4.1
Operating profit	19,312	25.0	16,821	24.2	25,694	29.2	18,521	30.2	17,054	34.0
Finance cost	2,648	3.4	3,187	4.6	4,627	5.3	6,625	10.8	8,670	17.3
Net profit before taxation	16,664	21.6	13,634	19.6	21,067	23.9	11,896	19.4	8,384	16.7
Provision for taxation	5,509	7.1	4,351	6.3	6,249	7.1	3,687	6.0	2,887	5.8
vvvv Net profit after taxation	11,156	14.5	9,283	13.4	14,818	16.8	8,209	13.4	5,497	11.0

summary

(Amounts in millions)	2017	2016	2015	2014	2013
Summary of Balance Sheet					
Share capital	13,353	13,309	13,309	13,183	12,228
Reserves	29,117	28,339	29,022	21,295	12,841
Shareholders' Equity	42,470	41,648	42,332	34,478	25,069
Long term borrowings	22,784	29,380	25,290	36,091	52,896
Capital employed	73,374	76,200	78,358	78,481	80,890
Deferred liabilities	9,454	7,561	6,493	5,227	4,655
Property,plant & equipment	68,923	70,168	72,198	74,963	79,315
Non current assets	73,533	74,740	76,894	75,175	79,563
Current assets	38,283	28,064	29,192	36,297	30,366
Summary of Profit and Loss					
Sales	77,129	69,537	88,033	61,425	50,129
Gross profit	23,219	17,439	32,309	22,603	22,121
Operating profit	19,312	16,821	25,694	18,521	17,054
Profit / (loss) before tax	16,664	13,634	21,067	11,896	8,384
Profit / (loss) after tax	11,156	9,283	14,818	8,209	5,497
EBITDA	24,332	21,857	30,456	23,273	22,006
Summary of Cash Flows					
Net cash flow from operating activities	22,827	1,047	7,048	19,063	24,813
Net cash flow from investing activities	(3,131)	1,676)	23,130	(22,604)	(560)
Net cash flow from financing activities	(15,062)	(10,823)	(20,309)	(13,692)	(5,821)
Changes in cash & cash equivalents	4,633	(11,452)	9,868	(17,233)	18,432
Cash & cash equivalents – Year end	4,720	14	15,420	5,283	22,516
Summary of Actual Production (KT)					
Urea	1,806,977	1,881,016	1,967,552	1,818,937	1,561,575
NPK / NP	109,059	94,610	126,074	117,193	92,839

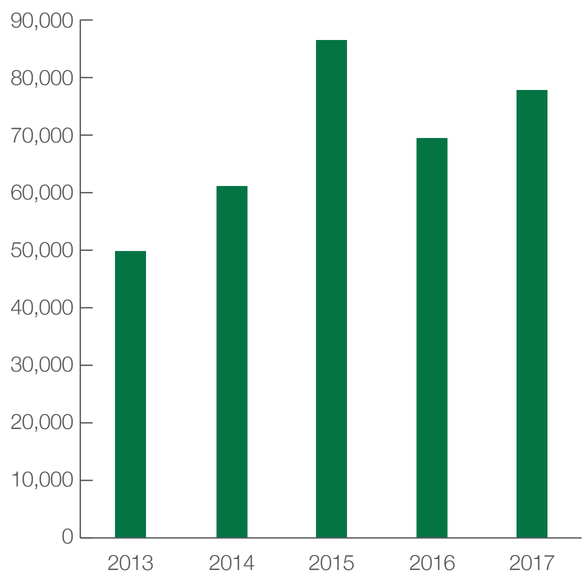
financial ratios

		2017	2016	2015	2014	2013
Profitability Ratios						
Gross Profit to Sales	%	30.1*	25.1*	36.7	36.8	44.1
Net Profit to Sales	%	14.5*	13.4*	16.8	13.4	11.0
EBITDA to Sales	%	31.5*	31.4*	34.6	37.9	43.9
Return on Equity	%	26.5	22.1	38.6	27.6	26.9
Return on Capital Employed	%	25.8	21.8	32.8	23.2	21.3
Liquidity Ratios						
Current ratio	Times	1.0	1.2	0.9	1.0	1.3
Quick / Acid Test ratio	Times	0.7	0.7	0.6	0.9	1.1
Cash and Cash equivalents to Current Liabilities	%	12.8	0.1	48.4	14.9	99.3
Cash flow from Operations to Sales	%	29.6*	1.5*	8.0	31.0	49.5
Activity / Turnover Ratios						
No. of Days Inventory	Days	48.9	48.4	26.6	11.7	20.0
Inventory Turnover	Times	7.5	7.5	13.7	31.3	18.3
Total Assets Turnover ratio	Times	0.7*	0.7*	0.8	0.6	0.5
Fixed Assets Turnover ratio	Times	1.1*	1.0*	1.2	0.8	0.6
Investment /Market Ratios						
Earnings per Share	Rs./ share	8.4	7.0	11.1	6.3	4.7
Market value per Share	Rs./ share	67.7	68.0	84.1	78.1	-
Breakup value per Share	Rs./ share	31.8	31.3	31.8	26.2	20.5
Capital Structure Ratios						
Debt to Capital Employeed ratio	%	42.1	45.3	46.0	56.1	69.0
Interest Cover ratio	Times	7.3	5.3	5.6	2.8	2.0

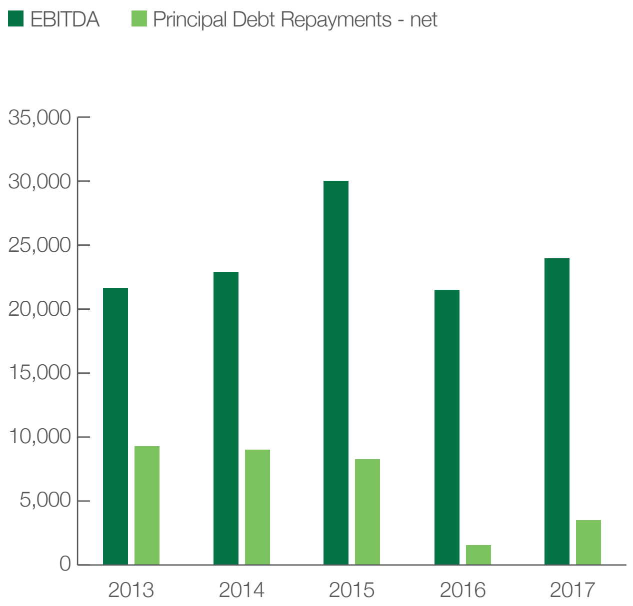
* Subsidy income of Rs. 5 billion (2016: Rs. 7.9 billion) has been classified as other income.

snapshots

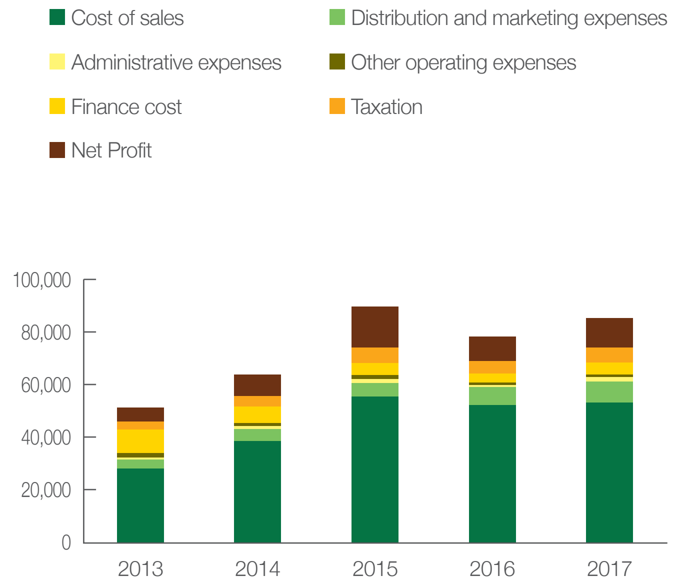
Sales Revenue year-wise (Rs. in million)*



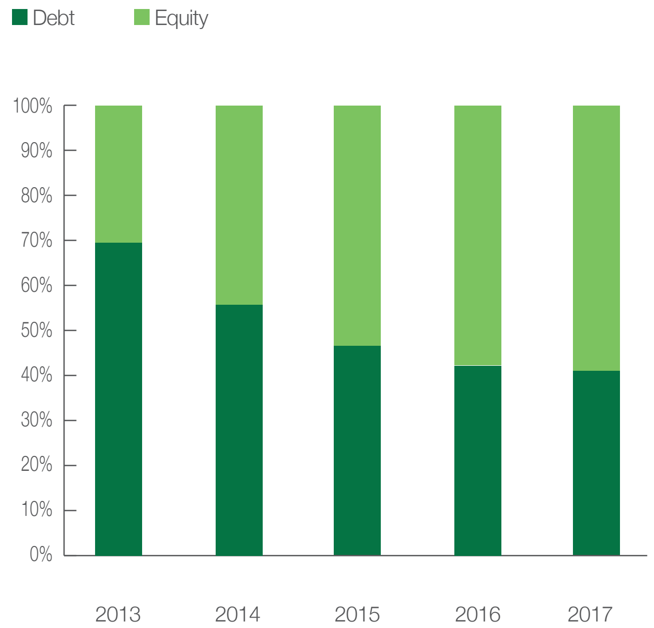
EBITDA and Principal Debt Repayments - net (Rs. in million)



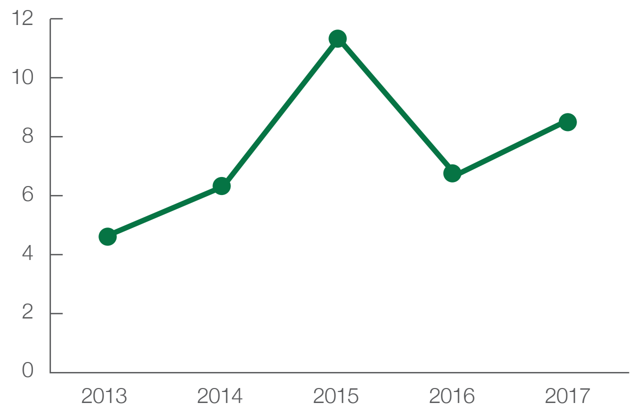
Revenue Analysis (Rs. in million)



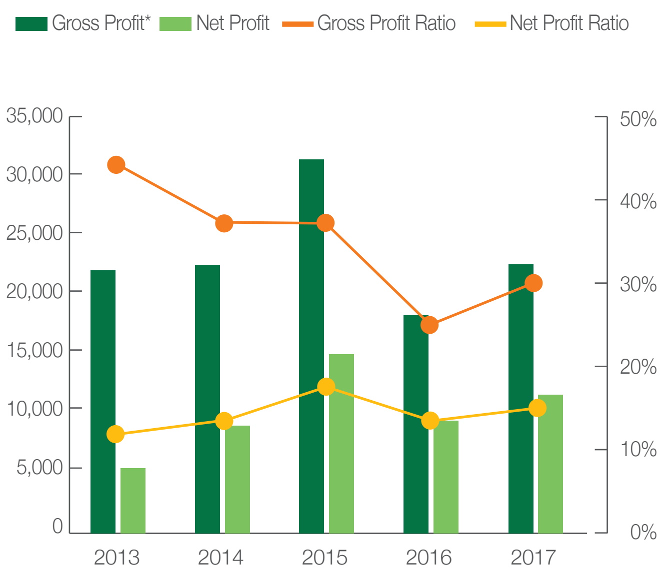
Capital Structure



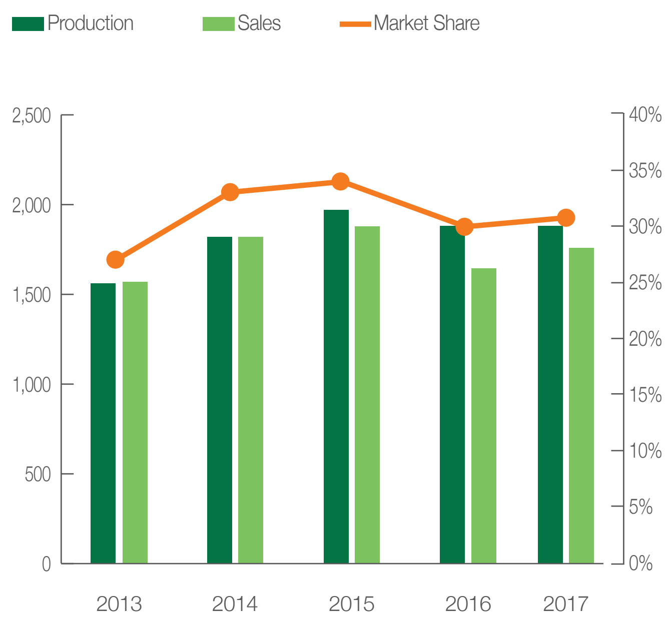
Earnings Per Share



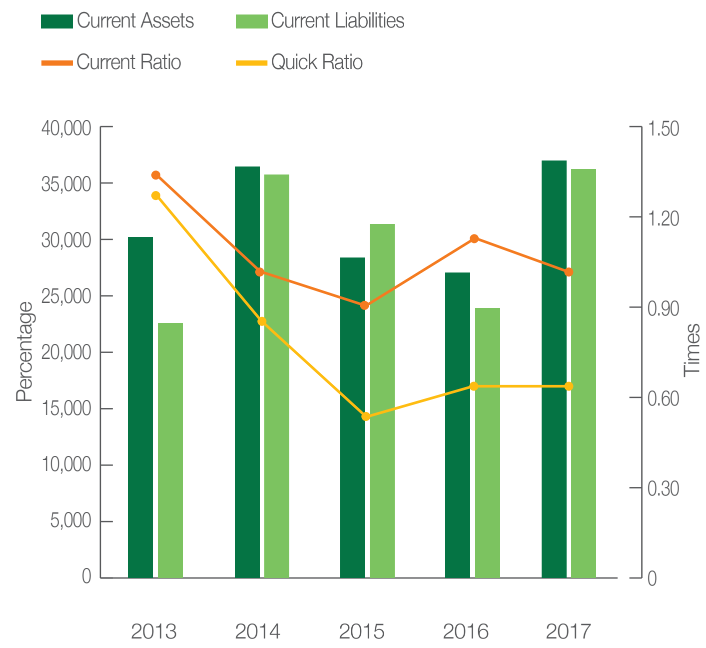
Gross Profit and Net Profit (Rs. in million)



Production and Sales Volume (K Tons)

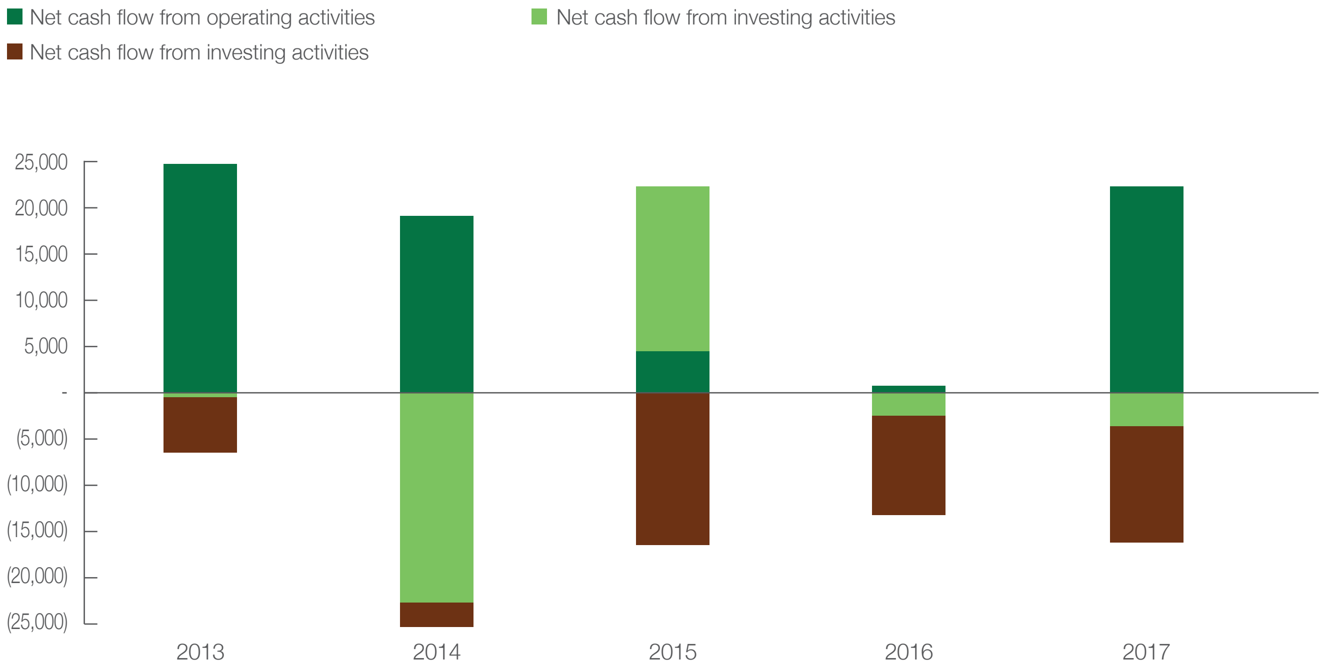


Liquidity Analysis (Rs. in million)

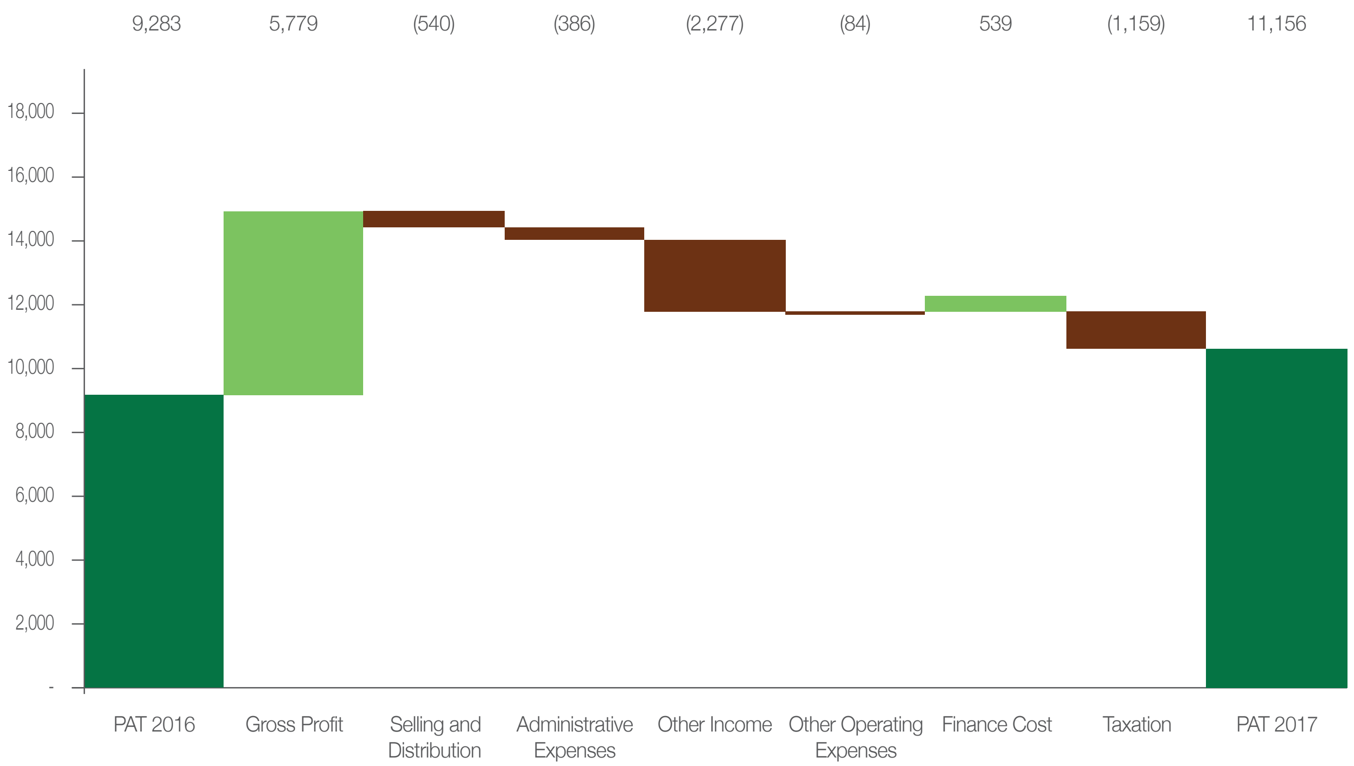


*Excluding subsidy impact of Rs. 5 billion (2016: Rs. 7.9 billion)

Cash Flow Analysis (Rs. in million)

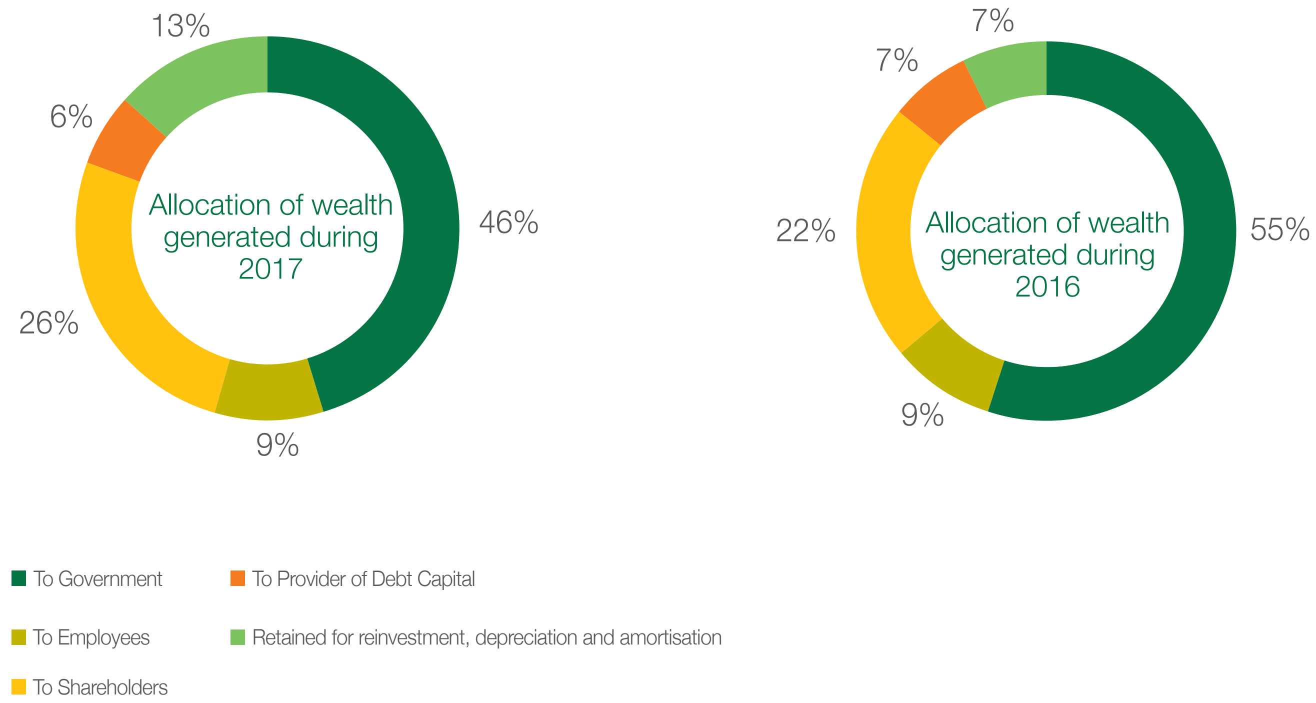


Variance Analysis (Rs. in million)



statement of value addition and distribution

(Rupees in Million)	2017	2016
Wealth Generated		
Net sales	77,129	69,537
Sales tax collected from customers	4,853	9,475
Other income including subsidy	5,866	8,143
Bought-in-materials and services	(46,570)	(40,801)
	41,278	46,354
Wealth Distributed		
Taxes, duties and development surcharge to Govt. of Pakistan	18,713	25,426
Salaries, benefits and other costs of employees	3,659	3,351
Dividend to Shareholders	10,682	9,982
Mark-up / interest expense on borrowed money	2,648	3,187
Donation towards education, health, environment and natural disaster	83	71
Retained for reinvestment & future growth, depreciation, amortisation and retained profit	5,493	4,337
	41,278	46,354



key shareholding and shares traded

Information of shareholding required under reporting framework is as follows:

1. Associated Companies, undertakings & related parties	
Engro Corporation Limited	751,312,049
2. Directors, CEO & their spouses & minor children	
Mr. Ghias Khan	1
Mr. Ruhail Mohammed	60,445
Mr. Abdul Samad Dawood	6,632
Mr. Asad Said Jafar	1
Mr. Asim Murtaza Khan	1220
Mr. Javed Akbar	26,524
Mr. Nadir Salar Qureshi	1
Ms. Sadia Khan	1
3. Executives	2,484,398
4. Public Sector Companies & Corporations	1,879,064
5. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	111,238,325
6. Mutual Funds	
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,154,500
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	6,500
CDC - TRUSTEE PICIC INVESTMENT FUND	1,283,000
CDC - TRUSTEE PICIC GROWTH FUND	2,201,500
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	796,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	4,940,000
CDC - TRUSTEE MEEZAN BALANCED FUND	3,240,000
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	5,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	888,500
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	6,500
CDC - TRUSTEE AKD INDEX TRACKER FUND	133,775
TRI. STAR MUTUAL FUND LTD.	91
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	857,500
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	5,707,000
CDC - TRUSTEE MEEZAN ISLAMIC FUND	33,144,700
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	4,935,500
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	2,600,000
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	6,358,000
CDC - TRUSTEE NAFA STOCK FUND	6,593,500
CDC - TRUSTEE NAFA MULTI ASSET FUND	387,000
CDC - TRUSTEE MCB DCF INCOME FUND	520,500
CDC - TRUSTEE FIRST HABIB INCOME FUND	11,000
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	3,762,000
CDC - TRUSTEE DAWOOD ISLAMIC FUND	5,000
CDC - TRUSTEE APF-EQUITY SUB FUND	309,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	3,787,393
CDC - TRUSTEE HBL - STOCK FUND	2,366,500
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	4,197,500
CDC - TRUSTEE APIF - EQUITY SUB FUND	392,000
MC FSL TRUSTEE JS - INCOME FUND	1,000
CDC - TRUSTEE HBL MULTI - ASSET FUND	68,000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1,112,000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	751,000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,407,114
CDC - TRUSTEE ABL STOCK FUND	3,690,500
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	952,500
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	500
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND - MT	657,500
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	661,500
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	839,000
CDC - TRUSTEE PICIC STOCK FUND	110,000
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	159,500
CDC - TRUSTEE HBL PF EQUITY SUB FUND	164,500
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1,056,636
CDC - TRUSTEE ATLAS INCOME FUND - MT	8,000
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1,867,500
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1,146,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	25,000
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	4,262,500
CDC - TRUSTEE NIT INCOME FUND - MT	2,500
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1,169,000
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	634,800
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,253,827
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	852,000
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	19,000
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	67,500
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	56,500
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	4,297,000
CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	77,500
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1,815,500
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	35,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	15,000
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	57,500
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	10,008,000
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1,474,500
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	566,500
MC FSL TRUSTEE JS - INCOME FUND - MT	37,500
CDC - TRUSTEE FAYSAL MTS FUND - MT	181,000
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	2,165,000
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	50,500
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND - MT	14,500
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1,002,000
CDC - TRUSTEE UBL CAPITAL PROTECTED FUND-III	25,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	854,507
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	794,500
TOTAL - Mutual Funds	**138,403,390**

7. Shareholders holding five percent or more voting rights in the Company:

Engro Corporation Limited 751,312,049

8. Details of purchase/sale of shares by Directors, Executives* and their spouses/minor children during 2017

S.No	Name of holders	Date	Sale / Purchase	No of Shares	Rate Per Share
1.	Farooq Ahmed Qureshi	18-Jan-17	Bought	4,500	70.3
2.	Rafaquat Ali	20-Jan-17	Sold	5,000	69.06
3.	Zafar Altaf	30-Jan-17	Sold	500	71.6
4.	Farooq Ahmed Qureshi	7-Feb-17	Bought	1,700	70.86
5.	Mahmood Adil	17-Feb-17	Sold	10,000	69.12
6.	Farooq Ahmed Qureshi	6-Mar-17	Bought	1,500	69.35
7.	Muhammad Ali	28-Mar-17	Sold	10,500	64.81
8.	Farooq Ahmed Qureshi	7-Apr-17	Bought	4,000	61.8
9.	Ruhail Mohammed	27-Apr-17	Bought	50,000	59.7
10.	Noorhanuddin	3-May-17	Bought	8,000	57.25
11.	Ghulam Qadir	5-May-17	Sold	1,000	59.5
12.	Wasimullah Laghari	11-May-17	Sold	1,000	58.3
13.	Syed Shahab Shahid	17-May-17	Bought	500	59.27
14.	Zohaib Wajid Jawad	24-May-17	Bought	2,500	59.35
15.	Farooq Ahmed Qureshi	10-Aug-17	Bought	3,500	59.5
16.	Muhammad Athar	23-Aug-17	Sold	10,000	58.9
17.	Muddassar Yaqub	30-Aug-17	Bought	3,000	57
18.	Masood H. Khatri	31-Aug-17	Sold	5,000	58.25
19.	Zafar Altaf	5-Sep-17	Sold	500	57.07
20.	Muhammad Abbas	4-Dec-17	Sold	3,000	66.2
21.	Mahmood Adil	4-Dec-17	Sold	2,500	66.5

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

shareholder information

Annual General Meeting

The annual shareholders meeting will be held at 10:00 a.m. on March 26, 2018 at Karachi Marriott Hotel, Abdullah Haroon Road, Karachi.

Shareholders as of March 19, 2018 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, 2017 there were 25,855 shareholders on record of the Company's ordinary shares.

Circulation of Annual Reports through CD/DVD/USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and in continuation with the SRO.787(1)/2014 dated 8th September, 2014, and approved by the Shareholders in the Annual General Meeting of the Company held on March 30, 2017, the Company shall circulate its annual balance sheet, and profit and loss account, auditor's report and directors report etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts. The standard request forms for hard copy of Annual Reports is available at the Company's website www.engrofertilizers.com.

Alternatively members can fill up the Standard Request Forms respectively in the Annexures section at the end of the report.

E-DIVIDEND MANDATE (MANDATORY)

In accordance with the provisions of Section 242 of the Companies Act, 2017, and Section 4 of the Companies (Distribution of Dividends) Regulations, 2017 it is mandatory for a listed company, to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your future dividends directly in your Bank account, please provide the information mentioned on the Form placed on the Company's website www.engrofertilizers.com and the same to your brokers or the Central Depository Company Ltd. (in case the shares are held in the electronic form) and to our Share Registrars (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 2018 are:

- 1st quarter: 20 April, 2018
- 2nd quarter: 10 August, 2018
- 3rd quarter: 18 October, 2018

The Company holds quarterly briefings with Security Analysts to discuss the results and the business environment. These sessions are planned to be held on:

- 1st quarter: 23 April, 2018
- 2nd quarter: 13 August, 2018
- 3rd quarter: 19 October, 2018

All annual/quarterly reports and presentations from quarterly briefings are regularly posted at the Company's website: www.engrofertilizers.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, near Hotel Faran Nursery,
Block-6 P.E.C.H.S. Shahra-e-Faisal Karachi-74000
Telephone +92(21)34380101-5
Fax +92(21)34380106

pattern of shareholding

As at December 31, 2017

No of shareholders	No. of Shareholdings		Total Shares Held
	From	To	
4,015	1	100	124,830
10,327	101	500	4,635,231
3,992	501	1,000	3,711,354
4,086	1,001	5,000	10,515,337
1,139	5,001	10,000	9,009,614
70	10,001	15,000	6,083,952
311	15,001	20,000	5,599,118
214	20,001	25,000	5,024,909
49	25,001	30,000	4,250,628
87	30,001	35,000	2,866,158
95	35,001	40,000	3,673,658
48	40,001	45,000	2,066,420
138	45,001	50,000	6,803,387
44	50,001	55,000	2,352,440
45	55,001	60,000	2,639,765
27	60,001	65,000	1,687,982
28	65,001	70,000	1,913,542
29	70,001	75,000	2,143,047
17	75,001	80,000	1,328,291
18	80,001	85,000	1,483,883
19	85,001	90,000	1,681,018
13	90,001	95,000	1,213,380
67	95,001	100,000	6,660,537
14	100,001	105,000	1,431,718
11	105,001	110,000	1,198,762
5	110,001	115,000	567,433
8	115,001	120,000	942,685
13	120,001	125,000	1,610,400
8	125,001	130,000	1,034,000
8	130,001	135,000	1,066,091
3	135,001	140,000	416,000
7	140,001	145,000	999,100
19	145,001	150,000	2,842,500
5	150,001	155,000	763,625
8	155,001	160,000	1,269,402
8	160,001	165,000	1,301,204
7	165,001	170,000	1,173,466
10	170,001	175,000	1,739,182
5	175,001	180,000	891,850
7	180,001	185,000	1,284,450
4	185,001	190,000	755,370
6	190,001	195,000	1,165,136
17	195,001	200,000	3,389,904
5	200,001	205,000	1,008,873
3	205,001	210,000	623,525
2	210,001	215,000	422,000
7	220,001	225,000	1,570,971
4	225,001	230,000	916,900
4	235,000	240,000	946,505
2	240,001	245,000	485,812
6	245,001	250,000	1,499,000
2	250,001	255,000	509,000
5	260,000	265,000	1,306,500
3	265,001	270,000	805,000

As at December 31, 2017

No of shareholders	No. of Shareholdings From	To	Total Shares Held
2	270,001	275,000	547,120
2	275,001	280,000	558,500
3	280,001	285,000	850,970
2	285,001	290,000	577,000
1	290,001	295,000	291,474
11	295,001	300,000	3,293,500
7	300,001	305,000	2,115,836
1	305,001	310,000	309,000
1	310,001	315,000	310,500
4	315,001	320,000	1,276,000
3	325,000	330,000	979,000
2	330,001	335,000	669,000
3	335,001	340,000	1,015,120
5	345,000	350,000	1,741,133
1	355,000	360,000	355,000
3	360,001	365,000	1,091,079
2	365,001	370,000	739,500
2	370,001	375,000	742,128
1	375,001	380,000	377,500
2	380,001	385,000	765,000
1	385,001	390,000	387,000
2	390,001	395,000	782,500
8	400,000	405,000	3,206,882
1	415,001	420,000	415,500
2	420,001	425,000	847,000
2	430,000	435,000	864,006
4	445,001	450,000	1,795,000
1	465,001	470,000	467,240
1	470,001	475,000	473,500
1	480,001	485,000	480,500
1	485,001	490,000	489,500
8	495,001	500,000	3,998,500
1	500,001	505,000	501,542
1	505,001	510,000	506,333
2	515,001	520,000	1,039,021
2	520,001	525,000	1,043,000
1	535,000	540,000	535,000
1	550,000	555,000	550,000
1	555,001	560,000	556,000
2	565,001	570,000	1,131,540
1	585,001	590,000	589,500
2	600,000	605,000	1,200,500
2	610,001	615,000	1,221,028
1	630,001	635,000	634,800
1	640,001	645,000	643,491
2	655,001	660,000	1,315,500
2	660,001	665,000	1,324,500
2	670,001	675,000	1,346,789
1	685,001	690,000	686,000
2	695,001	700,000	1,396,500
1	705,001	710,000	707,500
3	745,000	750,000	2,241,000
1	750,001	755,000	751,000
1	765,001	770,000	768,000

As at December 31, 2017

No of shareholders	No. of Shareholdings From	To	Total Shares Held
1	775,001	780,000	777,500
2	790,001	795,000	1,589,500
3	795,001	800,000	2,394,000
1	825,001	830,000	828,221
1	830,001	835,000	832,785
1	835,001	840,000	839,000
3	850,001	855,000	2,559,507
1	855,001	860,000	857,500
1	865,001	870,000	865,437
1	885,001	890,000	888,500
1	950,001	955,000	952,500
2	975,000	980,000	1,954,500
7	995,000	1,000,000	6,990,000
1	1,000,001	1,005,000	1,002,000
1	1,025,001	1,030,000	1,026,500
1	1,050,000	1,055,000	1,050,000
2	1,055,001	1,060,000	2,113,636
1	1,075,000	1,080,000	1,075,000
1	1,110,001	1,115,000	1,112,000
1	1,125,001	1,130,000	1,127,300
1	1,140,001	1,145,000	1,141,000
1	1,145,001	1,150,000	1,146,500
1	1,155,001	1,160,000	1,157,105
2	1,165,001	1,170,000	2,337,016
1	1,190,001	1,195,000	1,194,709
1	1,195,001	1,200,000	1,196,500
1	1,205,001	1,210,000	1,207,500
1	1,215,001	1,220,000	1,218,495
1	1,225,001	1,230,000	1,228,500
1	1,230,001	1,235,000	1,230,800
1	1,250,001	1,255,000	1,253,827
1	1,280,001	1,285,000	1,283,000
4	1,335,001	1,340,000	5,344,930
1	1,340,001	1,345,000	1,343,500
1	1,350,001	1,355,000	1,350,895
1	1,355,001	1,360,000	1,355,720
1	1,375,001	1,380,000	1,375,500
1	1,405,001	1,410,000	1,407,114
1	1,455,001	1,460,000	1,458,785
1	1,470,001	1,475,000	1,474,500
2	1,500,000	1,505,000	3,000,000
1	1,545,001	1,550,000	1,546,500
1	1,560,001	1,565,000	1,564,000
1	1,610,001	1,615,000	1,614,500
1	1,625,000	1,630,000	1,625,000
2	1,700,000	1,705,000	3,400,000
1	1,710,000	1,715,000	1,710,000
1	1,775,000	1,780,000	1,775,000
1	1,815,001	1,820,000	1,815,500
1	1,820,001	1,825,000	1,824,500
1	1,865,001	1,870,000	1,867,500
1	1,900,000	1,905,000	1,900,000
1	1,970,001	1,975,000	1,973,454
1	2,000,000	2,005,000	2,000,000

As at December 31, 2017

No of shareholders	No. of Shareholdings From	No. of Shareholdings To	Total Shares Held
1	2,010,001	2,015,000	2,012,000
1	2,150,001	2,155,000	2,154,500
1	2,165,000	2,170,000	2,165,000
1	2,200,001	2,205,000	2,201,500
1	2,220,001	2,225,000	2,222,482
1	2,225,001	2,230,000	2,225,500
1	2,295,001	2,300,000	2,298,300
1	2,365,001	2,370,000	2,366,500
2	2,375,001	2,380,000	4,759,000
1	2,415,001	2,420,000	2,416,500
2	2,500,000	2,505,000	5,000,000
1	2,525,001	2,530,000	2,525,008
1	2,600,000	2,605,000	2,600,000
1	2,755,001	2,760,000	2,756,000
1	2,830,001	2,835,000	2,832,000
1	2,845,000	2,850,000	2,845,000
1	2,945,000	2,950,000	2,945,000
1	3,150,001	3,155,000	3,152,783
1	3,165,001	3,170,000	3,169,000
1	3,170,001	3,175,000	3,171,500
1	3,240,000	3,245,000	3,240,000
1	3,500,001	3,505,000	3,504,500
2	3,690,001	3,695,000	7,383,300
1	3,695,001	3,700,000	3,695,500
1	3,730,001	3,735,000	3,732,774
1	3,760,001	3,765,000	3,762,000
1	3,785,001	3,790,000	3,787,393
1	3,790,001	3,795,000	3,792,000
2	4,000,000	4,005,000	8,000,000
1	4,195,001	4,200,000	4,197,500
1	4,260,001	4,265,000	4,262,500
1	4,295,001	4,300,000	4,297,000
1	4,365,001	4,370,000	4,367,083
1	4,500,000	4,505,000	4,500,000
1	4,770,000	4,775,000	4,770,000
2	4,935,001	4,940,000	9,875,500
1	5,060,001	5,065,000	5,062,500
2	5,370,000	5,375,000	10,743,000
1	5,595,00	5,600,000	5,597,347
1	5,600,001	5,605,000	5,600,356
1	5,705,001	5,710,000	5,707,000
1	5,740,000	5,745,000	5,740,000
1	6,000,001	6,005,000	6,002,931
1	6,010,001	6,015,000	6,011,000
1	6,040,000	6,045,000	6,040,000
1	6,355,001	6,360,000	6,358,000
1	6,510,001	6,515,000	6,510,500
1	6,590,001	6,595,000	6,593,500
1	6,665,001	6,670,000	6,669,000
1	6,825,001	6,830,000	6,825,500
1	7,670,001	7,675,000	7,674,350
1	7,990,001	7,995,000	7,992,526
1	8,070,001	8,075,000	8,072,880
1	8,150,000	8,155,000	8,150,000

As at December 31, 2017

No of shareholders	No. of Shareholdings From	No. of Shareholdings To	Total Shares Held
1	8,705,001	8,710,000	8,706,000
1	10,005,001	10,010,000	10,008,000
1	11,730,001	11,735,000	11,731,500
1	33,140,001	33,145,000	33,144,700
1	751,310,001	751,315,000	751,312,049
25,855			**1,335,299,375**

category of shareholding

As at December 31, 2017 is as follows:

Shareholders Category	No. of Shareholders	No. of Shares	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	94,825	0.01
Associated Companies, Undertakings and related Parties	1	751,312,049	56.27
NIT and ICP	-	-	-
Banks, Development Financial Institutions, Non Banking Financial Institutions	39	68,225,138	5.11
Insurance Companies	25	32,448,886	2.43
Modarabas and Mutual Funds	82	138,403,390	10.36
Share holders holding 10%	1	751,312,049	56.27
General Public :			
a. local	25,210	174,813,050	13.09
b. foreign	-	-	-
Others	490	170,002,037	12.73

Ghias Khan
Chairman

Ruhail Mohammed
Chief Executive Officer

our brands


ENGRO
NP
ENGRO
Urea Fertilizer 46
ENGRO
DAP (18:46:0)
Fertilizer
ENGRO
SOP
MOP
ENGRO

our winning formula

At Engro Fertilizers, when we talk about our undying commitment to deliver the highest standards of quality, our focus goes well beyond how our brands will fare amongst our target audience to how they will impact customer lives by enriching their soils and crops to maximize yield, and this is precisely why we strive to combine innovation & quality with customer needs and expectations

Engro Urea

Nitrogen is first and most important nutrient element required by the plants in larger quantity. Engro is the first company to have setup urea production facility in Pakistan, a landmark event in agricultural sector of the country. This together with the fact that urea is the most widely used fertilizer in the country, gives Engro Urea a special standing in the domestic fertilizer market. Engro Fertilizers Limited started annual production of 173,000 tons in 1968. Through various debottlenecking and expansion steps, the capacity was increased to 975,000 tons per year. In the year 2011 the Company setup world's largest single train urea plant of 1,300,000 ton making a total annual capacity to 2.3 million tons. It is marketed in 50 Kg bags.

Engro DAP

Phosphorus is the second important major element required for healthy growth plants and economical yield. Di-Ammonium Phosphate (DAP), which contains 18% nitrogen and 46% Phosphorus, is the most widely used source of Phosphorus for plants. DAP help seed germination, strengthens roots of plants and improves flowering and grain formation. DAP initially was imported in Pakistan by the FID (fertilizer import department) until 1994. Thereafter due to deregulation of imports the private sector is handling all imports.

Engro Fertilizers has been importing and marketing DAP in the country since 1996. Engro Fertilizers is the most trusted and one of the largest importer of DAP in the country. Engro DAP is a product that maintains a high quality standard and is monitored through stringent quality checks. It is marketed in 50kg bags.

Engro NP

NP formulations that contain Nitrogen and Phosphorus in almost equal quantity have been especially important to Pakistani farmers, given the peculiar deficiency of both components in most of the Pakistani soils. This category serves the needs of a particular niche of farming community in the country; where application of nitrogen and phosphorus is required in almost equal proportions. Due to higher 'N' content a few farmers also use E-NP for top dressing during crop growth stage. Engro started producing NP in 2005 and has been extensively marketing the product whilst especially enjoying a high market share in lower Sindh. Engro NP is available in 50Kg bags. It is available in 3 different grades: 22:20 and 20:20 (imported) for lower Sindh region whereas 18:18 for rest of the country.

Zingro

Zinc is an essential micronutrient required in small dosages and it compliments functions of major nutrients. Over the years zinc deficiency has been well established on a variety of crops and in rice specifically. Zingro brings to the market the trust of Engro and high quality standard which has made it distinct from all the competition. It is the market leader in a highly fragmented industry. It acts as a tonic and gives quick response and a better yield. Zingro contains 33% Granular Zinc Sulphate Monohydrate and is 99.99% water soluble. It has evolved to become the leading brand in the micronutrient category and is accredited to converting the image of the category to a highly acceptable one. Zingro has won the prestigious “Brand of the Year” award for 2009 in the micronutrient category.

Engro Zarkhez

Plants require three major nutrients (i.e. Nitrogen, Phosphorus and Potassium) for quality & higher yield. Zarkhez, introduced in 2002, is the only branded fertilizer in Pakistan which contains all three nutrients in balanced proportion. Presence of all the macro nutrients in the granule results in synergetic outcome in terms of nutrient uptake and use efficacy. The resultant yield is of high quality; sucrose content of sugar cane increases, quality and size of potato tubers improves, fruit and vegetables appear and taste better. Zarkhez is a high quality fertilizer containing correct proportions of the three nutrients in each of its granule thus making the fertilizer application very convenient for the farmer. In addition to convenience, it also helps ensure uniform and balanced nutrient application.

Zarkhez is currently available in three different grades with nutrient proportions suitable for sugar cane, fruit orchards, vegetables, potato and tobacco. The grades are popular among progressive farmers due to its convenience, high crush strength, and appropriate granule size and free flowing nature.

- Zarkhez Green (NPK 8-23-18) available in 50 kg bag is applied on vegetables and other cash crops. It is also available in 25 kg which was launched to particularly cater small acreage farmers of KPK.
- Zarkhez Blue (NPK 17-17-17) available in 50 kg bag is applied on fruits and orchards.
- Zarkhez Tobacco (NPK 12-12-18) available in 50 kg bag used for tobacco crop.

Engro MOP

Potassium, the third most important nutrient is known as quality element. It is very important element in imparting hardiness to plants, hence, its importance in climate change scenario gets two fold. Engro, in addition to potash based blended NPK fertilizers, also supply MOP (Muriate of Potash) which can be applied as straight fertilizer. Engro has launched Engro MOP in 50 kg SKU targeting all potash loving crops such as maize, sugarcane, potato, wheat, rice, cotton, vegetables, fruits and orchards. MOP contains 60% Potassium nutrient (K2O) and is the most concentrated form of granular potassium. It is also relatively price competitive compared to other forms of potassium available in the market. The chloride content of MOP is helpful for a soil (especially sandy soils) where chloride level is low. Chloride content also improves the yield of produce as it increases disease resistance in crops by promoting thickness of the outer cell walls. It also improves color, flavor and storing quality of fruit and vegetables.

Engro SOP

Sulphate of Potash (SOP) is chloride free/low chloride form of Potassium and is also applied as a straight fertilizer that provide choice to farmers for use as per need of specific crop Engro SOP is available in 50kg SKU in both Granular and Powder forms, targeting all potash loving crops such as tobacco, potato, tomatoes, row crops, vegetables, fruits and orchards. SOP contains 50% Potassium nutrient (K2O) and 17.5% Sulphur (S). SOP is considered as a premium-quality potash for high value crops. Using SOP not only improves quality and crop yields, but also makes plants more resilient to drought, frost, insects and even disease attack.

Engro SSP + Zinc

Its full form is Single Super Phosphate with nutrient value of 18% (P_2O_5) enriched with Zinc to supplement the crop needs as the Zinc deficiencies have been widely reported. It has added benefit of gypsum ($CaSO_4$) which act as soil reclamation agent and improves physical and chemical properties of soil. Our strategy is to leverage Engro brand image and provide the farmers with an extremely good quality product, which is not available in the market at the moment.

Over the years SSP has faced with severe negative consequences due to a lack of product quality, with spurious manufacturers present throughout the market, while there is an established market for this category. Engro is fulfilling the need for a quality player in the market for SSP which can uplift the farmer confidence.

The target market for the product is saline and alkaline soils, price sensitive and low-medium income farmers with small-medium land holdings and also normal SSP users across Pakistan. The product is targeted on all crops

Engro Ammonium Sulphate

Ammonium Sulphate is used primarily where there is a need for supplemental N and S to meet the nutritional requirement of growing plants (21% Nitrogen and 24% Sulphate). There is a growing realization in farmers that Sulphur is an important Macro-Nutrient, hence is used by farmers as a source of Sulphur. It helps improve crop chlorophyll and increase resistance in plant against abiotic stress in Plants. Engro is importing high quality caprolactum grade (Agri grade) and has introduced in 50 Kg SKU.

Zabardast Urea

Zabardast Urea is another specialized product developed by Engro Fertilizers in collaboration with Niha Corp USA, which has been launched in 2017. It has Nitrogen content 42% and combination of 1% Bioactive Zinc and Zinc Mobilizing Microbes. Its results are proven based on research and product trials by Engro Fertilizer's R&D Team. Zabardast Urea keeps Zinc free from getting fixated in the soil while increasing its efficiency. Zabardast Urea gives most effective results on all crops while cost saving to farmer as compared to using Zinc separately.

Zoron

Zoron is another micronutrient brand which has been relaunched in 2018. This product encompasses 20% Boron content which increases efficiency of other fertilizers, nourishes the plant and increases yield, reduces shedding of flowers and fruits and has a high impact on the quality of produce. Zoron is recommended on crops such as Cotton, Rice, Wheat, Maize, Mangoes, Banana and Vegetables.

Power Potash

It is high value potassium nitrate fertilizer which has 13% Nitrogen (N) and 44% potassium (K2O) and imported from Chile. It is low Ph fertilizer with 100% water solubility and very much suitable for foliar application and high efficiency irrigation system (drip, sprinklers and pivots). It is very much suited for high value crops at mid to late stage application for improving yield and quality.

Financial Statements

"To all the farmers out there, we are not just farmers who wake up before the sun rises and tend to the care of animals. We are not just farmers who plough the fields under the scorching sun and then wait for the crop to grow. We the farmers are more than just farmers. We are men with strong characteristics unlike any other.

We are men with endless patience and tolerance that we've gained over long periods of waiting for the seed to turn into a fruit. We are men with respect for the life and for the living. And we are men with strength; strength to face the hardships that life offers without the fear or losing to them. We the farmers are honorable and we the farmers are worthy."

Consolidated Financials

> From all walks of life, be it lords or soldiers, poets, craftsmen or sailors, we have a duty. A duty to feed. A duty to feed the poor, the rich and the honorable. With the sky and earth, the sun and the rain as our partner, we rely on what is not in our command and have faith on that we cannot see yet we have a duty. A duty to feed.

pwc

A·F·FERGUSON&Co.

auditors' report to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Engro Fertilizers Limited (the Holding Company) and its subsidiary companies Engro Eximp FZE and EFERT Agritrade (Private) Limited as at December 31, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and EFERT Agritrade (Private) Limited, whereas, financial statements of Engro Eximp FZE have been audited by PricewaterhouseCoopers – UAE, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for Engro Eximp FZE in the consolidated financial statements, is based solely on the report of such other auditor.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated 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 Fertilizers Limited (the Holding Company) and its subsidiary companies as at December 31, 2017 and the results of their operations for the year then ended.

Chartered Accountants
Karachi
Date: 2 March, 2018

Engagement Partner: Waqas A. Sheikh

consolidated balance sheet as at december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		-----------------Rupees-----------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	68,923,195	70,168,266
Intangible assets	5	4,475,474	4,450,606
Long term loans and advances	6	134,535	120,637
		73,533,204	74,739,509
Current assets			
Stores, spares and loose tools	7	5,279,794	4,886,674
Stock-in-trade	8	7,636,214	6,799,015
Trade debts	9	5,418,748	7,585,312
Loans, advances, deposits and prepayments	10	1,160,729	682,595
Other receivables	11	8,803,356	6,986,199
Short term investments	12	8,188,275	1,039,782
Cash and bank balances	13	1,795,929	84,426
		38,283,045	28,064,003
TOTAL ASSETS		111,816,249	102,803,512

(Amounts in thousand)

	Note	2017	2016
		-----------------Rupees-----------------	
EQUITY & LIABILITIES			
Equity			
Share capital	14	13,352,993	13,309,323
Share premium		3,384,904	3,132,181
Exchange revaluation reserve		83,183	10,802
Remeasurement of post employment benefits		(47,315)	(26,646)
Unappropriated profit		25,695,946	25,222,724
		29,116,718	28,339,061
TOTAL EQUITY		42,469,711	41,648,384
Liabilities			
Non-current liabilities			
Borrowings	15	22,784,014	29,379,946
Deferred liabilities	16	9,453,556	7,561,108
Service benefits obligations	17	174,784	157,225
		32,412,354	37,098,279
Current liabilities			
Trade and other payables	18	21,966,241	14,969,365
Accrued interest / mark-up		595,441	583,632
Taxes payable		913,246	1,104,140
Current portion of:			
- borrowings	15	8,119,864	5,171,515
- service benefits obligations	17	50,271	49,157
Short term borrowings	19	5,264,228	1,909,843
Unclaimed dividend		24,893	19,544
Derivative financial instruments	20	-	249,653
		36,934,184	24,056,849
TOTAL LIABILITIES		69,346,538	61,155,128
Contingencies and Commitments	21		
TOTAL EQUITY AND LIABILITIES		111,816,249	102,803,512

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Atif Kaludi
Chief Financial Officer

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

consolidated profit and loss account
for the year ended december 31, 2017

(Amounts in thousand except for earnings per share)

	Note	2017	2016
		-----------------Rupees-----------------	
Net sales	22	77,129,343	69,537,253
Cost of sales	23	(53,910,755)	(52,098,086)
Gross profit		23,218,588	17,439,167
Selling and distribution expenses	24	(7,244,739)	(6,704,962)
Administrative expenses	25	(1,293,628)	(907,230)
		14,680,221	9,826,975
Other income	26	5,865,860	8,143,250
Other operating expenses	27	(1,233,537)	(1,149,489)
Finance cost	28	(2,647,774)	(3,186,755)
		(3,881,311)	(4,336,244)
Profit before taxation		16,664,770	13,633,981
Taxation	29	(5,509,148)	(4,350,528)
Profit for the year		11,155,622	9,283,453
Earnings per share - basic	30	8.36	6.98
Earnings per share - diluted	30	8.36	6.91

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman

consolidated statement of comprehensive income
for the year ended december 31, 2017

(Amounts in thousand)

	2017	2016
	-----------------Rupees-----------------	
Profit for the year	11,155,622	9,283,453
Other comprehensive income:		
Items potentially re-classifiable to Profit and Loss		
Exchange differences on translation of foreign operations	72,381	(3,003)
Hedging reserve - cash flow hedges		
Loss arising during the year	-	(219,452)
Less: Adjustment for amounts transferred to profit and loss account	-	226,997
Tax relating to hedging reserve	-	(3,009)
	-	4,536
Items not potentially re-classifiable to Profit and Loss		
Remeasurement of post employment benefits obligations	(30,375)	20,095
Tax rate relating to remeasurement of post employment benefits obligations	9,706	(6,431)
	(20,669)	13,664
Other comprehensive income for the year, net of tax	51,712	15,197
Total comprehensive income for the year	11,207,334	9,298,650

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman

consolidated statement of changes in equity for the year ended december 31, 2017

(Amounts in thousand)

		Reserve					
		Capital		Revenue			
	Share capital	Share premium	Exchange revaluation reserve	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit	Total
	Rupees						
Balance as at January 1, 2017	13,309,323	3,132,181	10,802	-	(26,646)	25,222,724	41,648,384
Transactions with owners							
Shares issued upon exercise of conversion option (note 15.4)	43,670	252,723	-	-	-	-	296,393
Dividends:							
- Final 2016: Rs. 2.50 per share	-	-	-	-	-	(3,338,251)	(3,338,251)
- 1st interim 2017: Rs. 2.50 per share	-	-	-	-	-	(3,338,251)	(3,338,251)
- 2nd interim 2017: Rs. 3.00 per share	-	-	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	-	-	(10,682,400)	(10,682,400)
Total comprehensive income for the year ended December 31, 2017							
Profit for the year	-	-	-	-	-	11,155,622	11,155,622
Other comprehensive income:							
- exchange revaluation	-	-	72,381	-	-	-	72,381
- remeasurements, net of tax	-	-	-	-	(20,669)	-	(20,669)
	-	-	72,381	-	(20,669)	11,155,622	11,207,334
Balance as at December 31, 2017	13,352,993	3,384,904	83,183	-	(47,315)	25,695,946	42,469,711
Balance as at January 1, 2016	13,309,323	3,132,181	13,805	(4,536)	(40,310)	25,921,266	42,331,729
Transactions with owners							
Dividends:							
- Final 2015: Rs. 3.00 per share	-	-	-	-	-	(3,992,797)	(3,992,797)
- 1st interim 2016: Rs. 2.00 per share	-	-	-	-	-	(2,661,865)	(2,661,865)
- 2nd interim 2016: Rs. 2.50 per share	-	-	-	-	-	(3,327,333)	(3,327,333)
	-	-	-	-	-	(9,981,995)	(9,981,995)
Total comprehensive income for the year ended December 31, 2016							
Profit for the year	-	-	-	-	-	9,283,453	9,283,453
Other comprehensive income:							
- exchange revaluation	-	-	(3,003)	-	-	-	(3,003)
- cash flow hedges, net of tax	-	-	-	4,536	-	-	4,536
- remeasurements, net of tax	-	-	-	-	13,664	-	13,664
	-	-	(3,003)	4,536	13,664	9,283,453	9,298,650
Balance as at December 31, 2016	13,309,323	3,132,181	10,802	-	(26,646)	25,222,724	41,648,384

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Atif Kaludi
Chief Financial Officer

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

consolidated statement of cash flows for the year ended december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		Rupees	
Cash flows from operating activities			
Cash generated from operations	34	29,532,348	7,979,703
Retirement and other service benefits paid		(45,888)	(43,617)
Finance cost paid		(2,651,371)	(3,430,269)
Taxes paid		(3,994,219)	(3,498,254)
Long term loans and advances - net		(13,898)	39,716
Net cash generated from operating activities		22,826,972	1,047,279
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(3,900,123)	(3,010,417)
Proceeds from disposal of :			
- property, plant & equipment		704,092	11,983
- investments - net		-	1,104,129
Income on deposits / other financial assets		64,779	217,833
Net cash utilised in investing activities		(3,131,252)	(1,676,472)
Cash flows from financing activities			
Proceeds from:			
- long term borrowings		1,500,000	25,132,253
- short term borrowings		-	724,700
Repayments of :			
- long term borrowings		(5,085,439)	(26,711,653)
- short term borrowings		(800,000)	-
Dividends paid		(10,677,051)	(9,968,554)
Net cash utilised in financing activities		(15,062,490)	(10,823,254)
Net increase / (decrease) in cash and cash equivalents		4,633,230	(11,452,447)
Cash and cash equivalents at beginning of the year		14,365	11,469,815
Exchange gain translation		72,381	(3,003)
Cash and cash equivalents at end of the year	35	4,719,976	14,365

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Atif Kaludi
Chief Financial Officer

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Fertilizers Limited ('the Holding Company') is a public company incorporated on June 29, 2009 in Pakistan under the repealed Companies Ordinance, 1984 (the Ordinance), [now the Companies Act, 2017] as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Holding Company is listed on Pakistan Stock Exchange Limited (PSX). The principal activity of the Holding Company is manufacturing, purchasing and marketing of fertilizers. The Holding Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

1.2 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited

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

		%age of holding	
	Note	2017	2016
Engro Eximp FZE	1.2.1	100	100
EFert Agritrade (Private) Limited	1.2.2	100	-

1.2.1 Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 as a wholly owned subsidiary of Engro Eximp (Private) Limited (EEPL).

1.2.2 During the year on July 6, 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of the Holding Company to carry out trading and distribution of imported fertilizer as part of the business reorganization. The Holding Company has transferred its business of trading and distribution of imported fertilizer to the new subsidairy and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

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 the 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, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss, derivative hedging instrument at fair value and recognition of certain staff retirement benefits at present value.

2.1.2 These consolidated financial statements have been prepared in accordance with the requirements of repealed Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed. The Ordinance has been repealed after the enactment of the Companies Act, 2017. However, as clarified by the SECP through its circular dated October 4, 2017, these consolidated financial statements have been prepared in accordance with the provisions of the repealed Ordinance.

(Amounts in thousand)

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 Holding Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 and other relevant notes.

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

a) Standards, amendments to published standards and interpretations that are effective in 2017 and are relevant to the Group

The following new amendments to published standards is mandatory for the financial year beginning January 1, 2017 and are relevant to the Group:

- 'IAS 7 'Cash flow statements: This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided.

- IAS 12 'Income Taxes'. These amendments clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendment is not expected to have a significant impact on these consolidated financial statements.

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

The following new standards and interpretation are not effective for the financial year beginning January 1, 2017 and have not been early adopted by the Group:

- IFRIC 22 ' Foreign Currency Transactions and Advance Consideration' (effective for periods beginning on or after January 1, 2018). This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Group's consolidated financial reporting.

- IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Group is yet to assess the full impact of the standard.

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

- IFRS 16 'Leases' (not yet adopted by the SECP). This standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. The Group is yet to assess the full impact of the standard.

There are other amendments to published standards and interpretations that are not yet effective and are also not relevant to the Group's financial reporting and operations and therefore, have not been presented here.

2.1.5 Basis of consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include Engro Fertilizers Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

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

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in consolidated profit and loss account.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in consolidated profit and loss account.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit and loss account. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated profit and loss account.

2.2 Property, plant and equipment

2.2.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 2.22). The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Disposal of asset is recognised when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses / income' in the consolidated profit and loss account.

Depreciation is charged to the profit and loss account using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value, if significant, is depreciated over its useful life. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

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

2.2.2 Leased assets

Leases in terms of which the Group Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to similar owned asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

2.3 Intangible assets

a) Computer Software and licenses

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

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

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

(Amounts in thousand)

b) Rights for future gas utilization

Rights for future gas utilization represent premium paid to the Government of Pakistan for allocation of 100 MMSCFD natural gas for a period of 20 years for Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Group's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

These are stated at cost less impairment, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment atleast once a year and other intangibles with indefinite life are tested for impairment at reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to consolidated profit and loss account.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had no impairments been recognised, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

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

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

2.6 Financial assets

2.6.1 Classification

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

a) At fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period; which are classified as non-current assets.

c) Held to maturity

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

d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it off within 12 months of the end of the reporting date.

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except for all financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity and loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account within 'other operating expenses / income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are included in the consolidated profit and loss account.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 2.12.

2.7 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original financial liability. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.8 Offsetting financial instruments

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

2.9 Derivative financial instruments and hedging activities

Derivatives are recognised initially at fair value; attributable transaction cost are recognised in profit and loss account when incurred. Subsequent to initial recognition, derivatives are measured at fair values, and changes therein are accounted for as follows:

a) Cash flow hedges

Changes in fair value of derivative hedging instruments designated as a cash flow hedge are recognised in statement of comprehensive income to the extent that the hedge is effective. To the extent the hedge is ineffective, changes in fair value are recognised in consolidated profit and loss account.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously deferred in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount previously deferred in equity is transferred to carrying amount of the asset when it is recognised. In other cases the amount deferred in equity is transferred to profit and loss account in the same period that the hedge item affects consolidated profit and loss account.

b) Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in consolidated profit and loss account.

2.10 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. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realisable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand by equipment.

2.11 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using weighted average method except for raw materials in transit which are stated at cost (invoice value) plus other charges incurred thereon till the balance sheet date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.12 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to consolidated profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.

2.13 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities on the consolidated balance sheet.

2.14 Share capital

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

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

2.16 Trade and other payables

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

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised in the consolidated statement of comprehensive income or directly in equity. In this case the tax is also recognised in the consolidated statement of comprehensive income or directly in equity, respectively.

Current

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

Deferred

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

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

2.18 Employee benefits

2.18.1 Defined contribution plans

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

The Group contributes to:

- defined contribution provident fund for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;
- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.18.3. Monthly contributions are made by the Group to the fund at rates ranging from 12.5% to 13.75% of basic salary; and
- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as more fully explained in note 2.18.3. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Parent Company.

2.18.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method, related details of which are given in note 33 to the consolidated financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Group also contributes to:

- defined benefit funded pension scheme for its management employees.
- defined benefit funded gratuity schemes for its management and non-management employees.

The pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme.

2.18.3 In June 2011, the Group gave a one time irrevocable offer to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employee's Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

2.18.4 Service incentive plan

The Group recognizes provision and an expense under a service incentive plan for certain category of experienced employees to continue in the Group's employment.

2.18.5 Employees' compensated absences

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

2.19 Provisions

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

2.20 Foreign currency transactions and translation

2.20.1 These consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account.

2.20.2 The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each consolidated profit and loss account item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for marketing allowances. Revenue is recognised on the following basis:

(Amounts in thousand)

- Sales revenue is recognised when product is dispatched to customers, which usually concides with delivery of goods to the customers;

- Income on deposits and other financial assets is recognised on accrual basis; and

- Commission income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

2.22 Borrowing costs

Borrowing costs are recognised 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 includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

2.23 Research and development costs

Research and development costs are charged to consolidated profit and loss account as and when incurred.

2.24 Government grant

Government grant that compensates the Group for expenses incurred is recognised in the profit and loss account on a systematic basis in the same period in which the expenses are recognised. Government grants are deducted from related expense.

2.25 Earnings per share

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

2.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised 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 Holding Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment

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

(Amounts in thousand)

3.2 Income taxes

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

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 33.2.3 and 33.2.8 respectively.

3.4 Impairment of goodwill and right to use the brand

Determining the recoverable value of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates discounted cash flow approach is used. The underlying assumptions used for such revaluatoin are disclosed in note 5.1.

4 PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	-----------------Rupees-----------------	
Operating assets at net book value (note 4.1)	65,115,401	67,314,224
Capital work in progress (CWIP) (note 4.4)	3,396,331	2,443,486
Major spare parts and stand-by equipment	411,463	410,556
	68,923,195	70,168,266

(Amounts in thousand)

4.1 Operating assets

	Land		Building on		Plant and machinery	Gas pipeline	Catalyst	Office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold	Leasehold						
	--------Rupees--------									
As at January 1, 2016										
Cost	149,575	187,320	2,624,260	434,711	90,798,059	2,414,963	1,960,174	832,403	335,966	99,737,431
Accumulated depreciation	-	(61,033)	(1,019,657)	(122,888)	(25,878,671)	(362,941)	(1,680,585)	(612,490)	(239,986)	(29,978,251)
Net book value	149,575	126,287	1,604,603	311,823	64,919,388	2,052,022	279,589	219,913	95,980	69,759,180
Year ended December 31, 2016										
Net book value - January 1, 2016	149,575	126,287	1,604,603	311,823	64,919,388	2,052,022	279,589	219,913	95,980	69,759,180
Transfers from CWIP (note 4.4.1)	-	-	97,947	-	2,032,558	-	248,848	139,416	66,456	2,585,225
Disposals / write offs (note 4.3)										
Cost	-	-	-	-	-	-	-	(1,752)	(39,576)	(41,328)
Accumulated depreciation	-	-	-	-	-	-	-	1,492	28,993	30,485
	-	-	-	-	-	-	-	(260)	(10,583)	(10,843)
Depreciation charge (note 4.2)	-	(4,393)	(143,363)	(10,923)	(4,480,230)	(71,584)	(200,589)	(69,981)	(38,275)	(5,019,338)
Net book value	149,575	121,894	1,559,187	300,900	62,471,716	1,980,438	327,848	289,088	113,578	67,314,224
As at January 1, 2017										
Cost	149,575	187,320	2,722,207	434,711	92,830,617	2,414,963	2,209,022	970,067	362,846	102,281,328
Accumulated depreciation	-	(65,426)	(1,163,020)	(133,811)	(30,358,901)	(434,525)	(1,881,174)	(680,979)	(249,268)	(34,967,104)
Net book value	149,575	121,894	1,559,187	300,900	62,471,716	1,980,438	327,848	289,088	113,578	67,314,224
Year ended December 31, 2017										
Net book value - January 1, 2017	149,575	121,894	1,559,187	300,900	62,471,716	1,980,438	327,848	289,088	113,578	67,314,224
Transfers from CWIP (note 4.4.1)	6,200	-	104,757	-	2,591,258	-	8,978	129,081	55,332	2,895,606
Disposals / write offs (note 4.3)										
Cost	-	(42,420)	-	-	-	-	(770,686)	(234)	(12,701)	(826,041)
Accumulated depreciation	-	16,014	-	-	-	-	770,686	122	10,827	797,649
	-	(26,406)	-	-	-	-	-	(112)	(1,874)	(28,392)
Depreciation charge (note 4.2)	-	(4,310)	(144,836)	(11,004)	(4,532,730)	(144,016)	(113,570)	(76,516)	(39,055)	(5,066,037)
Reclassification during the year										
Cost	(2)	-	(100,632)	5,467	89,941	110,880	(50,162)	(55,642)	150	-
Accumulated depreciation	-	(105)	173,044	(2,060)	(48,223)	(181,258)	50,162	8,056	384	-
	(2)	(105)	72,412	3,407	41,718	(70,378)	-	(47,586)	534	-
Net book value	155,773	91,073	1,591,520	293,303	60,571,962	1,766,044	223,256	293,955	128,515	65,115,401
As at December 31, 2017										
Cost	155,773	144,900	2,726,332	440,178	95,511,816	2,525,843	1,397,152	1,043,272	405,627	104,350,893
Accumulated depreciation	-	(53,827)	(1,134,812)	(146,875)	(34,939,854)	(759,799)	(1,173,896)	(749,317)	(277,112)	(39,235,492)
Net book value	155,773	91,073	1,591,520	293,303	60,571,962	1,766,044	223,256	293,955	128,515	65,115,401
Annual rate of depreciation (%)	-	2 to 5	2.5 to 8	2.5	5 to 10	5	No. of production days	10 to 25	12 to 25	

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

	2017	2016
	-----------------Rupees-----------------	
Cost of sales (note 23)	5,018,362	4,972,487
Selling and distribution expenses (note 24)	36,188	31,524
Administrative expenses (note 25)	11,487	15,327
	5,066,037	5,019,338

(Amounts in thousand)

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

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds
		----------Rupees----------			
Leasehold land (note 26.1)	Naveena Steel Mills (Private) Limited	42,420	16,014	26,406	696,900
Vehicles					
By Company policy to existing / separating executives	Syed Khalid S. Subhani	11,027	9,924	1,103	5,400
Insurance claims	EFU General Insurance Limited	1,674	903	771	1,658
Office equipment					
Insurance claims	EFU General Insurance Limited	169	57	112	124
		55,290	26,898	28,392	704,082
Items having net book value upto Rs. 50 each					
Office equipment		65	65	-	10
Catalyst		770,686	770,686	-	-
Year ended December 31, 2017		826,041	797,649	28,392	704,092
Year ended December 31, 2016		41,328	30,485	10,843	11,983

(Amounts in thousand)

4.4 Capital work in progress

	2017	2016
	--------Rupees--------	
Plant and machinery	2,987,204	2,109,278
Building and civil works including gas pipeline	215,858	185,992
Furniture, fixture and equipment	31,024	6,543
Advances to suppliers	82,761	28,542
Others	79,484	113,131
	3,396,331	2,443,486

4.4.1	2017	2016
Balance as at January 1	2,443,486	1,946,598
Additions during the year	3,899,216	3,092,476
Transferred to:		
- operating assets (note 4.1)	(2,895,606)	(2,585,225)
- intangible assets (note 5)	(50,765)	(10,363)
Balance as at December 31	3,396,331	2,443,486

5. INTANGIBLE ASSETS

	Goodwill	Right to use the brand (note 5.1)	Software and licenses	Rights for future gas utilization	Total
			----Rupees----		
As at January 1, 2016					
Cost	183,806	4,170,995	266,766	102,312	4,723,879
Accumulated amortisation	-	-	(239,065)	(23,098)	(262,163)
Net book value	183,806	4,170,995	27,701	79,214	4,461,716
Year ended December 31, 2016					
Net book value - January 1, 2016	183,806	4,170,995	27,701	79,214	4,461,716
Transfers from CWIP (note 4.4.1)	-	-	10,363	-	10,363
Amortisation (note 5.2)	-	-	(16,363)	(5,110)	(21,473)
Net book value	183,806	4,170,995	21,701	74,104	4,450,606
As at December 31, 2016					
Cost	183,806	4,170,995	277,129	102,312	4,734,242
Accumulated amortisation	-	-	(255,428)	(28,208)	(283,636)
Net book value	183,806	4,170,995	21,701	74,104	4,450,606
Year ended December 31, 2017					
Net book value - January 1, 2017	183,806	4,170,995	21,701	74,104	4,450,606
Transfers from CWIP (note 4.4.1)	-	-	50,765	-	50,765
Amortisation (note 5.2)	-	-	(20,786)	(5,111)	(25,897)
Net book value	183,806	4,170,995	51,680	68,993	4,475,474
As at December 31, 2017					
Cost	183,806	4,170,995	327,894	102,312	4,785,007
Accumulated amortization	-	-	(276,214)	(33,319)	(309,533)
Net book value	183,806	4,170,995	51,680	68,993	4,475,474

(Amounts in thousand)

5.1 Goodwill and Right to use the brand

The recoverable amount of cash generating unit is the higher of value in use or fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used to determine the value in use are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	- Growth rates are internal forecasts based on both internal and external market information and past performance. - Cost reflects past experience, adjusted for inflation and expected changes. - Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash flows	5 years
Discount rate	9.7%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill and right to use the brand.

5.2 Amortisation for the year has been allocated as follows:

	2017	2016
	----------------Rupees----------------	
Cost of sales (note 23)	15,700	13,410
Selling and distribution expenses (note 24)	7,543	5,341
Administrative expenses (note 25)	2,654	2,723
	25,897	21,474

6. LONG TERM LOANS AND ADVANCES- Considered good

	2017	2016
	----------------Rupees----------------	
Executives (notes 6.1, 6.2 and 6.3)	223,626	212,142
Other employees (note 6.4)	733	12,839
	224,359	224,981
Less: Current portion shown under current assets (note 10)	89,824	104,344
	134,535	120,637

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

	2017	2016
Balance at beginning of the year	212,142	230,775
Disbursements	155,414	144,375
Repayments / amortization	(143,930)	(163,008)
Balance at end of the year	223,626	212,142

6.2

	2017	2016
Service incentive loans	134,620	127,353
Advances in respect of :		
- Car earn out assistance	43,099	30,334
- Long term incentives	-	904
- House rent	16,585	18,204
- Retention loan	10,820	15,444
- Salary	7,853	6,882
- Others	10,649	13,021
	223,626	212,142

6.3 The maximum amount outstanding at the end of any month during the year ended December 31, 2017 from executives aggregated to Rs. 229,941 (2016: Rs. 257,035).

6.4 Represents interest free loans given to workers pursuant to Collective Labour Agreement.

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

(Amounts in thousand)

7. STORES, SPARES AND LOOSE TOOLS

	2017	2016
	-----------------Rupees-----------------	
Consumable stores	492,698	472,430
Spares	5,015,871	4,639,053
Loose tools	4,712	4,243
	5,513,281	5,115,726
Less: Provision for surplus and slow moving items	233,487	229,052
	5,279,794	4,886,674

8. STOCK-IN-TRADE

	2017	2016
Raw materials	1,130,508	495,633
Packing materials	115,716	86,637
Work in process	18,526	30,233
	1,264,750	612,503
Finished goods:		
- manufactured product (note 8.1)	1,733,036	5,050,607
- purchased and packaged product (note 8.2)	4,638,428	1,148,954
	6,371,464	6,199,561
Less: Provision for Net Realisable Value on finished goods	-	13,049
	7,636,214	6,799,015

8.1 Includes stock held with third parties amounting to Rs. 1,128,105 (2016: Nil).

8.2 Includes stock-in-transit amounting to Rs. 222,742 (2016: Rs. 112,528).

9. TRADE DEBTS

	2017	2016
Considered good		
- Secured (note 9.1)	5,372,171	7,525,976
- Unsecured	46,577	59,336
	5,418,748	7,585,312
Considered doubtful	-	24,400
	5,418,748	7,609,712
Less: Provision for impairment (note 9.2)	-	24,400
	5,418,748	7,585,312

9.1 These debts are secured by way of bank guarantee and inland letter of credit.

9.2 During the year, trade debts aggregating to Rs. 24,400 (2016: Nil), which were provided for in prior years, have been written off. These debts were outstanding for over 1 year from the balance sheet date.

(Amounts in thousand)

10. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2017	2016
	-----------------Rupees-----------------	
Considered good		
Current portion of long term loans and advances to executives and other employees (note 6)	89,824	104,344
Advances and deposits	562,394	331,743
Prepayments		
- Insurance	210,117	231,897
- Others	298,394	14,611
	1,160,729	682,595
Considered doubtful		
Advances and deposits	-	3,509
Less: Provision for doubtful debts (note 10.1)	-	(3,509)
	-	-
	1,160,729	682,595

10.1 As at December 31, 2017, advances and deposits aggregating to Nil (2016: Rs. 3,509) were impaired and provided for. These have been outstanding for more than 1 year from the balance sheet date.

11. OTHER RECEIVABLES

	2017	2016
	-----------------Rupees-----------------	
Receivable from Government of Pakistan (notes 11.1 and 11.2)	7,323,870	6,079,329
Sales tax receivable	1,459,450	893,420
Due from associated companies:		
- Engro Polymer & Chemicals Limited	12,645	4,102
- Engro Powergen Thar Limited	313	67
- Engro Energy Limited (formerly Engro Powergen Limited)	98	-
- Engro Foundation	107	1,707
- Engro Eximp Agri Products (Private) Limited	2,364	1,981
- Sindh Engro Coal Mining Company Limited	939	157
- Engro Vopak Terminal Limited	297	-
- Hub Power Services Ltd	591	179
Claims on foreign suppliers	2,225	1,629
Others	457	3,628
	8,803,356	6,986,199

(Amounts in thousand)

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

During 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

During the year, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs. 100 per 50kg bag for Urea only.

11.2 As at December 31, 2017, receivables from GoP aggregating to Rs. 77,121 (2016: Nil) were past due and provided for. These receivables have been outstanding for more than 1 year from the balance sheet date.

11.3 The maximum amount due from the Parent Company and associated companies at the end of any month during the year amounting to:

	2017	2016
	-----------------Rupees-----------------	
Associated Companies		
- Engro Foods Limited	5,575	2,225
- Engro Polymer & Chemicals Limited	12,645	4,464
- Engro Powergen Qadirpur Limited	14,187	14,847
- Engro Energy Limited (formerly Engro Powergen Limited)	1,064	527
- Sindh Engro Coal Mining Company Limited	1,593	2,023
- Engro Powergen Thar Limited	4,210	3,897
- Engro Eximp Agriproducts (Private) Limited	2,616	6,347
- Engro Foundation	9,326	1,663
- Engro Elengy Terminal (Private) Limited	-	856
- Engro Vopak Terminal Limited	1,787	1,119
- Elengy Terminal Pakistan Limited	-	203
- Hub Power Services Ltd	591	-

11.4 As at December 31, 2017, receivables aggregating to Rs. 2,559 (2016: Rs. 5,257) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2017	2016
	-----------------Rupees-----------------	
Upto 3 months	-	5,257
More than 6 months	2,559	-
	2,559	5,257

12. SHORT TERM INVESTMENTS

Holding Company

Represent Pakistan Investment Bonds and other fixed income placement amounting to Rs. 7,046,347 (2016: Rs. 105,729) at the interest rate of ranging from 6.08% to 6.80% (2016: 5.94% to 6.68%) per annum; and local currency deposits with various banks amounting to Rs. 37,000 (2016: Rs. 37,000) at interest rates ranging from 5.40% to 6.50% (2016: 5.50% to 7.00%) per annum.

Subsidiary Companies

These represents investment in TDR having value US $10,231 (2016: US $8,500) with effective interest rate of 2.7% per annum and have maturity ranging from 4 months to 6 months.

13. CASH AND BANK BALANCES

	2017	2016
	-----------------Rupees-----------------	
Cash at banks on:		
- deposit accounts (note 13.1)	7,766	8,884
- saving accounts	-	273
- currrent accounts (note 13.2)	1,786,963	70,110
	1,794,729	79,267
Cash in hand	1,200	5,159
	1,795,929	84,426

13.1 Deposit accounts carry return at the rate of 4.00% (2016: 4.00% to 5.75%) per annum.

13.2 Includes Rs. 456,183 (2016: Rs.12,723) held in foreign currency bank accounts.

14. SHARE CAPITAL

	2017	2016
	-----------------Rupees-----------------	
Authorised Capital		
1,400,000,000 (2016: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2016: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2016: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2016: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2016: Nil) Ordinary shares of Rs. 10 each, issued upon exercise of conversion option by IFC - (note 15.2)	43,670	-
	13,352,993	13,309,323

(Amounts in thousand)

14.1 Movement in issued, subscribed and paid up capital

2017	2016		2017	2016
----------Number of shares----------			-----------------Rupees----------------	
1,330,932,292	1,330,932,292	At January 1	13,309,323	13,309,323
4,367,083	-	Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC) - (note 15.2)	43,670	-
1,335,299,375	1,330,932,292		13,352,993	13,309,323

14.2 As at balance sheet date, the Parent Company held 56.27% of the share capital of the Company.

(Amounts in thousand)

15. BORROWINGS - Secured (Non-participatory)

	Note	Mark-up rate p.a.	Installments Number	Installments Commenced / Commencing from	2017	2016
					-------------Rupees-------------	
Long term finance utilised under mark-up arrangements:						
Senior Lenders						
Allied Bank Limited		6 months KIBOR + 0.8%	1 bullet payment	March 18, 2018	2,000,000	2,000,000
Allied Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	2,000,000	2,000,000
National Bank of Pakistan		6 months KIBOR + 1.1%	10 half yearly	March 5, 2013	-	599,521
Faysal Bank Limited		6 months KIBOR + 1.2%	13 half yearly	May 26, 2013	499,138	831,182
Standard Chartered Bank (Pakistan) Limited		6 Months KIBOR + 0.9%	13 half yearly	June 14, 2013	398,741	594,942
Standard Chartered Bank (Pakistan) Limited		6 Months KIBOR + 0.8%	1 bullet payment	March 18, 2018	1,000,000	1,000,000
Samba Bank Limited		6 Months KIBOR + 0.9%	14 half yearly	April 1, 2013	199,431	297,621
National Bank of Pakistan		6 Months KIBOR + 1.2%	10 half yearly	September 28, 2013	166,531	415,521
Syndicated finance		6 months KIBOR + 0.4%	6 half yearly	June 26, 2019	9,108,338	9,100,403
Islamic offshore finance		6 months LIBOR + 2.57%	7 half yearly	March 28, 2014	-	1,762,711
Habib Metropolitan Bank Limited		6 Months KIBOR + 0.9%	10 half yearly	June 21, 2013	-	40,000
United Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	4,000,000	4,000,000
MCB Limited		6 months KIBOR + 0.80%	1 bullet payment	March 18, 2018	3,000,000	3,000,000
MCB Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	4,000,000	4,000,000
MCB Limited	15.1	6 Months KIBOR + 0.05%	4 half yearly	March 28, 2021	1,500,000	-
Subordinated Lenders						
International Finance Corporation	15.2	6 months LIBOR + 3%	5 half yearly	July 18, 2014	-	1,249,386
Dubai Islamic Bank Pakistan Limited		6 months KIBOR + 0.4%	4 half yearly	November 28,2018	800,000	800,000
Certificates						
Privately Placed Subordinated Sukuk Certificates		6 months KIBOR + 1.75%	10 half yearly	January 9, 2015	2,231,699	2,860,174
					30,903,878	34,551,461
Less: Current portion shown under current liabilities					8,119,864	5,171,515
					22,784,014	29,379,946

15.1 During the year, the Holding Company obtained bilateral loan from MCB Bank Limited amounting to Rs.1,500,000 to finance capital expenditure. The loan has the same charge as the other Senior Lenders.

15.2 The Holding Company availed a loan of US$ 30,000 from International Finance Corporation (IFC), divided into (i) 30% convertible loan on the shares of the Group at Rs. 24 per ordinary share calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option, and (ii) 70% non-convertible loan. IFC had exercised the conversion option equivalent to US$ 8,000 up till 2016. During the year, the Holding Company received a notice dated March 1, 2017 for the exercise of remaining conversion option on US$ 1,000. Consequently 4,367,083 ordinary shares of the Holding Company have been allotted to the IFC on March 15, 2017. Further, the Holding Company has fully repaid remaining outstanding balance of the loan during the current year.

15.3 All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over current and future fixed assets excluding immovable property of the Holding Company.

Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and Privately Placed Subordinated Sukuk (PPSS) has a subordinate mortgage upon immovable property of the Holding Company and a subordinate charge over current and future fixed assets excluding immovable property of the Holding Company.

15.4 In view of the substance of the transactions, the sale and repurchase of assets under long term finance have not been recorded in these consolidated financial statements.

15.5 Following are the changes in the long term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2017	2016
	-----------------Rupees-----------------	
Balance as at January 1	34,551,461	36,026,244
Loan availed during the year	1,500,000	25,132,253
Amortization of transaction cost	36,499	136,467
Loan repaid	(5,085,439)	(26,711,654)
Conversion of IFC loan option	(104,810)	-
Exchange loss / (gain)	6,167	(31,849)
Balance as at December 31	30,903,878	34,551,461

16. DEFERRED LIABILITIES

	2017	2016
Deferred taxation (note 16.1)	9,388,172	7,491,859
Deferred income (note 16.2)	65,384	69,249
	9,453,556	7,561,108

16.1 Deferred taxation

	2017	2016
Credit / (Debit) balances arising on account of:		
- Accelerated depreciation allowance	13,467,920	13,741,142
- Recoupable minimum turnover tax (note 16.1.1)	-	(2,178,308)
- Alternative Corporate Tax	(3,962,572)	(3,962,572)
- Provision for:		
- staff retirement benefits	(30,760)	(23,462)
- slow moving stores and spares and doubtful receivables	(86,416)	(84,941)
	9,388,172	7,491,859

16.1.1 In 2013, the High Court of Sindh, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2)(c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward where there is no tax paid on account of loss for the year. The Holding Company's management is however of the view, duly supported by legal advisor, that the above order would not be maintainable at the Supreme Court. Therefore, the Holding Company has continued to carry forward and adjust minimum tax, as reflected above.

(Amounts in thousand)

16.2 Deferred income

This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Holding Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

17. SERVICE BENEFITS OBLIGATIONS

	2017	2016
	-----------------Rupees-----------------	
Service benefit obligation	225,055	206,382
Less: Current portion shown under current liabilities	50,271	49,157
	174,784	157,225

18. TRADE AND OTHER PAYABLES

	2017	2016
Creditors	4,135,937	7,355,052
Accrued liabilities (note 18.1)	9,887,217	4,854,787
Advances from customers	5,270,655	450,043
Payable to:		
- Engro Corporation Limited	34,654	39,284
- Engro Foods Limited	1,626	1,633
- Engro Energy Limited (formerly Engro Powergen Limited)	-	2,419
- Engro Powergen Qadirpur Limited	1,713	2,611
- Elengy Terminal Pakistan Limited	1,463	1,352
Deposits from dealers	25,607	18,155
Contractors' deposits and retentions	90,520	91,273
Workers' welfare fund (note - 18.2)	1,740,268	1,487,221
Workers' profits participation fund (note - 18.3)	4,129	39,099
Witholding tax payable	165,000	133,381
Others	607,452	493,056
	21,966,241	14,969,365

18.1 Includes Rs. 7,001,135 (2016: Rs. 1,782,787) on account of Gas Infrastructure Development Cess (GIDC). The Federal Government challenged the decision of the Sindh High Court (SHC), which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of SHC suspending the order. However, the Holding Company obtained an injunction / stay order based on the fact that since the Holding Company is not a party to the case, hence, the suspension is not applicable to the Holding Company's case. The Government preferred an appeal before the SHC for suspension of the injunction / stay order, hearing of which is underway. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the new GIDC Act and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

18.2 Last year, the Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through Finance Acts, 2006 and 2008 were ultra vires to the constitution of Pakistan. However, the taxation authorities had proceeded to file a review petition thereagainst in the Supreme Court of Pakistan. Due to this review petition, the Company continuous to carry the payable in this respect.

18.3. Workers Profit Participation Fund

	2017	2016
	-----------------Rupees-----------------	
Balance as at January 1	39,099	11,892
Charge for the year	805,322	719,099
Interest expense	1,193	1,894
Payments during the year	(841,485)	(693,786)
Balance as at December 31	4,129	39,099

19. SHORT TERM BORROWINGS

Holding Company

The Holding Company has funded facilities for short term finances available from various banks and institutional investors amounting to Rs. 17,250,000 (2016: Rs. 14,000,000) along with non-funded facilities of Rs. 3,327,000 (2016: Rs. 2,178,048) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.5% to 1.5% per annum over 1-month KIBOR and all the facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs.1,671,732 (2016: 1,909,843) from funded facilities as at the balance sheet date.

Subsidiary Company

The facilities for short term running finances, available from various banks, aggregate to Rs. 7,900,000. The mark-up rate on these facilities is 1 month KIBOR plus 0.50% per annum. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. As at December 31, 2017, the Company has utilised Rs. 3,592,496 out of the aforementioned facilities.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2016
	-----------------Rupees-----------------	
Conversion options on IFC loan	-	194,999
Cash flow hedges: Foreign exchange forward contracts - net	-	54,654
	-	249,653
Less: Current portion shown under current assets / liabilities		
Conversion options on IFC loan	-	194,999
Cash flow hedges: Foreign exchange forward contracts	-	54,654
	-	249,653
	-	-

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 Bank guarantees of Rs.2,430,860 (2016: Rs. 2,178,048) have been issued in favour of third parties.

21.2 Claims, including pending lawsuits, against the Holding Company not acknowledged as debts amount to Rs.58,680 (2016: Rs. 58,680).

(Amounts in thousand)

21.3 The Holding Company has entered in to Dealer Finance Agreements (DFAs) with different banks amounting to Rs. 4,500,000 (2016: Rs. 2,000,000) consequent to which the banks will provide financial assistance to dealers approved by the Holding Company. In respect to DFA of Rs. 2,500,000 from a Bank the Holding Company has agreed to bear 10% of the principal in case of default.

As at year end the banks have made disbursements under the DFAs amounting to Rs. 1,226,631 (2016: Rs. 999,000) maturing on various future dates.

21.4 The Holding Company is contesting a penalty of Rs. 115,631 paid and expensed in 1997, imposed by the State Bank of Pakistan (SBP) for alleged late payment of foreign exchange risk cover fee on long term loans and has filed a suit in the High Court of Sindh. Out of the total penalty Rs. 62,618 was refunded in 1999 by the SBP, while the recovery of balance amount is dependent on the Court's decision.

21.5 The Holding Company had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86. The sole arbitrator in the second case has awarded the Holding Company Rs. 47,800, whereas the award for the earlier years is awaited. The award for the second arbitration was challenged in the High Court of Sindh. In December 2013, the High Court of Sindh has upheld the award. However, as this can be challenged by way of further appeals, it will be recognised as income on realisation thereof.

21.6 The Holding Company had filed a constitutional petition in the High Court of Sindh, against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to the Enven Plant and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. The High Court of Sindh in its order dated October 18, 2011, has ordered that SNGPL should supply 100 mmscfd of gas per day to the Holding Company's new plant. However, five petitions have been filed in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. The Holding Company's management, as confirmed by the legal advisor, considers the chances of petitions being allowed to be remote.

Further, the Holding Company upon continual curtailment of gas after the aforementioned decision of the High Court has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. The Holding Company, in the aforementioned application has submitted that SNGPL and MPNR has failed to restore full supply of gas to the Holding Company's plant despite the judgment of the High Court in Company's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the High Court. The application is pending for hearing and no orders have yet been passed in this regard.

21.7 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to the Holding Company's expansion plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and therefore the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 with Sui Northern Gas Pipeline Company Limited (SNGPL) be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. The Holding Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to the Holding Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the expansion plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both the Holding Company and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die. However, the Holding Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

(Amounts in thousand)

21.8 The Holding Company along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 in relation to unreasonable increase in fertilizer prices. The Holding Company has responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess and sales tax and partially the gas curtailment. The CCP has issued an order in March 2013, whereby it has held that the Holding Company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the Holding Company and that other fertilizer company, respectively. An appeal has been filed in the Competition Appellate Tribunal and a writ has been filed in the Sindh High Court and stay has been granted against the recovery of the imposed penalty. Hearing have been conducted at Appellate Tribunal where Farmer Association has filed an internal application. The Holding Company's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

21.9 During the year, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by M/s Snamprogetti Engineering (the Contractor) from its contract with the Holding Company, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. As per the terms of the contract, the Holding Company is liable to reimburse the Contractor for any taxes applied to the income of the Contractor under the contract by the taxation authorities. In respect thereof, the Contractor has preferred an appeal in the Supreme Court of Pakistan.

The management of the Holding Company based on the opinion of its legal counsel, is of the view that that the income of the Contractor is exempt from tax under the aforementioned clause of the Double Taxation Treaty and the matter will be decided in favour of the Contractor and, hence, no provision has been made in this respect.

21.10 Commitments

	2017	2016
	---Rupees---	
Commitments in respect of capital expenditure and other operational items	2,626,904	2,483,898

22. NET SALES

	2017	2016
	---Rupees---	
Gross sales:		
- manufactured product	54,134,282	50,899,776
- purchased and packaged product	27,848,187	28,111,771
	81,982,469	79,011,547
Less: Sales tax	4,853,126	9,474,294
	77,129,343	69,537,253

22.1 The above amount includes trade discount amounting to Rs. 362 (2016: Rs. 406,277).

23. COST OF SALES

	2017	2016
	---Rupees---	
Cost of sales - Manufactured product		
Raw materials consumed	12,094,227	15,417,290
Salaries, wages and staff welfare (note 23.1)	2,021,099	1,896,338
Fuel and power	6,639,650	7,651,502
Repairs and maintenance	1,025,019	1,813,913
Depreciation (note 4.2)	5,018,362	4,972,487
Amortisation (note 5.2)	15,700	13,410
Consumable stores	446,686	574,544
Training, HSE and other related expenses	404,448	408,061
Purchased services	523,297	431,932
Travel	52,175	48,684
Communication, stationery and other office expenses	40,589	31,371
Insurance	329,605	359,334
Rent, rates and taxes	21,078	19,577
Other expenses	2,576	3,304
Manufacturing cost	28,634,511	33,641,747
Add: Opening stock of work in process	30,233	20,688
Less: Closing stock of work in process (note 8)	(18,526)	(30,233)
Cost of goods manufactured	28,646,218	33,632,202
Add: Opening stock of finished goods manufactured - net of NRV	5,050,607	1,915,094
Less: Closing stock of finished goods manufactured - net of NRV (note 8)	(1,733,036)	(5,050,607)
	31,963,789	30,496,689
Cost of sales - Purchased and packaged product		
Opening stock - Purchased and packaged product - net of NRV	1,135,905	3,688,392
Add: Purchases during the year	25,449,489	19,048,910
Less: Closing stock - Purchased and packaged product - net of NRV (note 8)	(4,638,428)	(1,135,905)
	21,946,966	21,601,397
	53,910,755	52,098,086

23.1 Salaries, wages and staff welfare includes Rs. 130,347 (2016: Rs. 130,776) in respect of staff retirement benefits.

(Amounts in thousand)

24. SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	Rupees	
Salaries, wages and staff welfare (note 24.1)	668,445	547,744
Training, HSE and other related expenses	90,246	87,735
Product transportation and handling	4,655,090	4,001,296
Royalty	757,164	745,010
Repairs and maintenance	6,510	5,510
Advertising and marketing	319,833	504,764
Rent, rates and taxes	550,039	605,006
Communication, stationery and other office expenses	23,433	28,130
Travel	82,140	77,008
Depreciation (note 4.2)	36,188	31,524
Amortisation (note 5.2)	7,543	5,341
Purchased services	21,738	24,471
Insurance	22,821	28,282
Others	3,549	13,141
	7,244,739	6,704,962

24.1 Salaries, wages and staff welfare includes Rs. 49,388 (2016: Rs. 49,170) in respect of staff retirement benefits.

25. ADMINISTRATIVE EXPENSES

	2017	2016
	Rupees	
Salaries, wages and staff welfare (note 25.1)	432,957	374,570
Training, HSE and other related expenses	41,560	36,555
Repairs and maintenance	15,693	15,867
Rent, rates and taxes	364,937	77,578
Communication, stationery and other office expenses	41,670	41,702
Travel	20,393	19,101
Depreciation (note 4.2)	11,487	15,327
Amortisation (note 5.2)	2,654	2,723
Purchased services	258,015	236,451
Donations (note 39)	83,477	71,292
Insurance	6,882	2,567
Other expenses	13,903	13,497
	1,293,628	907,230

25.1 Salaries, wages and staff welfare includes Rs. 38,389 (2016: Rs. 36,891) in respect of staff retirement benefits.

(Amounts in thousand)

26. OTHER INCOME

	2017	2016
	Rupees	
Income from sales under Government subsidy (note 11.1)	4,980,288	7,878,050
On financial assets		
Income on bank accounts under:		
- Shariah permissible arrangements	183	47
- interest / mark up arrangements	16,236	17,489
Income on treasury bills,term deposit certificates and Pakistan Investment Bonds	90,609	135,342
Others	1,034	774
	108,062	153,652
On non-financial assets		
Commission income	4,154	-
Gain on disposal of property, plant and equipment (note 4.3 and 26.1)	675,700	1,140
Rental income	5,045	4,795
Scrap sales	47,577	7,879
Others	45,034	97,734
	777,510	111,548
	5,865,860	8,143,250

26.1 Net-off transaction costs on disposal of land amounting to Rs.10,100 paid to Port Qasim Authority.

27. OTHER OPERATING EXPENSES

	2017	2016
	Rupees	
Workers' profits participation fund (note 18.3)	805,322	719,099
Workers' welfare fund	306,022	287,656
Research and development	31,360	69,090
Auditors' remuneration (note 27.1)	13,733	9,104
Legal and professional	67,572	54,817
Others	9,528	9,723
	1,233,537	1,149,489

(Amounts in thousand)

27.1 Auditors' remuneration

	2017	2016
	-----------------Rupees-----------------	
Fee for:		
- audit of annual financial statements	3,976	3,728
- special audit / review of half yearly financial information	540	459
- review of compliance with the Code of Corporate Governance	50	40
- certifications, advices and audit of retirement funds	850	2,362
- taxation services	8,017	2,146
- reimbursement of expenses	300	368
	13,733	9,104

28. FINANCE COST

	2017	2016
Interest / mark-up / return on:		
- long term borrowings	2,206,873	2,611,067
- short term borrowings	395,324	497,919
Gain on fair value of IFC conversion option	(3,415)	(103,750)
Foreign exchange loss - net	862	157,330
Bank charges	26,690	3,585
Financial charges on issuance letters of credit	21,440	20,604
	2,647,774	3,186,755

29. TAXATION

	2017	2016
Current		
- for the year	5,355,437	2,757,986
- for prior years (note 29.4)	(1,752,308)	(44,095)
	3,603,129	2,713,891
Deferred	1,906,019	1,636,637
	5,509,148	4,350,528

29.1 During 2015, the income tax department had amended the assessment filed by the Holding Company for tax year 2014. The Holding Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivative and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Income Tax Ordinance, 2001. In addition the tax department raised demand for the Alternative Corporate Tax through the same order, for which the Holding Company specifically obtained a stay order. The case is pending to be heard before the CIR(A) and the Holding Company is confident of a favourable outcome.

29.2 During 2014, the income tax department amended the assessment filed by the Holding Company for tax years 2010 and 2011.The Holding Company filed appeals thereagainst before the Appellate Tribunal Inland Revenue (ATIR) against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011 , and loss on derivative for tax year 2011. The Holding Company had challenged the said decision before the High Court of Sindh, which is pending to be heard, however, the Holding Company is confident of a favourable outcome.

(Amounts in thousand)

29.3 The Holding Company had filed a suit in the High Court of Sindh, contesting both the retrospective and prospective application of the Alternative Corporate Tax under section 113C and has been granted stay in this respect for the years 2013, 2014, 2015 and 2016.

29.4 This includes Rs. 2,178,308 (2016: Rs. 338,837) of minimum tax of prior years adjusted during the current year and Rs. 426,000 (2016: Rs. 294,742) on account of provision in accordance with section 4B 'Super Tax for rehabilitation of temporarily displaced persons' inserted in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2016 and continued through Finance Act 2017, whereby tax at the rate 3 percent is payable on specified income exceeding Rs. 500,000 for the year ended December 31, 2015 and 2016 (tax years 2016 and 2017), respecitvely.

The Holding Company has filed a suit in the High Court of Sindh, contesting the applicability of super tax, against which a stay has been granted for both the tax years.

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

In previous years, the department had filed reference applications in the High Court against the below-mentioned ATIR's decisions in Holding Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Holding Company is confident that all pending issues will eventually be decided in its favor.

29.6 During 2015, the Holding Company received a sales tax order from the tax department for the year ended December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by the Holding Company on advances received from dealers amounting to Rs. 1,844,075. The Holding Company filed an appeal thereagainst with the Commissioner Inland Revenue (Appeals) which has decided the matters in favour of the Holding Company. The department has now challenged the decision of the CIR(A) with the Appellate Tribunal Inland Revenue , which is pending to be heard.

29.7 As a result of merger of EEPL with the Holding Company, all pending tax issues of EEPL have been transferred to the Holding Company. Major pending issue pertains to exercise of option to be taxed under Normal Tax Regime (NTR) by EEPL for the years 2012 and 2013, resulting in an aggregate refund of Rs 796 million. The tax department has not accepted the said treatment, however, the matter was decided in favor of the Holding Company by the Commissioner Income Tax Appeals, against which the department has filed an appeal.

(Amounts in thousand)

29.8 Relationship between tax expense and accounting profit

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

	2017	2016
	-----------------Rupees-----------------	
Profit before taxation	16,664,770	13,633,981
Tax calculated at the rate of 30% (2016: 31%)	4,999,431	4,226,534
Depreciation not deductible for tax purposes	34,040	3,389
Tax effect of:		
- Expenses not allowed for tax	332,883	99,370
- Final Tax Regime	(218,317)	-
Effect of:		
- Tax credits	(70,236)	(193,293)
- Recoupable minimum turnover tax	2,178,308	338,837
- Prior year tax charge	(1,752,308)	(44,095)
Others	5,347	(80,214)
Tax charge for the year	5,509,148	4,350,528

30. EARNINGS PER SHARE (EPS)

30.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Holding Company by weighted average number of ordinary shares in issue during the year.

30.2 As at December 31, 2017, there is no dilutive effect on the basic earnings per share of the Holding Company. Earnings per share is based on following :

	2017	2016
	-----------------Rupees-----------------	
Profit for the year	11,155,622	9,283,453
Add		
- Interest on IFC loan - net of tax	588	2,926
- Gain on revaluation of conversion options on IFC loan net of tax	(2,225)	(66,648)
Profit used for the determination of Diluted EPS	11,153,985	9,219,731
	-----Numbers (in thousands)-------	
Weighted average number of ordinary shares at beginning of the year	1,330,932	1,330,932
Add: Weighted average adjustments for shares issued during the year under conversion of option	3,482	-
Weighted average number of shares for determination of basic EPS	1,334,414	1,330,932
Assumed conversion of US$1,000 IFC loan	-	2,848
Weighted average number of shares for determination of diluted EPS	1,334,414	1,333,780

(Amounts in thousand)

31. FINANCING STRUCTURE / MODE

	2017	2016
	-----------------Rupees-----------------	
Conventional mode:		
Assets		
Short term investments	8,186,275	1,037,782
Cash and bank balances	1,703,338	84,339
	9,889,613	1,122,121
Liabilities		
Borrowings	26,473,438	27,533,633
Short term borrowings	5,264,228	1,909,843
	31,737,666	29,443,476
Shariah compliant mode:		
Assets		
Short term investments	2,000	2,000
Cash and bank balances	92,591	87
	94,591	2,087
Liabilities		
Borrowings	4,430,440	7,017,828

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017			2016		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	-------------------- Rupees--------------------			-------------------- Rupees--------------------		
Managerial remuneration	48,383	-	1,867,936	87,711	-	2,087,102
Retirement benefits funds	6,794	-	195,070	6,564	-	187,424
Other benefits	91	-	62,067	36	-	77,927
Fees	-	1,450	-	-	2,000	-
Total	55,268	1,450	2,125,073	94,311	2,000	2,352,453
Number of persons including those who worked part of the year	1	5	568	1	7	540

32.2 The Holding Company also provides vehicles and certain household items for use of some executives and directors.

32.3 Premium charged in respect of directors' indemnity insurance policy, purchased by the Holding Company during the year, amounted to Rs. 381 (2016: Rs. 509).

33. RETIREMENT AND OTHER SERVICE BENEFITS

33.1 Salient features

The Holding Company offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Holding Company offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Fund.

The Holding Company faces the following risks on account of gratuity and pension funds:

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

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

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

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

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

- In addition to above, the pension fund exposes the Holding Company to Longevity Risk i.e. the pensioners survive longer than expected.

(Amounts in thousand)

33.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2017, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---- Rupees ----					
33.2.1 Balance sheet reconciliation						
Present value of obligation	296,881	238,301	146,542	137,729	29,156	32,132
Fair value of plan assets	(165,049)	(168,767)	(186,223)	(165,178)	(40,713)	(44,213)
Deficit / (surplus) of funded plans	131,832	69,534	(39,681)	(27,449)	(11,557)	(12,081)
Payable to DC Gratuity Fund	-	-	9,736	9,736	-	-
Payable in respect of inter-transfers	-	-	46	46	-	-
Unrecognised asset	-	-	-	-	11,557	12,081
Net liability / (asset) at end of the year	131,832	69,534	(29,899)	(17,667)	-	-
33.2.2 Movement in net liability / (asset) recognised						
Net liability / (asset) at beginning of the year	69,534	58,738	(17,667)	(7,846)	-	-
Actual Contribution paid by employer	-	-	-	-	79	-
Charge / (Income) for the year	18,202	18,318	3,632	3,424	(930)	(672)
Remeasurements charged to OCI (note 33.2.7)	44,537	(7,522)	(15,864)	(13,245)	851	672
Unrecognised asset	(441)	-	-	-	-	-
Net liability / (asset) at end of the year	131,832	69,534	(29,899)	(17,667)	-	-

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---------- Rupees ----------					

33.2.3 Movement in defined benefit obligation

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
As at beginning of the year	238,301	228,376	137,729	149,709	32,132	33,367
Current service cost	12,754	13,255	5,745	5,779	-	-
Interest cost	18,947	20,221	10,978	12,043	2,413	2,823
Benefits paid during the year	(19,835)	(23,121)	(6,444)	(31,581)	(3,920)	(4,028)
Liability in respect of promotion out	(441)	-	-	-	-	-
Remeasurments charged to OCI (note 33.2.7)	47,155	(430)	(1,466)	2,160	(1,469)	(30)
Liability transferred in respect of inter group transfers	-	-	-	(381)	-	-
As at end of the year	296,881	238,301	146,542	137,729	29,156	32,132

33.2.4 Movement in fair value of plan assets

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
At beginning of the year	168,767	169,638	165,178	167,607	44,213	40,835
Expected return on plan assets	13,499	15,158	13,091	14,398	3,343	3,495
Benefits paid during the year	(19,835)	(23,121)	(6,444)	(31,581)	(3,920)	(4,028)
Remeasurments charged to OCI (note 33.2.7)	2,618	7,092	14,398	15,405	(2,844)	3,911
Assets transferred to DC Gratuity Fund	-	-	-	(1)	-	-
Assets transferred in respect of inter fund transfers	-	-	-	(650)	(79)	-
As at end of the year	165,049	168,767	186,223	165,178	40,713	44,213

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---------- Rupees ----------					

33.2.5 Charge / (Reversal) for the year

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
Current service cost	12,754	13,255	5,745	5,779	-	-
Net interest cost	5,448	5,063	(2,113)	(2,355)	(930)	(672)
	18,202	18,318	3,632	3,424	(930)	(672)

33.2.6 Actual return on plan assets

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
Actual return on plan assets	14,491	22,145	8,617	26,616	2,221	4,826

33.2.7 Remeasurement recognised in Other Comprehensive Income

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
(Gain) / loss from change in experience assumptions	51,080	(1,320)	(115)	1,526	(161)	128
Loss / (gain) from change in financial assumptions	(3,925)	890	(1,351)	634	(1,308)	(158)
Remeasurement of obligation	47,155	(430)	(1,466)	2,160	(1,469)	(30)
Expected Return on plan assets	13,499	15,158	13,091	14,398	3,343	3,495
Actual Return on plan assets	(14,491)	(22,145)	(8,617)	(26,616)	(2,221)	(4,826)
Difference in fair value opening	(1,626)	(105)	(18,872)	(3,187)	1,722	(2,580)
Remeasurement of plan assets	(2,618)	(7,092)	(14,398)	(15,405)	2,844	(3,911)
Effect of asset ceiling	-	-	-	-	(524)	4,613
	44,537	(7,522)	(15,864)	(13,245)	851	672

33.2.8 Principal actuarial assumptions used in the actuarial valuation

	NMPT 2017	NMPT 2016	MPT 2017	MPT 2016	Pension 2017	Pension 2016
Discount rate	8.8%	8.0%	7.8%	8.0%	8.8%	8.0%
Expected per annum rate of return on plan assets	8.0%	8.0%	8.0%	8.0%	8.8%	8.0%
Expected per annum rate of increase in salaries - next year	7.8%	9.5%	7.8%	10.0%	-	-
Expected per annum rate of increase in salaries-long term	7.8%	7.0%	7.8%	8.0%	-	-

(Amounts in thousand)

33.2.9 Demographic Assumptions

	Defined Benefit Gratuity Plans - Funded		Defined Benefit Pension Plan - Funded (Curtailed)
	NMPT	MPT	
Mortality rate	SLIC (01-05)-I	SLIC (2001-05)-1	SLIC (01-05)-I
Rate of employee turnover	Light	Heavy	-

33.2.10 Sensitivity Analysis

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

	Increase in assumption			Decrease in assumption		
	Gratuity Fund		Pension Fund	Gratuity Fund		Pension Fund
	NMPT	MPT		NMPT	MPT	
	Rupees					
Discount Rate	269,650	142,090	27,571	328,411	151,301	30,924
Long Term Salary Increases	328,411	151,256	-	269,177	142,050	-
Long Term Pension Increases	-	-	31,068	-	-	27,424

33.2.11 Maturity Profile

Time in Years	Gratuity Fund NMPT	Gratuity Fund MPT	Pension Fund
	Rupees		
1	10,757	37,966	3,905
2	29,565	54,747	3,905
3	22,548	5,197	3,905
4	16,642	6,368	3,905
5-10	132,303	8,598	3,905
11-15	317,397	98,986	3,905
16-20	524,730	-	3,905
20+	842,822	-	3,905
Weighted average duration (years)	9.17	3.04	5.44

33.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT 2017		MPT* 2017		2017	
	Rupees	(%)	Rupees	(%)	Rupees	(%)
Fixed income instruments	138,554	84	132,503	71	28,629	70
Investment in equity instruments	23,825	14	49,162	26	-	-
Cash	2,670	2	4,560	3	12,084	30
	165,049	100	186,225	100	40,713	100

* The employees of the Holding Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and funded by the Parent Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

33.2.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

33.2.14 Expected future cost / (reversal) for the year ending December 31, 2018 is as follows:

	Rupees
- NMPT Gratuity Fund	27,770
- MPT Gratuity Fund	2,362
- MPT Pension Fund	(970)

33.2.15 Historical information of staff retirement benefits:

	2017	2016	2015	2014	2013
Gratuity Plans Funded - NMPT	Rupees				
Present value of defined benefit obligation	296,881	238,301	228,376	166,212	162,184
Fair value of plan assets	(165,049)	(168,767)	(169,638)	(178,713)	(98,340)
Deficit / (Surplus)	131,832	69,534	58,738	(12,501)	63,844
Gratuity Plans Funded - MPT					
Present value of defined benefit obligation	146,542	137,729	149,709	135,336	153,367
Fair value of plan assets	(186,223)	(165,178)	(167,607)	(140,235)	(177,549)
Surplus	(39,681)	(27,449)	(17,898)	(4,899)	(24,182)
Pension Plan Funded					
Present value of defined benefit obligation	-	32,132	33,367	34,406	32,218
Fair value of plan assets	-	(44,213)	(40,835)	(38,824)	(38,535)
Surplus	-	(12,081)	(7,468)	(4,418)	(6,317)

(Amounts in thousand)

33.3. Defined contribution plans

An amount of Rs. 197,220 has been charged during the year (2016: Rs. 195,767) in respect of defined contribution plans maintained by the Parent Company.

34. CASH GENERATED FROM OPERATIONS

	2017	2016
	----------------Rupees----------------	
Profit before taxation	16,664,770	13,633,981
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	5,066,037	5,019,338
Amortisation - net	22,032	17,608
Gain on disposal of property, plant and equipment (note 26)	(675,700)	(1,140)
Provision for retirement and other service benefits	64,561	77,114
Income on deposits / other financial assets	(108,062)	(159,279)
Finance cost (note 28)	2,647,774	3,186,755
Provision for NRV on finished goods (note 8)	-	13,049
Provision for surplus and slow moving stores and spares (note 7)	4,435	12,233
Working capital changes (note 34.1)	5,846,501	(13,819,956)
	29,532,348	7,979,703

34.1 Working capital changes

	2017	2016
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(397,555)	(259,765)
- Stock-in-trade	(837,199)	217,373
- Trade debts	2,166,564	(5,323,565)
- Loans, advances, deposits and prepayments	(277,936)	(87,987)
- Other receivables (net)	(1,773,874)	(5,686,175)
	(1,120,000)	(11,140,119)
Decrease / (increase) in trade and other payables	6,966,501	(2,679,837)
	5,846,501	(13,819,956)

35. CASH AND CASH EQUIVALENTS

	2017	2016
Cash and bank balances (note 13)	1,795,929	84,426
Short term investments (note 12)	8,188,275	1,039,782
Short term borrowings (note 19)	(5,264,228)	(1,109,843)
	4,719,976	14,365

36. FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	----------------Rupees----------------	
Financial assets as per balance sheet		
- Loans and receivables		
Loans, advances and deposits	432,192	124,528
Trade debts	5,418,748	7,609,712
Other receivables	20,036	13,580
Cash and bank balances	1,795,929	84,426
	7,666,905	7,832,246
- Held to maturity		
Short term investments	8,188,275	1,039,782
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortised cost		
Borrowings	30,903,878	34,551,561
Short term borrowings	5,264,228	1,909,843
Trade and other payable	14,626,256	12,769,621
Accrued interest / mark-up	595,441	599,676
	51,389,803	49,830,701
- Fair value through profit and loss		
Conversion option on IFC loan	-	194,999
Derivative financial instruments	-	54,645
	-	249,644

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

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

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

(Amounts in thousand)

a) Market risk

i) Currency risk

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

This exists due to the Group's exposure resulting from outstanding import payments, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at year end there were no material foreign currency denominated assets or liabilities.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings and short-term investments. Borrowing are benchmarked to variable rates which expose the Group to cash flow interest rate risk, whereas short-term investment are fixed rate placements and expose the Company to fair value interest rate risk.

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2017, if interest rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs. 254,526.

b) Credit risk

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

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Group maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. However, the Group maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Group is exposed to a concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees and inland letter of credit.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the management.

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

	2017	2016
	-----------------Rupees-----------------	
Loans, advances and deposits	432,192	124,528
Trade debts	5,418,748	7,585,312
Other receivables	20,036	13,580
Short term investments	8,188,275	1,039,782
Cash and bank balances	1,794,729	79,267
	15,853,980	8,842,469

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

	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank AL Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Citi Bank N.A.	MOODY'S	P1	A1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1	AA-
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A1	A-
United Bank Limited	JCR-VIS	A1+	AAA
HSBC Bank Middle East	MOODY'S	P1	A2
CIMB Bank Berhud	MOODY'S	P2	A3
Habib Bank Limited	MOODY'S	NP	C aa1
United Bank Limited	MOODY'S	NP	C aa1
Mashreq Bank	MOODY'S	P2	B aa2
Noor Bank	Fitch	A	F2

(Amounts in thousand)

c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

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

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

	2017			2016		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-------------------Rupees-------------------			-------------------Rupees-------------------		
Financial liabilities						
Derivatives	-	-	-	249,653	-	249,653
Trade and other payables	14,626,256	-	14,626,256	12,769,621	-	12,769,621
Accrued interest / mark-up	595,441	-	595,441	599,676	-	599,676
Borrowings	8,119,864	22,784,014	30,903,878	5,171,515	29,379,946	34,551,461
	23,341,561	22,784,014	46,125,575	18,790,465	29,379,946	48,170,411

37.2 Capital risk management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The total long term borrowings to equity ratio as at December 31, 2017 based on total long term borrowings of Rs. 30,903,878 (2016: Rs. 34,551,461) and total equity of Rs. 42,469,711 (2016: Rs. 41,648,384) was 42%:58% (2016: 46%:54%).

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

37.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of Parent Company, associated companies and other companies with common director, retirement benefits funds, directors and key management personnel.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017	2016
	-----------------Rupees-----------------	
Parent Company		
Dividend paid	6,010,496	6,526,428
Purchases and services	249,670	254,568
Services provided to Parent Company	32,106	25,521
Royalty	757,164	745,010
Reimbursements	91,564	193,809
Mark-up paid on subordinated loan	-	13,697
Use of assets	499	1,378
Repayment of sub-ordinated loan	-	3,000,000
Receipt of subordinated loan	-	3,000,000
Associated companies		
Purchases and services	134,989	118,656
Sale of products	2,645	1,338
Services provided	112,782	84,751
Reimbursements	94,812	102,523
Payment of mark-up on TFCs and repayment of principal amount	9,016	54,847
Donation	63,000	57,500
Use of assets	2,706	3,488
Contribution to staff retirement benefits		
Pension fund	18,881	18,939
Gratuity fund	97,020	93,518
Provident fund	112,471	107,875
Others		
Remuneration of key management personnel	215,406	200,396

39. DONATIONS

Donations include the following in which a director or his spouse is interested:

	Interest in Donee	Name and address of Donee	2017	2016
			--------------Rupees--------------	
Ghias Khan	President			
Ruhail Mohammed	Trustee	Engro Foundation	63,000	57,500

(Amounts in thousand)

40. PRODUCTION CAPACITY

	Designed annual capacity Metric Tons		Actual production Metric Tons		Remarks
	2017	2016	2017	2016	
Urea plant I & II	2,275,000	2,275,000	1,806,977	1,881,016	Production planned as per market demand
NPK plant	100,000	100,000	109,059	94,610	

41. NUMBER OF EMPLOYEES

	Number of employees as at December 31,		Average number of employees	
	2017	2016	2017	2016
Management employees	681	654	661	640
Non-management employees	527	531	526	530
	1,208	1,185	1,187	1,170

42. PROVIDENT FUND

42.1 The employees of the Group participate in Provident Fund maintained by Engro Corporation Limtied (the Parent Company). Monthly contribution are made both by the Holding Company and employees to the fund maintained by the Parent Company at the rate of 10% of basic salary. Accordingly, the following information is based upon the latest unaudited financial statements of the provident fund maintained by the Parent Company as at June 30, 2017 and the audited financial statements as at June 30, 2016.

	2017	2016
	-----------------Rupees-----------------	
Size of the fund - Total assets	3,941,927	3,386,894
Cost of the investments made	2,493,496	2,920,257
Percentage of investments made	92%	92%
Fair value of investments	3,643,638	3,108,948

42.2 The break-up of investments is as follows:

	2017		2016	
	Rupees	%	Rupees	%
National Savings Scheme	824,473	23	808,579	26
Government securities	1,152,661	32	727,842	23
Listed securities	817,729	22	974,172	31
Balances with banks in savings account	848,775	23	598,355	20
	3,643,638	100	3,108,948	100

(Amounts in thousand)

42.3 The investments out of the fund have been made in accordance with the provisions of the Ordinance and the rules formulated for the purpose.

43. SEASONALITY

The Holding Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Holding Company manages seasonality in the business through appropriate inventory management.

44. LOSS OF CERTAIN ACCOUNTING RECORDS

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

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

45. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 8, 2018 has proposed a final cash dividend of Rs. 3 per share for the year ended December 31, 2017 amounting to Rs. 4,005,898, for approval of the members at the Annual General Meeting to be held on March 26, 2018. The amount of total dividend is calculated at the number of shares outstanding as at December 31, 2017.

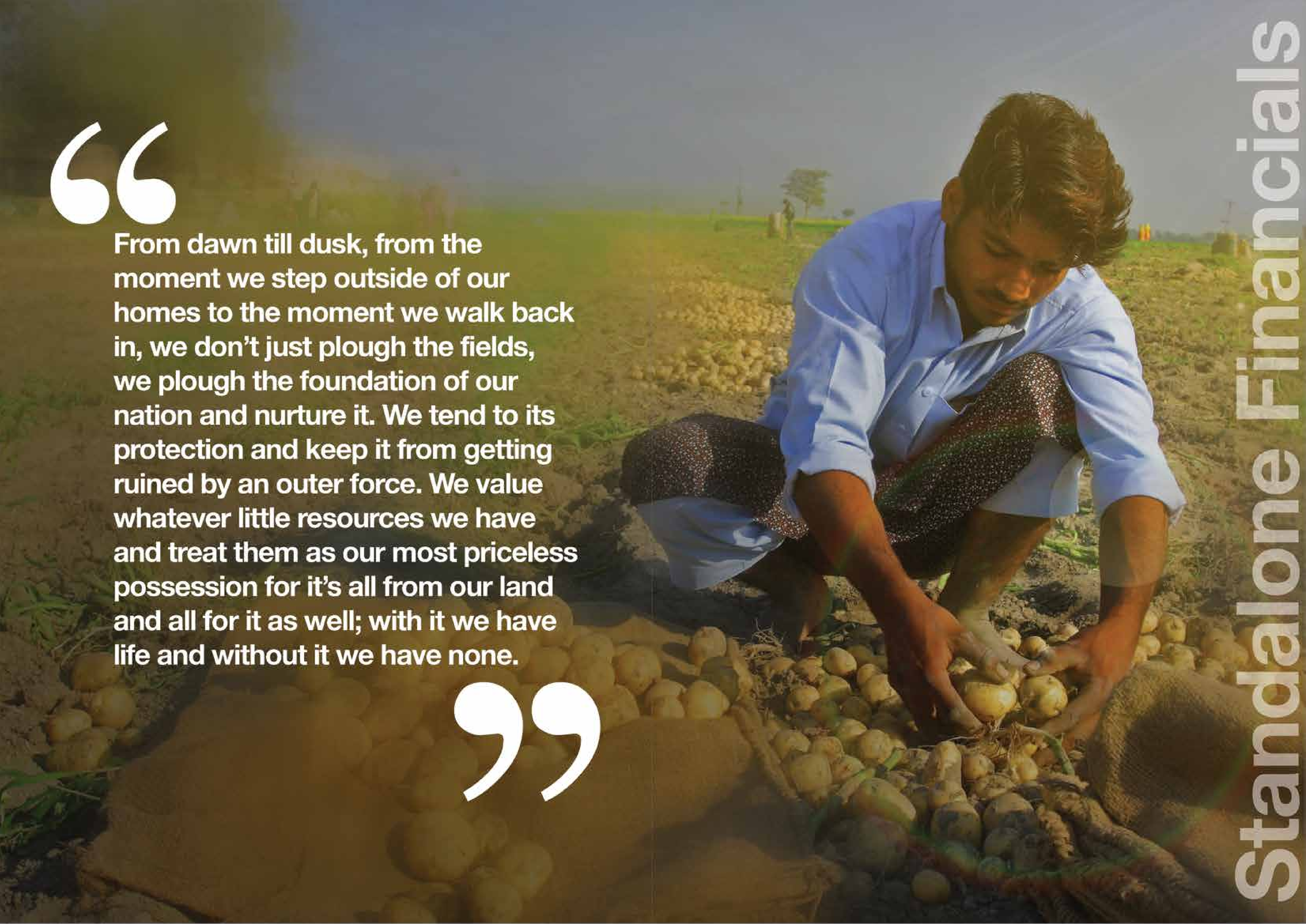
46. CORRESPONDING FIGURES

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

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on February 8, 2018 by the Board of Directors of the Holding Company.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman



Standalone Financials

"From dawn till dusk, from the moment we step outside of our homes to the moment we walk back in, we don't just plough the fields, we plough the foundation of our nation and nurture it. We tend to its protection and keep it from getting ruined by an outer force. We value whatever little resources we have and treat them as our most priceless possession for it's all from our land and all for it as well; with it we have life and without it we have none."

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Engro Fertilizers Limited (the Company) for the year ended December 31, 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited where the Company is listed.

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

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

Chartered Accountants
Karachi
Date: 2 March, 2018

Engagement Partner: Waqas A. Sheikh

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auditors' report to the members

We have audited the annexed balance sheet of Engro Fertilizers Limited as at December 31, 2017 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, 2017 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

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

Chartered Accountants
Karachi
Date: 2 March, 2018

Engagement Partner: Waqas A. Sheikh

balance sheet
as at december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		------Rupees------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	68,923,195	70,168,266
Intangible assets	5	4,475,474	4,450,606
Investment in subsidiaries	6	560,416	560,316
Long term loans and advances	7	134,535	120,637
		74,093,620	75,299,825
Current assets			
Stores, spares and loose tools	8	5,279,794	4,886,674
Stock-in-trade	9	3,528,439	6,820,161
Trade debts	10	3,484,501	7,585,312
Subordinated loan to subsidiary	11	2,000,000	-
Loans, advances, deposits and prepayments	12	701,392	678,351
Other receivables	13	8,506,327	6,986,069
Short term investments	14	7,083,347	142,729
Cash and bank balances	15	1,655,406	28,473
		32,239,206	27,127,769
TOTAL ASSETS		106,332,826	102,427,594

(Amounts in thousand)

	Note	2017	2016
		------Rupees------	
EQUITY & LIABILITIES			
Equity			
Share capital	16	13,352,993	13,309,323
Share premium		3,384,904	3,132,181
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(47,669)	(27,000)
Unappropriated profit		24,626,571	25,172,422
		27,659,779	27,973,576
TOTAL EQUITY		41,012,772	41,282,899
Liabilities			
Non-current liabilities			
Borrowings	17	22,784,014	29,379,946
Deferred liabilities	18	9,453,556	7,561,108
Service benefits obligations	19	173,811	156,619
		32,411,381	37,097,673
Current liabilities			
Trade and other payables	20	21,585,098	14,959,537
Accrued interest / mark-up		543,569	583,632
Taxes payable		913,246	1,104,141
Current portion of:			
- borrowings	17	8,119,864	5,171,515
- service benefits obligations	19	50,271	49,157
Short term borrowings	21	1,671,732	1,909,843
Unclaimed dividend		24,893	19,544
Derivative financial instruments	22	-	249,653
		32,908,673	24,047,022
TOTAL LIABILITIES		65,320,054	61,144,695
Contingencies and Commitments	23		
TOTAL EQUITY & LIABILITIES		106,332,826	102,427,594

The annexed notes from 1 to 49 form an integral part of these financial statements.

Atif Kaludi Chief Financial Officer	Ruhail Mohammed Chief Executive	Ghias Khan Chairman

profit and loss account
for the year ended december 31, 2017

(Amounts in thousand except for earnings per share)

	Note	2017	2016
		-----------------Rupees-----------------	
Net sales	24	63,010,060	69,518,729
Cost of sales	25	(42,538,067)	(52,408,080)
Gross profit		20,471,993	17,110,649
Selling and distribution expenses	26	(6,493,239)	(6,702,247)
Administrative expenses	27	(1,267,577)	(888,324)
		12,711,177	9,520,078
Other income	28	6,074,598	8,135,374
Other operating expenses	29	(1,230,232)	(1,144,178)
Finance cost	30	(2,560,453)	(3,136,045)
		(3,790,685)	(4,280,223)
Profit before taxation		14,995,090	13,375,229
Taxation	31	(4,858,541)	(4,350,528)
Profit for the year		10,136,549	9,024,701
Earnings per share - basic	32	7.60	6.78
Earnings per share - diluted	32	7.60	6.72

The annexed notes from 1 to 49 form an integral part of these financial statements.

Atif Kaludi
Chief Financial Officer

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

statement of comprehensive income
for the year ended december 31, 2017

(Amounts in thousand)

	2017	2016
	-----------------Rupees-----------------	
Profit for the year	10,136,549	9,024,701
Other comprehensive income		
Items potentially re-classifiable to Profit and Loss		
Hedging reserve - cash flow hedges		
Loss arising during the year	-	(219,452)
Less: Adjustment for amounts transferred to profit and loss account	-	226,997
Tax relating to hedging reserve	-	(3,009)
	-	4,536
Items not re-classifiable to Profit and Loss		
Remeasurement of post employment benefits obligation	(30,375)	20,095
Tax relating to remeasurement of post employment benefits obligation	9,706	(6,431)
	(20,669)	13,664
Other comprehensive (loss) / income for the year, net of tax	(20,669)	18,200
Total comprehensive income for the year	10,115,880	9,042,901

The annexed notes from 1 to 49 form an integral part of these financial statements.

Atif Kaludi
Chief Financial Officer

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

statement of changes in equity
for the year ended december 31, 2017

(Amounts in thousand)

	Share capital	Reserve – Capital – Share premium	Reserve – Capital – Reserve on amalgamation	Reserve – Revenue – Hedging reserve	Reserve – Revenue – Remeasurement of post employment benefits	Reserve – Revenue – Unappropriated profit	Total
	----------	----------	----------	Rupees	----------	----------	----------
Balance as at January 1, 2017	13,309,323	3,132,181	(304,027)	-	(27,000)	25,172,422	41,282,899
Transactions with owners							
Shares issued upon exercise of conversion option (note 17.2)	43,670	252,723	-	-	-	-	296,393
Dividends:							
- Final 2016: Rs. 2.50 per share	-	-	-	-	-	(3,338,251)	(3,338,251)
- 1st interim 2017: Rs. 2.50 per share	-	-	-	-	-	(3,338,251)	(3,338,251)
- 2nd interim 2017: Rs. 3.00 per share	-	-	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	-	-	(10,682,400)	(10,682,400)
Total comprehensive income for the year ended December 31, 2017							
Profit for the year	-	-	-	-	-	10,136,549	10,136,549
Other comprehensive income:							
- remeasurements, net of tax	-	-	-	-	(20,669)	-	(20,669)
	-	-	-	-	(20,669)	10,136,549	10,115,880
Balance as at December 31, 2017	13,352,993	3,384,904	(304,027)	-	(47,669)	24,626,571	41,012,772
Balance as at January 1, 2016	13,309,323	3,132,181	-	(4,536)	(40,664)	26,129,716	42,526,020
Transactions with owners							
Dividends:							
- Final 2015: Rs. 3.00 per share	-	-	-	-	-	(3,992,797)	(3,992,797)
- 1st interim 2016: Rs. 2.00 per share	-	-	-	-	-	(2,661,865)	(2,661,865)
- 2nd interim 2016: Rs. 2.50 per share	-	-	-	-	-	(3,327,333)	(3,327,333)
	-	-	-	-	-	(9,981,995)	(9,981,995)
Total comprehensive income for the year ended December 31, 2016							
Profit for the year	-	-	-	-	-	9,024,701	9,024,701
Other comprehensive income :							
- cash flow hedges, net of tax	-	-	-	4,536	-	-	4,536
- remeasurements, net of tax	-	-	-	-	13,664	-	13,664
	-	-	-	4,536	13,664	9,024,701	9,042,901
Reserve created upon amalgamation	-	-	(304,027)	-	-	-	(304,027)
Balance as at December 31, 2016	13,309,323	3,132,181	(304,027)	-	(27,000)	25,172,422	41,282,899

The annexed notes from 1 to 49 form an integral part of these financial statements.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman

statement of cash flows
for the year ended december 31, 2017

(Amounts in thousand)

	Note	2017	2016
		-----------------Rupees	-----------------
Cash flows from operating activities			
Cash generated from operations	36	34,024,059	7,649,490
Retirement and other service benefits paid		(46,254)	(43,618)
Finance cost paid		(2,615,921)	(3,371,678)
Taxes paid		(3,143,417)	(3,498,254)
Long term loans and advances - net		(13,898)	39,141
Net cash generated from operating activities		28,204,569	775,081
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(3,900,123)	(3,010,417)
Subordinated loan to subsidiary - EFert Agritrade (Private) Limited		(2,000,000)	-
Investment in EFert Agritrade (Private) Limited		(100)	-
Transfers on amalgamation of Engro Eximp (Private) Limited		-	(20,388)
Proceeds from disposal of :			
- property, plant & equipment	4.3	704,092	11,983
- investments - net		-	393,597
Income on deposits / other financial assets		59,714	203,198
Net cash utilised in investing activities		(5,136,417)	(2,422,027)
Cash flows from financing activities			
Proceeds from:			
- long term borrowings		1,500,000	25,132,253
- short term borrowings		-	800,000
Repayments of:			
- long term borrowings		(5,085,439)	(26,711,654)
- short term borrowings		(800,000)	-
Dividends paid		(10,677,051)	(9,968,554)
Net cash utilised in financing activities		(15,062,490)	(10,747,955)
Net increase / (decrease) in cash and cash equivalents		8,005,662	(12,394,901)
Cash and cash equivalents at beginning of the year		(938,641)	11,456,260
Cash and cash equivalents at end of the year	37	7,067,021	(938,641)

The annexed notes from 1 to 49 form an integral part of these financial statements.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

Engro Fertilizers Limited ('the Company') is a public company incorporated on June 29, 2009 in Pakistan under the repealed Companies Ordinance, 1984 (the Ordinance), [now the Companies Act, 2017] as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company). The Company is listed on Pakistan Stock Exchange Limited (PSX). The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers. The Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 These financial statements have been prepared under the historical cost convention, except for re-measurement of certain financial assets and liabilities at fair value through profit or loss, derivative hedging instrument at fair value and recognition of certain staff retirement benefits at present value.

2.1.2 These financial statements have been prepared in accordance with the requirements of repealed Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed. The Ordinance has been repealed after the enactment of the Companies Act, 2017. However, as clarified by the SECP through its circular dated October 4, 2017, these financial statements have been prepared in accordance with the provisions of the repealed Ordinance.

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

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

a) Standards, amendments to published standards and interpretations that are effective in 2017 and are relevant to the Company

The following new amendments to published standards is mandatory for the financial year beginning January 1, 2017 and are relevant to the Company:

- IAS 7 'Cash flow statements: This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided.

(Amounts in thousand)

- IAS 12 'Income Taxes'. These amendments clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendment is not expected to have a significant impact on the Company's financial statements.

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

The following new standards and interpretation are not effective for the financial year beginning January 1, 2017 and have not been early adopted by the Company:

- IFRIC 22 ' Foreign Currency Transactions and Advance Consideration' (effective for periods beginning on or after January 1, 2018). This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

- IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Company is yet to access the full impact of the standard.

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

- IFRS 16 'Leases' (not yet adopted by the SECP). This standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. The Company is yet to access the full impact of the standard.

There are other amendments to published standards and interpretations that are not yet effective and are also not relevant to the Company's financial reporting and operations and therefore, have not been presented here.

2.2 Property, plant and equipment

2.2.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except freehold land and capital work in progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs (note 2.23). The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

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

Depreciation is charged to the profit and loss account using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value, if significant, is depreciated over its estimated useful life. Depreciation on addition is charged from the month following the month in which the asset is available for use and on disposals up to the preceding month of disposal.

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

2.2.2 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to similar owned asset. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Finance cost under lease agreements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

2.3 Intangible assets

a) Computer Software and licenses

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

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

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

b) Rights for future gas utilization

Rights for future gas utilization represent premium paid to the Government of Pakistan for allocation of 100 MMSCFD natural gas for a period of 20 years for Enven plant. The rights are being amortised from the date of commercial production on a straight-line basis over the remaining allocation period.

c) Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a business and the fair value of the Company's share of its net assets at the date of acquisition and is carried at cost less accumulated impairment, if any.

d) Right to use the brand

These are stated at cost less impairment, if any.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is tested for impairment atleast once a year and other intangibles with indefinite life are tested for impairment at reporting date. Where the carrying value exceeds the estimated recoverable amount, these are written down to their recoverable amount and the resulting impairment is charged to profit and loss account.

Impairment is reversed only if there have been changes in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amount does not exceed the carrying values that would have existed, had no impairments been recognised, except impairment of goodwill which is not reversed.

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.4 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

2.5 Investment in subsidiary

Investments in subsidiary companies are initially recognised at cost. These are subsequently measured at cost less accumulated impairment, if any. Where impairment losses subsequently reverse, the carrying amount of the investments are increased to the revised amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised as an income.

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

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

2.7 Financial assets

2.7.1 Classification

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

a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in 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.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period; which are classified as non-current assets.

c) Held to maturity

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

d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose it off within 12 months of the end of the reporting date.

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised 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 recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held to maturity and loans and receivables are subsequently carried at amortised 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 operating income / expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are included in the profit and loss account.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 2.13.

2.8 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original financial liability. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.9 Offsetting financial instruments

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

2.10 Derivative financial instruments and hedging activities

Derivatives are recognised initially at fair value; attributable transaction cost are recognised in profit and loss account when incurred. Subsequent to initial recognition, derivatives are measured at fair values, and changes therein are accounted for as follows:

a) Cash flow hedges

Changes in fair value of derivative hedging instruments designated as a cash flow hedge are recognised in statement of comprehensive income to the extent that the hedge is effective. To the extent the hedge is ineffective, changes in fair value are recognised in profit and loss account.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously deferred in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount previously deferred in equity is transferred to carrying amount of the asset when it is recognised. In other cases the amount deferred in equity is transferred to profit and loss account in the same period that the hedge item affects profit and loss account.

b) Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit and loss account.

2.11 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. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated realisable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are shown separately as major spare parts and stand by equipment.

2.12 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined using weighted average method except for raw materials in transit which are stated at cost (invoice value) plus other charges incurred thereon till the balance sheet date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to be incurred in order to make the sales.

2.13 Trade debts and other receivables

These are recognised initially at fair value plus directly attributable transaction costs, if any and subsequently measured at amortised cost using effective interest rate method less provision for impairment, if any. A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss account. Trade debts and other receivables considered irrecoverable are written-off.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

2.15 Share capital

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

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

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

2.17 Trade and other payables

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

These are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case the tax is also recognised in the statement of comprehensive income or directly in equity, respectively.

Current

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

Deferred

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

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

(Amounts in thousand)

2.19 Employee benefits

2.19.1 Defined contribution plans

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

The Company contributes to:

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

- defined contribution pension fund for the benefit of those management employees who have not opted for defined contribution gratuity fund as explained in note 2.19.3. Monthly contributions are made by the Company to the fund at rates ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity fund for the benefit of those management employees who have selected to opt out of defined benefit gratuity fund and defined contribution pension plans as explained in note 2.19.3. Monthly contributions are made by the Company to the fund at the rate of 8.33% of basic salary.

All of the aforementioned funds are managed by the Holding Company.

2.19.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method, related details of which are given in note 34 to the financial statements.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognised directly in equity through other comprehensive income.

Contributions require assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

The Company also contributes to:

- defined benefit funded pension scheme for its management employees.

- defined benefit funded gratuity schemes for its management and non-management employees.

The pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme.

2.19.3 In June 2011, the Company gave a one time irrevocable offer to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employee's Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

(Amounts in thousand)

2.19.4 Service incentive plan

The Company recognizes provision under a service incentive plan for certain category of experienced employees to continue in the Company's employment.

2.19.5 Employees' compensated absences

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

2.20 Provisions

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

2.21 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 recognised in the profit and loss account.

2.22 Revenue recognition

Revenue is recognised to the extent that 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 reduced for marketing allowances. Revenue is recognised on the following basis:

- Sales revenue is recognised when significant risk and rewards are transferred to customers, which usually concides with delivery of goods to the customers;

- Income on deposits and other financial assets is recognised on accrual basis; and

- Commission income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

2.23 Borrowing costs

Borrowing costs are recognised 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 includes exchange differences arising on foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

2.24 Research and development costs

Research and development costs are charged to profit and loss account as and when incurred.

2.25 Government grant

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

(Amounts in thousand)

2.26 Earnings per share

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

2.27 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised 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

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

3.2 Income taxes

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

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 35.2.3 and 35.2.8 respectively.

3.4 Impairment of goodwill and right to use the brand

Determining the recoverable value of goodwill and right to use the brand involves use of significant estimates and assumptions. In making the aforementioned fair valuation estimates discounted cash flow approach is used. The underlying assumptions used for such valuation are disclosed in note 5.1.

4. PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	-----------------Rupees-----------------	
Operating assets at net book value (note 4.1)	65,115,401	67,314,224
Capital work in progress (CWIP) (note 4.4)	3,396,331	2,443,486
Major spare parts and stand-by equipment	411,463	410,556
	68,923,195	70,168,266

(Amounts in thousand)

4.1 Operating assets

	Land		Building on		Plant and	Gas		Office		
	Freehold	Leasehold	Freehold	Leasehold	machinery	pipeline	Catalyst	equipment	Vehicles	Total
	--Rupees--									
As at January 1, 2016										
Cost	149,575	187,320	2,624,261	434,711	90,798,187	2,414,963	1,960,174	824,236	339,944	99,733,371
Accumulated depreciation	-	(61,033)	(1,019,657)	(122,888)	(25,878,671)	(362,941)	(1,680,585)	(612,155)	(242,365)	(29,980,295)
Net book value	149,575	126,287	1,604,604	311,823	64,919,516	2,052,022	279,589	212,081	97,579	69,753,076
Year ended December 31, 2016										
Net book value - January 1, 2016	149,575	126,287	1,604,604	311,823	64,919,516	2,052,022	279,589	212,081	97,579	69,753,076
Transfers from CWIP (note 4.4.1)	-	-	97,947	-	2,032,558	-	248,848	139,416	66,456	2,585,225
Transfers due to amalgamation	-	-	-	-	-	-	-	4,707	-	4,707
Disposals / write offs (note 4.3)										
Cost	-	-	-	-	-	-	-	(1,752)	(39,576)	(41,328)
Accumulated depreciation	-	-	-	-	-	-	-	1,492	28,993	30,485
	-	-	-	-	-	-	-	(260)	(10,583)	(10,843)
Depreciation charge (note 4.2)	-	(4,393)	(143,363)	(10,923)	(4,480,358)	(71,584)	(200,589)	(66,857)	(39,874)	(5,017,941)
Net book value	149,575	121,894	1,559,188	300,900	62,471,716	1,980,438	327,848	289,087	113,578	67,314,224
As at January 1, 2017										
Cost	149,575	187,320	2,722,208	434,711	92,830,745	2,414,963	2,209,022	966,607	366,824	102,281,975
Accumulated depreciation	-	(65,426)	(1,163,020)	(133,811)	(30,359,029)	(434,525)	(1,881,174)	(677,520)	(253,246)	(34,967,751)
Net book value	149,575	121,894	1,559,188	300,900	62,471,716	1,980,438	327,848	289,087	113,578	67,314,224
Year ended December 31, 2017										
Net book value - January 1, 2017	149,575	121,894	1,559,188	300,900	62,471,716	1,980,438	327,848	289,087	113,578	67,314,224
Transfers from CWIP (note 4.4.1)	6,200	-	104,757	-	2,591,258	-	8,978	129,081	55,332	2,895,606
Disposals / write offs (note 4.3)										
Cost	-	(42,420)	-	-	-	-	(770,686)	(234)	(12,701)	(826,041)
Accumulated depreciation	-	16,014	-	-	-	-	770,686	122	10,827	797,649
	-	(26,406)	-	-	-	-	-	(112)	(1,874)	(28,392)
Depreciation charge (note 4.2)	-	(4,310)	(144,836)	(11,004)	(4,532,730)	(144,016)	(113,570)	(76,516)	(39,055)	(5,066,037)
Reclassification during the year										
Cost	(2)	-	(100,632)	5,467	89,941	110,880	(50,162)	(55,642)	150	-
Accumulated depreciation	-	(105)	173,044	(2,060)	(48,223)	(181,258)	50,162	8,056	384	-
	(2)	(105)	72,412	3,407	41,718	(70,378)	-	(47,586)	534	-
Net book value	155,773	91,073	1,591,521	293,303	60,571,962	1,766,044	223,256	293,954	128,515	65,115,401
As at December 31, 2017										
Cost	155,773	144,900	2,726,333	440,178	95,511,944	2,525,843	1,397,152	1,039,812	409,605	104,351,540
Accumulated depreciation	-	(53,827)	(1,134,812)	(146,875)	(34,939,982)	(759,799)	(1,173,896)	(745,858)	(281,090)	(39,236,139)
Net book value	155,773	91,073	1,591,521	293,303	60,571,962	1,766,044	223,256	293,954	128,515	65,115,401
Annual rate of depreciation (%)	-	2 to 5	2.5 to 8	2.5	5 to 10	5	No. of production days	10 to 25	12 to 25	

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

	2017	2016
	-----------------Rupees-----------------	
Cost of sales (note 25)	5,018,362	4,972,486
Selling and distribution expenses (note 26)	36,188	31,524
Administrative expenses (note 27)	11,487	13,931
	5,066,037	5,017,941

(Amounts in thousand)

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

Description and method of disposal	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds
		------------------------Rupees------------------------			
Leasehold Land (note 28.2)	Naveena Steel Mills (Private) Limited	42,420	16,014	26,406	696,900
Vehicles					
By Company policy to existing / separating executives	Syed Khalid S. Subhani	11,027	9,924	1,103	5,400
Insurance claims	EFU General Insurance Limited	1,674	903	771	1,658
Office Equipment					
Insurance claims	EFU General Insurance Limited	169	57	112	124
		55,290	26,898	28,392	704,082
Items having net book value upto Rs. 50 each					
Office equipment		65	65	-	10
Catalyst		770,686	770,686	-	-
Year ended December 31, 2017		826,041	797,649	28,392	704,092
Year ended December 31, 2016		41,328	30,485	10,843	11,983

(Amounts in thousand)

4.4 Capital work in progress

	2017	2016
	----------------Rupees----------------	
Plant and machinery	2,987,204	2,109,278
Building and civil works including gas pipeline	215,858	185,992
Furniture, fixture and equipment	31,024	6,543
Advances to suppliers	82,761	28,542
Others	79,484	113,131
	3,396,331	2,443,486

4.4.1	2017	2016
Balance as at January 1	2,443,486	1,946,598
Additions during the year	3,899,216	3,092,476
Transferred to:		
- operating assets (note 4.1)	(2,895,606)	(2,585,225)
- intangible assets (note 5)	(50,765)	(10,363)
Balance as at December 31	3,396,331	2,443,486

5. INTANGIBLE ASSETS

	Goodwill	Right to use the brand (note 5.1)	Software and licenses	Rights for future gas utilization	Total
	----------------------------------Rupees----------------------------------				
As at January 1, 2016					
Cost	-	-	265,734	102,312	368,046
Accumulated amortisation	-	-	(238,461)	(23,098)	(261,559)
Net book value	-	-	27,273	79,214	106,487
Year ended December 31, 2016					
Net book value - January 1, 2016	-	-	27,273	79,214	106,487
Transfers due to amalgamation	183,806	4,170,995	651	-	4,355,452
Transfers from CWIP (note 4.4.1)	-	-	10,363	-	10,363
Amortisation (note 5.2)	-	-	(16,586)	(5,110)	(21,696)
Net book value	183,806	4,170,995	21,701	74,104	4,450,606
As at December 31, 2016					
Cost	183,806	4,170,995	276,748	102,312	4,733,861
Accumulated amortisation	-	-	(255,047)	(28,208)	(283,255)
Net book value	183,806	4,170,995	21,701	74,104	4,450,606
Year ended December 31, 2017					
Net book value - January 1, 2017	183,806	4,170,995	21,701	74,104	4,450,606
Transfers from CWIP (note 4.4.1)	-	-	50,765	-	50,765
Amortisation (note 5.2)	-	-	(20,786)	(5,111)	(25,897)
Net book value	183,806	4,170,995	51,680	68,993	4,475,474
As at December 31, 2017					
Cost	183,806	4,170,995	327,513	102,312	4,784,626
Accumulated amortization	-	-	(275,833)	(33,319)	(309,152)
Net book value	183,806	4,170,995	51,680	68,993	4,475,474

5.1 Goodwill and Right to use the brand

The recoverable amount of cash generating unit is the higher of value in use or fair value less cost to sell. Value in use is calculated as the net present value of the projected cash flows of the cash generating unit to which the asset belongs, discounted at risk-adjusted discount rate.

Details relating to the discounted cash flow model used to determine the value in use of goodwill and right to use the brand are as follows:

Valuation basis	Value in use
Key assumptions	Sales growth rates Discount rate
Determination of assumptions	- Growth rates are internal forecasts based on both internal and external market information and past performance. - Cost reflects past experience, adjusted for inflation and expected changes. - Discount rate is primarily based on weighted average cost of capital.
Terminal growth rate	2.5%
Period of specific projected cash flows	5 years
Discount rate	9.7%

The valuation indicates sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill and right to use the brand.

5.2 Amortisation for the year has been allocated as follows:

	2017	2016
	-----------------Rupees-----------------	
Cost of sales (note 25)	15,700	13,410
Selling and distribution expenses (note 26)	7,543	5,341
Administrative expenses (note 27)	2,654	2,945
	25,897	21,696

6. INVESTMENT IN SUBSIDIARIES

Engro Eximp FZE	560,316	560,316
EFert Agritrade (Private) Limited	100	-
	560,416	560,316

6.1 During the period on July 6, 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of the Company to carry out trading and distribution of imported fertilizer as part of the business reorganization. The Company has transferred its business of trading and distribution of imported fertilizer to EAPL and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

(Amounts in thousand)

7. LONG TERM LOANS AND ADVANCES- Considered good

	2017	2016
	-----------------Rupees-----------------	
Executives (notes 7.1, 7.2 and 7.3)	223,626	212,142
Other employees (note 7.4)	733	12,839
	224,359	224,981
Less: Current portion shown under current assets (note 12)	89,824	104,344
	134,535	120,637

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

Balance at beginning of the year	212,142	229,589
Disbursements	155,414	144,375
Repayments / amortisation	(143,930)	(161,822)
Balance at end of the year	223,626	212,142

7.2

Service incentive loans	134,620	127,353
Advances in respect of:		
- Car earn out assistance	43,099	30,334
- Long term incentive	-	904
- House rent	16,585	18,204
- Retention loan	10,820	15,444
- Salary	7,853	6,882
- Others	10,649	13,021
	223,626	212,142

7.3 The maximum amount outstanding at the end of any month during the year ended December 31, 2017 from executives aggregated to Rs. 229,941 (2016: Rs. 257,035).

7.4 Represents interest free loans given to workers pursuant to Collective Labour Agreement.

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

(Amounts in thousand)

8. STORES, SPARES AND LOOSE TOOLS

	2017	2016
	-----------------Rupees-----------------	
Consumable stores	492,698	472,430
Spares	5,015,871	4,639,053
Loose tools	4,712	4,243
	5,513,281	5,115,726
Less: Provision for surplus and slow moving items	233,487	229,052
	5,279,794	4,886,674

9. STOCK-IN-TRADE

	2017	2016
Raw materials	1,130,508	495,633
Packing materials	115,716	86,637
Work in process	18,526	30,233
	1,264,750	612,503
Finished goods:		
- manufactured product (note 9.1)	1,733,036	5,050,607
- purchased and packaged product (note 9.2)	530,653	1,170,100
	2,263,689	6,220,707
Less: Provision for Net Realisable Value on finished goods	-	13,049
	3,528,439	6,820,161

9.1 Includes stock held with third parties amounting to Rs. 1,128,105 (2016: Nil).

9.2 Includes stock-in-transit amounting to Rs. 81,688 (2016: Rs. 112,528).

10. TRADE DEBTS

	2017	2016
Considered good		
- Secured (note 10.1)	3,441,175	7,525,976
- Unsecured	43,326	59,336
	3,484,501	7,585,312
Considered doubtful	-	24,400
	3,484,501	7,609,712
Less: Provision for impairment (note 10.2)	-	24,400
	3,484,501	7,585,312

10.1 These debts are secured by way of bank guarantee and inland letter of credit.

10.2 During the year, trade debts aggregating to Rs. 24,400 (2016: Nil), which were provided for in prior years, have been written off. These debts were outstanding for over 1 year from the balance sheet date.

(Amounts in thousand)

11. SUB-ORDINATED LOAN TO SUBSIDIARY

Represents unsecured loan given to EAPL amounting to Rs. 2,000,000. The mark up is receivable at the rate of 6 months KIBOR + 0.5% on quarterly basis. The amount is receivable by October 18, 2018.

12. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

	2017	2016
	-----------------Rupees-----------------	
Considered good		
Current portion of long term loans and advances to executives and other employees (note 7)	89,824	104,344
Advances and deposits	303,576	327,499
Prepayments		
- Insurance	210,117	231,897
- Others	97,875	14,611
	701,392	678,351
Considered doubtful		
Advances and deposits	-	3,509
Less: Provision for doubtful debts (note 12.1)	-	(3,509)
	-	-
	701,392	678,351

12.1 As at December 31, 2017, advances and deposits aggregating to Nil (2016: Rs. 3,509) were impaired and provided for. These have been outstanding for more than 1 year from the balance sheet date.

13. OTHER RECEIVABLES

	2017	2016
	-----------------Rupees-----------------	
Receivable from Government of Pakistan (GoP) (notes 13.1 & 13.2)	7,323,870	6,079,329
Sales tax receivable	1,111,093	893,420
Due from subsidiary - Engro Eximp FZE	51,451	-
Due from associated companies:		
- Engro Polymer & Chemicals Limited	12,645	4,102
- Engro Powergen Thar Limited	313	67
- Engro Energy Limited (formerly Engro Powergen Limited)	98	-
- Engro Foundation	107	1,707
- Engro Eximp Agri Products (Private) Limited	2,364	1,981
- Sindh Engro Coal Mining Company Limited	939	27
- Engro Vopak Terminal Limited	297	179
- Hub Power Services Limited	591	-
Claims on foreign suppliers	2,225	1,629
Others	334	3,628
	8,506,327	6,986,069

(Amounts in thousand)

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

During 2016, a new subsidy scheme was announced by the GoP, effective June 25, 2016 whereby subsidy was payable on sold products at the rate of Rs. 156 per 50kg bag of Urea and Rs. 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

During the year, another subsidy scheme was announced by GOP, effective July 01, 2017. Under the new subsidy scheme aforementioned rates were replaced with Rs. 100 per 50kg bag for Urea only.

13.2 As at December 31, 2017, receivable from GoP aggregating to Rs. 77,121 (2016: Nil) were past due and provided for. These receivables have been outstanding for more than 1 year from the balance sheet date.

13.3 The maximum amount due from the Holding Company, subsidiary and associated companies at the end of any month during the year amounted to:

	2017	2016
	-----------------Rupees-----------------	
Holding Company		
- Engro Corporation Limited	-	6,903
Subsidiary Companies		
- Engro Eximp (Private) Limited	-	39,292
- EFERT Agritrade (Private) Limited	321	-
- Engro Eximp FZE	71,102	66,848
Associated Companies		
- Engro Foods Limited	5,575	2,225
- Engro Polymer & Chemicals Limited	12,645	4,464
- Engro Powergen Qadirpur Limited	14,187	14,847
- Engro Energy Limited (formerly Engro Powergen Limited)	1,064	527
- Sindh Engro Coal Mining Company Limited	1,593	2,023
- Engro Powergen Thar Limited	4,210	3,897
- Engro Eximp Agriproducts (Private) Limited	2,616	4,541
- Engro Foundation	9,326	1,663
- Engro Elengy Terminal (Private) Limited	-	856
- Engro Vopak Terminal Limited	1,787	1,119
- Elengy Terminal Pakistan Limited	-	203
- Hub Power Services Limited	591	-

13.4 As at December 31, 2017, receivables aggregating to Rs. 2,559 (2016: Rs. 5,257) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2017	2016
	-----------------Rupees-----------------	
Upto 3 months	-	5,257
More than 6 months	2,559	-
	2,559	5,257

14. SHORT TERM INVESTMENTS

Represent Pakistan Investment Bonds and other fixed income placement amounting to Rs. 7,046,347 (2016: Rs. 105,729) at the interest rate of ranging from 6.08% to 6.80% (2016: 5.94% to 6.68%) per annum; and local currency deposits with various banks amounting to Rs. 37,000 (2016: Rs. 37,000) at interest rates ranging from 5.40% to 6.50% (2016: 5.50% to 7.00%) per annum.

15. CASH AND BANK BALANCES

	2017	2016
	-----------------Rupees-----------------	
Cash at banks on:		
- deposit accounts (note 15.1)	7,766	9,157
- current accounts (note 15.2)	1,646,440	14,157
	1,654,206	23,314
Cash in hand	1,200	5,159
	1,655,406	28,473

15.1 Deposit accounts carry return at the rate of 4.00% (2016: 4.00% to 5.75%) per annum.

15.2 Includes Rs. 456,183 (2016: Rs.12,723) held in foreign currency bank accounts.

16. SHARE CAPITAL

	2017	2016
	-----------------Rupees-----------------	
Authorised Capital		
1,400,000,000 (2016: 1,400,000,000) Ordinary shares of Rs. 10 each	14,000,000	14,000,000
Issued, subscribed and paid-up capital		
258,132,299 (2016: 258,132,299) Ordinary shares of Rs. 10 each, fully paid in cash	2,581,323	2,581,323
9,999,993 (2016: 9,999,993) Ordinary shares of Rs. 10 each issued as at January 1, 2010 on transfer of fertilizer undertaking	100,000	100,000
1,062,800,000 (2016: 1,062,800,000) Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	10,628,000	10,628,000
4,367,083 (2016: Nil) Ordinary shares of Rs. 10 each, issued upon exercise of conversion option by IFC (note 17.2)	43,670	-
	13,352,993	13,309,323

(Amounts in thousand)

16.1 Movement in issued, subscribed and paid up capital

2017	2016		2017	2016
----------Number of shares----------			-----------------Rupees----------------	
1,330,932,292	1,330,932,292	At January 1	13,309,323	13,309,323
4,367,083	-	Ordinary shares of Rs. 10 each issued upon exercise of conversion option by International Finance Corporation (IFC) - (note 17.2)	43,670	-
1,335,299,375	1,330,932,292		13,352,993	13,309,323

16.2 As at balance sheet date, the Parent Company held 56.27% of the share capital of the Company.

(Amounts in thousand)

17. BORROWINGS - Secured (Non-participatory)

	Note	Mark-up rate p.a.	Installments Number	Installments Commenced / Commencing from	2017	2016
					-------------Rupees-------------	
Long term finance utilised under mark-up arrangements:						
Senior Lenders						
Allied Bank Limited		6 months KIBOR + 0.8%	1 bullet payment	March 18, 2018	2,000,000	2,000,000
Allied Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	2,000,000	2,000,000
National Bank of Pakistan		6 months KIBOR + 1.1%	10 half yearly	March 5, 2013	-	599,521
Faysal Bank Limited		6 months KIBOR + 1.2%	13 half yearly	May 26, 2013	499,138	831,182
Standard Chartered Bank (Pakistan) Limited		6 Months KIBOR + 0.9%	13 half yearly	June 14, 2013	398,741	594,942
Standard Chartered Bank (Pakistan) Limited		6 Months KIBOR + 0.8%	1 bullet payment	March 18, 2018	1,000,000	1,000,000
Samba Bank Limited		6 Months KIBOR + 0.9%	14 half yearly	April 1, 2013	199,431	297,621
National Bank of Pakistan		6 Months KIBOR + 1.2%	10 half yearly	September 28, 2013	166,531	415,521
Syndicated finance		6 months KIBOR + 0.4%	6 half yearly	June 26, 2019	9,108,338	9,100,403
Islamic offshore finance		6 months LIBOR + 2.57%	7 half yearly	March 28, 2014	-	1,762,711
Habib Metropolitan Bank Limited		6 Months KIBOR + 0.9%	10 half yearly	June 21, 2013	-	40,000
United Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	4,000,000	4,000,000
MCB Bank Limited		6 months KIBOR + 0.80%	1 bullet payment	March 18, 2018	3,000,000	3,000,000
MCB Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	4,000,000	4,000,000
MCB Bank Limited	17.1	6 Months KIBOR + 0.05%	4 half yearly	March 28, 2021	1,500,000	-
Subordinated Lenders						
International Finance Corporation	17.2	6 months LIBOR + 3%	5 half yearly	July 18, 2014	-	1,249,386
Dubai Islamic Bank Pakistan Limited		6 months KIBOR + 0.4%	4 half yearly	November 28,2018	800,000	800,000
Certificates						
Privately Placed Subordinated Sukuk Certificates		6 months KIBOR + 1.75%	10 half yearly	January 9, 2015	2,231,699	2,860,174
					30,903,878	34,551,461
Less: Current portion shown under current liabilities					8,119,864	5,171,515
					22,784,014	29,379,946

17.1 During the year, the Company obtained bilateral loan from MCB Bank Limited amounting to Rs.1,500,000 to finance capital expenditure.The loan has the same charge as the other Senior Lenders.

17.2 The Company availed a loan of US$ 30,000 from International Finance Corporation (IFC), divided into (i) 30% convertible loan on the shares of the Company at Rs. 24 per ordinary share calculated at the US Dollar to Pakistan Rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC to exercise the conversion option, and (ii) 70% non-convertible loan. IFC had exercised the conversion option equivalent to US$ 8,000 up till 2016. During the year, the Company received a notice dated March 1, 2017 for the exercise of remaining conversion option on US$ 1,000. Consequently 4,367,083 ordinary shares of the Company have been allotted to the IFC on March 15, 2017. Further, the Company has fully repaid remaining outstanding balance of the loan during the current year.

(Amounts in thousand)

17.3 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future fixed assets excluding immovable property of the Company.

Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and Privately Placed Subordinated Sukuk (PPSS) has a subordinate mortgage upon immovable property of the Company and a subordinate charge over current and future fixed assets excluding immovable property of the Company.

17.4 In view of the substance of the transactions, the sale and repurchase of assets under long term finance have not been recorded in these financial statements.

17.5 Following are the changes in the long term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2017	2016
	-----------------Rupees-----------------	
Balance as at January 1, 2017	34,551,461	36,026,244
Loan availed during the year	1,500,000	25,132,253
Amortization of transaction cost	36,499	136,467
Loan repaid	(5,085,439)	(26,711,654)
Conversion of IFC loan option	(104,810)	-
Exchange loss / (gain)	6,167	(31,849)
Balance as at December 31, 2017	30,903,878	34,551,461

18. DEFERRED LIABILITIES

	2017	2016
Deferred taxation (note 18.1)	9,388,172	7,491,859
Deferred income (note 18.2)	65,384	69,249
	9,453,556	7,561,108

18.1 Deferred taxation

	2017	2016
Credit / (Debit) balances arising on account of:		
- Accelerated depreciation allowance	13,467,920	13,741,142
- Recoupable minimum turnover tax (note 18.1.1)	-	(2,178,308)
- Alternative Corporate Tax	(3,962,572)	(3,962,572)
- Provision for:		
- staff retirement benefits	(30,760)	(23,462)
- slow moving stores and spares and doubtful receivables	(86,416)	(84,941)
	9,388,172	7,491,859

18.1.1 In 2013, the High Court of Sindh, in respect of another company, has overturned the interpretation of the Appellate Tribunal on Section 113 (2)(c) of the Income Tax Ordinance, 2001 and has decided that the minimum turnover tax cannot be carried forward where there is no tax paid on account of loss for the year. The Company's management is however of the view, duly supported by legal advisor, that the above order would not be maintainable at the Supreme Court. Therefore, the Company has continued to carry forward and adjust minimum tax, as reflected above.

18.2 Deferred income

This represents Rs. 96,627 received from Engro Powergen Qadirpur Limited (EPQL), an associated company, for the right to use the Company's infrastructure facilities at Daharki Plant by the employees of EPQL for a period of twenty five years. The amount is being amortised over such period.

19. SERVICE BENEFITS OBLIGATIONS

	2017	2016
	-----------------Rupees-----------------	
Service benefit obligation	224,082	205,776
Less: Current portion shown under current liabilities	50,271	49,157
	173,811	156,619

20. TRADE AND OTHER PAYABLES

	2017	2016
Creditors	3,358,329	2,926,032
Accrued liabilities (note 20.1)	9,760,343	4,836,474
Advances from customers	5,098,627	450,043
Payable to:		
- Engro Foods Limited	1,626	1,633
- Engro Energy Limited (formerly Engro Powergen Limited)	-	2,419
- Engro Powergen Qadirpur Limited	1,713	2,611
- Elengy Terminal Pakistan Limited	1,463	1,352
- EFERT Agritrade (Private) Limited	786,298	-
- Engro Eximp FZE	-	4,476,789
Deposits from dealers	25,607	18,155
Contractors' deposits and retentions	90,520	91,273
Workers' welfare fund (note 20.2)	1,740,268	1,487,221
Workers' profits participation fund (note 20.3)	4,129	39,099
Witholding tax payable	165,000	133,381
Others	551,175	493,055
	21,585,098	14,959,537

20.1 Includes Rs. 7,001,135 (2016: Rs. 1,782,787) on account of Gas Infrastructure Development Cess (GIDC). The Federal Government challenged the decision of the Sindh High Court (SHC), which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of SHC suspending the order. However, the Company obtained an injunction / stay order based on the fact that since the Company is not a party to the case, hence, the suspension is not applicable to the Company's case. The Government preferred an appeal before the SHC for suspension of the injunction / stay order, hearing of which is underway. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the new GIDC Act and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

20.2 Last year, the Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through Finance Acts, 2006 and 2008 were ultra vires to the constitution of Pakistan. However, the taxation authorities had proceeded to file a review petition thereagainst in the Supreme Court of Pakistan. Due to this review petition, the Company continuous to carry the payable in this respect.

(Amounts in thousand)

20.3. Workers Profit Participation Fund

	2017	2016
	-----------------Rupees-----------------	
Balance as at January 1	39,099	11,892
Charge for the year	805,322	719,099
Interest expense	1,193	1,894
Payments during the year	(841,485)	(693,786)
Balance as at December 31	4,129	39,099

21. SHORT TERM BORROWINGS

The Company has funded facilities for short term finances available from various banks and institutional investors amounting to Rs. 17,250,000 (2016: Rs. 14,000,000) along with non-funded facilities of Rs. 3,327,000 (2016: Rs. 2,178,048) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.5% to 1.5% per annum over 1-month KIBOR and all the facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs.1,671,732 (2016: Rs. 1,909,843) from funded facilities as at the balance sheet date.

Out of the aforementioned funded and non-funded facilities the Company has negotiated sub limits with various banks for financing the operations of its subsidiary - EAPL, amounting to Rs. 3,533,000 and Rs. 150,000, respectively.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2017	2016
	-----------------Rupees-----------------	
Conversion options on IFC loan	-	194,999
Cash flow hedges - Foreign exchange forward contracts - net	-	54,654
	-	249,653
Less: Current portion shown under current assets / liabilities		
Conversion options on IFC loan	-	194,999
Cash flow hedges - Foreign exchange forward contracts	-	54,654
	-	249,653
	-	-

23. CONTINGENCIES AND COMMITMENTS

Contingencies

23.1 Bank guarantees of Rs.2,280,860 (2016: Rs. 2,178,048) have been issued in favour of third parties.

23.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amount to Rs.58,680 (2016: Rs. 58,680).

23.3 The Company has entered in to Dealer Finance Agreements (DFAs) with different banks amounting to Rs. 4,500,000 (2016: Rs. 2,000,000) consequent to which the banks will provide financial assistance to dealers approved by the Company. In respect to DFA of Rs. 2,500,000 from a bank the Company has agreed to bear 10% of the principal in case of default.

As at year end the banks have made disbursements under the DFAs amounting to Rs. 1,226,631 (2016: Rs. 999,000) maturing on various future dates.

23.4 The Company is contesting a penalty of Rs. 115,631 paid and expensed in 1997, imposed by the State Bank of Pakistan (SBP) for alleged late payment of foreign exchange risk cover fee on long term loans and has filed a suit in the High Court of Sindh. Out of the total penalty Rs. 62,618 was refunded in 1999 by the SBP, while the recovery of balance amount is dependent on the Court's decision.

23.5 The Company had commenced two separate arbitration proceedings against the Government of Pakistan for non-payment of marketing incidentals relating to the years 1983-84 and 1985-86. The sole arbitrator in the second case has awarded the Company Rs. 47,800, whereas the award for the earlier years is awaited. The award for the second arbitration was challenged in the High Court of Sindh. In December 2013, the High Court of Sindh has upheld the award. However, as this can be challenged by way of further appeals, it will be recognised as income on realisation thereof.

23.6 The Company had filed a constitutional petition in the High Court of Sindh against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to the Enven Plant and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. The High Court of Sindh in its order dated October 18, 2011, has ordered that SNGPL should supply 100 mmscfd of gas per day to the Company's new plant. However, five petitions have been filed in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith twenty one other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. The Company's management, as confirmed by the legal advisor, considers the chances of petitions being allowed to be remote.

Further, the Company upon continual curtailment of gas after the aforementioned decision of the High Court has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. The Company, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to the Company's plant despite the judgment of the High Court in Company's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011 by the High Court. The application is pending for hearing and no orders have yet been passed in this regard.

23.7 All Pakistan Textile Processing Mills Association (APTMA), Agritech Limited (Agritech), Shan Dying & Printing Industries (Private) Limited and twenty seven others have each contended, through separate proceedings filed before the Lahore High Court that the supply to the Company's expansion plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and therefore the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 with Sui Northern Gas Pipeline Company Limited (SNGPL) be declared void ab initio because the output of Qadirpur gas field has infact decreased. Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. The Company has out rightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to the Company through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the expansion plant, with right to first 100 mmcfd gas production from the Qadirpur gas field; and (iii) both the Company and the Qadirpur gas field are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply from Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die. However, the Company's management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

(Amounts in thousand)

23.8 The Company along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 in relation to unreasonable increase in fertilizer prices. The Company has responded in detail that factors resulting in such increase were mainly the imposition of infrastructure cess and sales tax and partially the gas curtailment. The CCP has issued an order in March 2013, whereby it has held that the Company enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs. 3,140,000 and Rs. 5,500,000 on the Company and that other fertilizer company, respectively. An appeal has been filed in the Competition Appellate Tribunal and a writ has been filed in the Sindh High Court and stay has been granted against the recovery of the imposed penalty. hearings have been conducted at Appellate Tribunal where Farmer Association has filed an internal application. The Company's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

23.9 During the year, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by M/s Snamprogetti Engineering (the Contractor) from its contract with the Company, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. As per the terms of the contract, the Company is liable to reimburse the Contractor for any taxes applied to the income of the Contractor under the contract by the taxation authorities. In respect thereof, the Contractor has preferred an appeal in the Supreme Court of Pakistan.

The management of the Company based on the opinion of its legal counsel, is of the view that that the income of the Contractor is exempt from tax under the aforementioned clause of the Double Taxation Treaty and the matter will be decided in favour of the Contractor and, hence, no provision has been made in this respect.

23.10 Commitments

	2017	2016
	-----------------Rupees-----------------	
Commitments in respect of capital expenditure and other operational items	2,366,269	2,483,898

24. NET SALES

	2017	2016
	-----------------Rupees-----------------	
Gross sales:		
- manufactured product	54,134,282	50,899,776
- purchased and packaged product	13,178,764	28,093,247
	67,313,046	78,993,023
Less: Sales tax	4,302,986	9,474,294
	63,010,060	69,518,729

24.1 The above amount includes trade discount amounting to Rs. 362 (2016: Rs. 406,277).

25. COST OF SALES

	2017	2016
	-----------------Rupees-----------------	
Cost of sales - Manufactured product		
Raw materials consumed	12,094,227	15,408,776
Salaries, wages and staff welfare (note 25.1)	2,021,099	1,896,338
Fuel and power	6,639,650	7,651,502
Repairs and maintenance	1,025,019	1,813,913
Depreciation (note 4.2)	5,018,362	4,972,486
Amortisation (note 5.2)	15,700	13,410
Consumable stores	446,686	574,544
Training, HSE and other related expenses	404,448	408,061
Purchased services	523,297	431,932
Travel	52,175	48,684
Communication, stationery and other office expenses	40,589	31,371
Insurance	329,605	359,334
Rent, rates and taxes	21,078	19,577
Other expenses	2,576	3,306
Manufacturing cost	28,634,511	33,633,234
Add: Opening stock of work in process	30,233	20,688
Less: Closing stock of work in process (note 9)	(18,526)	(30,233)
Cost of goods manufactured	28,646,218	33,623,689
Add: Opening stock of finished goods	5,050,607	1,982,363
Less: Closing stock of finished goods (note 9)	(1,733,036)	(5,050,607)
	31,963,789	30,555,445
Cost of sales - Purchased and packaged product		
Opening stock - Purchased and packaged product - net of NRV	1,157,051	3,688,392
Add : Purchases during the year	9,947,880	19,321,294
Less: Closing stock - Purchased and packaged product - net of NRV (note 9)	(530,653)	(1,157,051)
	10,574,278	21,852,635
	42,538,067	52,408,080

25.1 Salaries, wages and staff welfare includes Rs. 130,347 (2016: Rs. 130,776) in respect of staff retirement benefits.

(Amounts in thousand)

26. SELLING AND DISTRIBUTION EXPENSES

	2017	2016
	-----------------Rupees-----------------	
Salaries, wages and staff welfare (note 26.1)	668,445	547,744
Training, HSE and other related expenses	90,246	87,735
Product transportation and handling	3,925,965	3,999,434
Royalty	757,164	745,010
Repairs and maintenance	6,510	5,510
Advertising and marketing	319,833	504,204
Rent, rates and taxes	527,735	604,771
Communication, stationery and other office expenses	23,433	28,130
Travel	82,140	77,008
Depreciation (note 4.2)	36,188	31,524
Amortisation (note 5.2)	7,543	5,341
Purchased services	21,738	24,471
Insurance	22,750	28,283
Others	3,549	13,082
	6,493,239	6,702,247

26.1 Salaries, wages and staff welfare includes Rs. 49,388 (2016: Rs. 49,170) in respect of staff retirement benefits.

27. ADMINISTRATIVE EXPENSES

	2017	2016
	-----------------Rupees-----------------	
Salaries, wages and staff welfare (note 27.1)	411,923	362,116
Training, HSE and other related expenses	41,560	36,554
Repairs and maintenance	15,693	15,839
Rent, rates and taxes	360,750	72,723
Communication, stationery and other office expenses	41,670	41,654
Travel	20,393	18,845
Depreciation (note 4.2)	11,487	13,931
Amortisation (note 5.2)	2,654	2,945
Purchased services	258,015	238,742
Donations (note 41)	83,477	71,292
Insurance	6,882	2,567
Others	13,073	11,116
	1,267,577	888,324

27.1 Salaries, wages and staff welfare includes Rs. 38,389 (2016: Rs. 36,891) in respect of staff retirement benefits.

(Amounts in thousand)

28. OTHER INCOME

	2017	2016
	-----------------Rupees-----------------	
Income from sales under Government subsidy (note 13.1)	4,980,288	7,878,050
On financial assets		
Income on bank accounts under:		
- Shariah permissible arrangements	183	47
- interest / mark up arrangements	16,236	17,489
Income on subordinated loan to Subsidiary company	22,078	22,243
Income on treasury bills,term deposit certificates and Pakistan Investment Bonds	64,500	119,500
Dividend income	52,384	-
Others	1,034	774
	156,415	160,053
On non-financial assets		
Commission income (note 28.1)	198,348	-
Gain on disposal of property, plant and equipment (note 4.3 and 28.2)	675,700	1,140
Rental income	5,045	4,795
Scrap sales	47,577	7,879
Others	11,225	83,457
	937,895	97,271
	6,074,598	8,135,374

28.1 Represents commission earned as a selling agent of imported fertilizer on behalf of EFERT Agritrade (Private) Limited, Subsidiary company.

28.2 Net-off transaction costs on disposal of land amounting to Rs.10,100 paid to Port Qasim Authority.

29. OTHER OPERATING EXPENSES

	2017	2016
	-----------------Rupees-----------------	
Workers' profits participation fund (note 20.3)	805,322	719,099
Workers' welfare fund	306,022	287,656
Research and development	31,360	69,090
Auditors' remuneration (note 29.1)	11,957	7,276
Legal and professional	66,043	51,334
Others	9,528	9,723
	1,230,232	1,144,178

(Amounts in thousand)

29.1 Auditors' remuneration

	2017	2016
	-----------------Rupees-----------------	
Fee for:		
- audit of annual financial statements	2,200	2,050
- special audit / review of half yearly financial information	540	459
- review of compliance with the Code of Corporate Governance	50	40
- certifications, advices and audit of retirement funds	850	2,320
- taxation services	8,017	2,146
- reimbursement of expenses	300	261
	11,957	7,276

30. FINANCE COST

	2017	2016
Interest / mark-up / return on:		
- long term borrowings	2,206,873	2,611,067
- short term borrowings	361,382	471,398
Gain on fair value of IFC conversion option	(3,415)	(103,750)
Foreign exchange (gain) / loss - net	(4,387)	157,330
	2,560,453	3,136,045

31. TAXATION

	2017	2016
Current		
- for the year	4,704,830	2,757,986
- for prior years (note 31.4)	(1,752,308)	(44,095)
	2,952,522	2,713,891
Deferred	1,906,019	1,636,637
	4,858,541	4,350,528

31.1 During 2015, the income tax department had amended the assessment filed by the Company for tax year 2014. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivative and losses purchased from Engro Eximp Agriproducts (Private) Limited, an associate, under section 59B of the Income Tax Ordinance, 2001. In addition the tax department raised demand for the Alternative Corporate Tax through the same order, for which the Company specifically obtained a stay order. The case is pending to be heard before the CIR(A) and the Company is confident of a favourable outcome.

31.2 During 2014, the income tax department amended the assessment filed by the Company for tax years 2010 and 2011.The Company filed appeals thereagainst before the Appellate Tribunal Inland Revenue (ATIR) against the said disallowances, which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and tax year 2011 , and loss on derivative for tax year 2011. The Company had challenged the said decision before the High Court of Sindh, which is pending to be heard, however, the Company is confident of a favourable outcome.

(Amounts in thousand)

31.3 The Company had filed a suit in the High Court of Sindh, contesting both the retrospective and prospective application of the Alternative Corporate Tax under section 113C and has been granted stay in this respect for the years 2013, 2014, 2015 and 2016.

31.4 This includes Rs. 2,178,308 (2016: Rs. 338,837) of minimum tax of prior years adjusted during the current year and Rs. 426,000 (2016: Rs. 294,742) on account of provision in accordance with section 4B 'Super Tax for rehabilitation of temporarily displaced persons' inserted in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2016 and continued through Finance Act 2017, whereby tax at the rate 3 percent is payable on specified income exceeding Rs. 500,000 for the year ended December 31, 2015 and 2016 (tax years 2016 and 2017), respecitvely.

The Company has filed a suit in the High Court of Sindh, contesting the applicability of super tax, against which a stay has been granted for both the tax years.

31.5 As a result of demerger in 2009, all pending tax issues of the then Parent Company, Engro Chemical Pakistan Ltd. had been transferred to the Company. Major issues pending before the tax authorities are described below.

In previous years, the department had filed reference applications in the High Court against the below-mentioned ATIR's decisions in Company's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial year 2006 to 2008): Rs. 1,500,847
- Inter-Corporate Dividend (Financial year 2007 to 2008): Rs. 336,500
- G.P. Apportionment (Financial years 1995 to 2002): Rs. 653,000

The Company is confident that all pending issues will eventually be decided in its favor.

31.6 During 2015, the Company received a sales tax order from the tax department for the year ended December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs. 402,875 and on presumption that output tax liability is not being discharged by the Company on advances received from dealers amounting to Rs. 1,844,075. The Company filed an appeal thereagainst with the Commissioner Inland Revenue (Appeals) which decided the matters in favour of the Company. The department thereafter challenged the decision of the CIR(A) with the Appellate Tribunal Inland Revenue , which is pending to be heard.

31.7 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with the Company, all pending tax issues of EXIMP have been transferred to the Company. Major pending issue pertains to exercise of option to be taxed Under Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs. 796 million. The tax department has not accepted the said treatment, however, the matter was decided in favor of the Company by the Commissioner Income Tax Appeals, against which the department has filed an appeal.

(Amounts in thousand)

31.8 Relationship between tax expense and accounting profit

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

	2017	2016
	-----------------Rupees-----------------	
Profit before taxation	14,995,090	13,375,229
Tax calculated at the rate of 30% (2016: 31%)	4,498,526	4,146,320
Depreciation not deductible for tax purposes	134,308	3,389
Tax effect of:		
- Expenses not allowed for tax	332,883	99,370
- Final Tax Regime	(462,940)	-
Effect of:		
- Tax credits	(70,236)	(193,293)
- Recoupable minimum turnover tax	2,178,308	338,837
- Prior year tax charge	(1,752,308)	(44,095)
Tax charge for the year	4,858,541	4,350,528

32. EARNINGS PER SHARE (EPS)

32.1 Basic EPS has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the year.

32.2 As at December 31, 2017, there is no dilutive effect on the basic earnings per share of the Company. Earnings per share is based on following :

	2017	2016
	-----------------Rupees-----------------	
Profit for the year	10,136,549	9,024,701
Add		
- Interest on IFC loan - net of tax	588	2,926
- Gain on revaluation of conversion options on IFC loan net of tax	(2,225)	(66,648)
Profit used for the determination of diluted EPS	10,134,912	8,960,979
	-------Numbers (in thousands)-------	
Weighted average number of ordinary shares at beginning of year	1,330,932	1,330,932
Add : Weighted average adjustments for shares issued during the year under conversion of option	3,482	-
Weighted average number of shares for determination of basic EPS	1,334,414	1,330,932
- Assumed conversion of US$ 1,000 IFC loan	-	2,848
Weighted average number of shares for determination of diluted EPS	1,334,414	1,333,780

(Amounts in thousand)

33. FINANCING STRUCTURE / MODE

	2017	2016
	-----------------Rupees-----------------	
Conventional mode:		
Assets		
Short term investments	7,081,347	140,729
Cash and bank balances	1,562,815	28,386
Subordinated loan to subsidiary	2,000,000	-
	10,644,162	169,115
Liabilities		
Borrowings	26,473,438	27,533,633
Short term borrowings	1,671,732	1,909,843
	28,145,170	29,443,476
Shariah compliant mode:		
Assets		
Short term investment	2,000	2,000
Cash and bank balances	92,591	87
	94,591	2,087
Liabilities		
Borrowings	4,430,440	7,017,828

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2017			2016		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	-------------------- Rupees--------------------			-------------------- Rupees--------------------		
Managerial remuneration	47,612	-	1,856,015	87,711	-	2,087,102
Retirement benefits funds	6,649	-	193,827	6,564	-	187,424
Other benefits	87	-	61,984	36	-	77,927
Fees	-	1,450	-	-	2,000	-
Total	54,348	1,450	2,111,826	94,311	2,000	2,352,453
Number of persons including those who worked part of the year	1	5	567	1	7	540

34.2 These amounts are net off salaries, wages and others staff benefits paid on behalf of EAPL and subsequently charged to EAPL.

34.3 The Company also provides vehicles and certain household items for use of some executives and directors.

34.4 Premium charged in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 381 (2016: Rs. 509).

35. RETIREMENT AND OTHER SERVICE BENEFITS

35.1 Salient features

The Company offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Company offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a handful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with Board of Trustees of the Funds.

The Company faces the following risks on account of gratuity and pension funds:

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

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

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

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

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

- In addition to above, the pension fund exposes the Company to Longevity Risk i.e. the pensioners survive longer than expected.

(Amounts in thousand)

35.2 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2017, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---------- Rupees ----------					

35.2.1 Balance sheet reconciliation

	2017 NMPT	2016 NMPT	2017 MPT	2016 MPT	2017 Pension	2016 Pension
Present value of obligation	296,881	238,301	146,542	137,729	29,156	32,132
Fair value of plan assets	(165,049)	(168,767)	(186,223)	(165,178)	(40,713)	(44,213)
Deficit / (surplus) of funded plans	131,832	69,534	(39,681)	(27,449)	(11,557)	(12,081)
Payable to DC Gratuity Fund	-	-	9,736	9,736	-	-
Payable in respect of inter-transfers	-	-	46	46	-	-
Unrecognised asset	-	-	-	-	11,557	12,081
Net liability / (asset) at end of the year	131,832	69,534	(29,899)	(17,667)	-	-

35.2.2 Movement in net liability / (asset) recognised

	2017 NMPT	2016 NMPT	2017 MPT	2016 MPT	2017 Pension	2016 Pension
Net liability / (asset) at beginning of the year	69,534	58,738	(17,667)	(7,846)	-	-
Actual Contribution paid by employer	-	-	-	-	79	-
Charge / (Income) for the year	18,202	18,318	3,632	3,424	(930)	(672)
Remeasurements charged to OCI (note 35.2.7)	44,537	(7,522)	(15,864)	(13,245)	851	672
Unrecognised asset	(441)	-	-	-	-	-
Net liability / (asset) at end of the year	131,832	69,534	(29,899)	(17,667)	-	-

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---------- Rupees ----------					

35.2.3 Movement in defined benefit obligation

As at beginning of the year	238,301	228,376	137,729	149,332	32,132	33,367
Current service cost	12,754	13,255	5,745	5,779	-	-
Interest cost	18,947	20,221	10,978	12,043	2,413	2,823
Benefits paid during the year	(19,835)	(23,121)	(6,444)	(31,581)	(3,920)	(4,028)
Liability in respect of promotion out	(441)	-	-	-	-	-
Remeasurments charged to OCI (note 35.2.7)	47,155	(430)	(1,466)	2,160	(1,469)	(30)
Liability transferred in respect of inter group transfers	-	-	-	(4)	-	-
As at end of the year	296,881	238,301	146,542	137,729	29,156	32,132

35.2.4 Movement in fair value of plan assets

At beginning of the year	168,767	169,638	165,178	166,957	44,213	40,835
Expected return on plan assets	13,499	15,158	13,091	14,398	3,343	3,495
Benefits paid during the year	(19,835)	(23,121)	(6,444)	(31,581)	(3,920)	(4,028)
Remeasurments charged to OCI (note 35.2.7)	2,618	7,092	14,398	15,405	(2,844)	3,911
Assets transferred in respect of inter group transfers	-	-	-	(1)	-	-
Actual contribution by employer	-	-	-	-	(79)	-
As at end of the year	165,049	168,767	186,223	165,178	40,713	44,213

(Amounts in thousand)

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT		MPT			
	2017	2016	2017	2016	2017	2016
	---------- Rupees ----------					

35.2.5 Charge / (Reversal) for the year

Current service cost	12,754	13,255	5,745	5,779	-	-
Net interest cost	5,448	5,063	(2,113)	(2,355)	(930)	(672)
	18,202	18,318	3,632	3,424	(930)	(672)

35.2.6 Actual return on plan assets	14,491	22,145	8,617	26,616	2,221	4,826

35.2.7 Remeasurement recognised in Other Comprehensive Income

Loss / (Gain) from change in experience assumptions	51,080	(1,320)	(115)	1,526	(161)	128
(Gain) / Loss from change in financial assumptions	(3,925)	890	(1,351)	634	(1,308)	(158)
Remeasurement of obligation	47,155	(430)	(1,466)	2,160	(1,469)	(30)
Expected Return on plan assets	13,499	15,158	13,091	14,398	3,343	3,495
Actual Return on plan assets	(14,491)	(22,145)	(8,617)	(26,616)	(2,221)	(4,826)
Difference in fair value opening	(1,626)	(105)	(18,872)	(3,187)	1,722	(2,580)
Remeasurement of plan assets	(2,618)	(7,092)	(14,398)	(15,405)	2,844	(3,911)
Effect of asset ceiling	-	-	-	-	(524)	4,613
	44,537	(7,522)	(15,864)	(13,245)	851	672

35.2.8 Principal actuarial assumptions used in the actuarial valuation

Discount rate	8.8%	8.0%	7.8%	8.0%	8.8%	8.0%
Expected per annum rate of return on plan assets	8.0%	8.0%	8.0%	8.0%	8.8%	8.0%
Expected per annum rate of increase in salaries - next year	7.8%	9.5%	7.8%	10.0%	-	-
Expected per annum rate of increase in salaries-long term	7.8%	7.0%	7.8%	8.0%	-	-

(Amounts in thousand)

35.2.9 Demographic Assumptions

	Defined Benefit Gratuity Plans - Funded NMPT	Defined Benefit Gratuity Plans - Funded MPT	Defined Benefit Pension Plan - Funded (Curtailed)
Mortality rate	SLIC (01-05)-I	SLIC (2001-05)-1	SLIC (01-05)-I
Rate of employee turnover	Light	Heavy	-

35.2.10 Sensitivity Analysis

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

	Increase in assumption			Decrease in assumption		
	Gratuity Fund		Pension	Gratuity Fund		Pension
	NMPT	MPT	Fund	NMPT	MPT	Fund
	---------- Rupees ----------					
Discount Rate	269,650	142,090	27,571	328,411	151,301	30,924
Long Term Salary Increases	328,411	151,256	-	269,177	142,050	-
Long Term Pension Increases	-	-	31,068	-	-	27,424

35.2.11 Maturity Profile

	Gratuity Fund		Pension
Time in Years	NMPT	MPT	Fund
	----------Rupees----------		
1	10,757	37,966	3,905
2	29,565	54,747	3,905
3	22,548	5,197	3,905
4	16,642	6,368	3,905
5-10	132,303	8,598	3,905
11-15	317,397	98,986	3,905
16-20	524,730	-	3,905
20+	842,822	-	3,905
Weighted average duration (years)	9.17	3.04	5.44

(Amounts in thousand)

35.2.12 Plan assets comprise of the following:

	Defined Benefit Gratuity Plans - Funded				Defined Benefit Pension Plan - Funded (Curtailed)	
	NMPT 2017		MPT* 2017		2017	
	Rupees	(%)	Rupees	(%)	Rupees	(%)
Fixed income instruments	138,554	84	132,503	71	28,629	70
Investment in equity instruments	23,825	14	49,162	26	-	-
Cash	2,670	2	4,560	3	12,084	30
	165,049	100	186,225	100	40,713	100

* The employees of the Company in respect of gratuity are members of Defined Benefit Gratuity Fund maintained and funded by the Parent Company. Accordingly, the above information is based upon the plan assets of Engro Corporation Limited Gratuity Fund.

35.2.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

35.2.14 Expected future cost / (reversal) for the year ending December 31, 2018 is as follows:

	Rupees
- NMPT Gratuity Fund	27,770
- MPT Gratuity Fund	2,362
- MPT Pension Fund	(970)

35.2.15 Historical information of staff retirement benefits:

	2017	2016	2015	2014	2013
Gratuity Plans Funded - NMPT	----------Rupees----------				
Present value of defined benefit obligation	296,881	238,301	228,376	166,212	162,184
Fair value of plan assets	(165,049)	(168,767)	(169,638)	(178,713)	(98,340)
Deficit / (Surplus)	131,832	69,534	58,738	(12,501)	63,844
Gratuity Plans Funded - MPT					
Present value of defined benefit obligation	146,542	137,729	149,332	135,336	153,367
Fair value of plan assets	(186,223)	(165,178)	(166,957)	(140,235)	(177,549)
Surplus	(39,681)	(27,449)	(17,625)	(4,899)	(24,182)
Pension Plan Funded					
Present value of defined benefit obligation	29,156	32,132	33,367	34,406	32,218
Fair value of plan assets	(40,713)	(44,213)	(40,835)	(38,824)	(38,535)
Surplus	(11,557)	(12,081)	(7,468)	(4,418)	(6,317)

(Amounts in thousand)

35.3. Defined contribution plans

An amount of Rs. 197,220 has been charged during the year (2016: Rs. 195,767) in respect of defined contribution plans maintained by the Holding Company.

36. CASH GENERATED FROM OPERATIONS

	2017	2016
	----------------Rupees----------------	
Profit before taxation	14,995,090	13,375,229
Adjustment for non-cash charges and other items:		
Depreciation (note 4.2)	5,066,037	5,017,941
Amortisation - net	22,032	17,831
Profit on disposal of property, plant and equipment (note 28)	(675,700)	(1,140)
Provision for retirement and other service benefits	64,561	76,795
Income on deposits / other financial assets	(102,997)	(159,279)
Finance cost (note 30)	2,560,453	3,136,045
Provision for NRV on finished goods (note 9)	-	13,049
Provision for surplus and slow moving stores and spares (note 8)	4,435	12,233
Working capital changes (note 36.1)	12,090,148	(13,839,214)
	34,024,059	7,649,490

36.1 Working capital changes

(Increase) / decrease in current assets		
- Stores, spares and loose tools	(397,555)	(259,765)
- Stock-in-trade	3,291,722	272,856
- Trade debts	4,100,811	(5,323,565)
- Loans, advances, deposits and prepayments	(23,041)	(87,469)
- Other receivables (net)	(1,476,975)	(5,721,261)
	5,494,962	(11,119,204)
Increase / (decrease) in trade and other payables	6,595,186	(2,720,010)
	12,090,148	(13,839,214)

37. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 15)	1,655,406	28,473
Short term investments (note 14)	7,083,347	142,729
Short term borrowings (note 21)	(1,671,732)	(1,109,843)
	7,067,021	(938,641)

38. FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	----------------Rupees----------------	
Financial assets as per balance sheet		
- Loans and receivables		
Loans, advances and deposits	173,716	116,775
Trade debts	3,484,501	7,609,712
Other receivables	71,364	13,320
Subordinated loan to subsidiary	2,000,000	-
Cash and bank balances	1,655,406	28,473
	7,384,987	7,768,280
- Held to maturity		
Short term investments	7,083,347	142,729
Financial liabilities as per balance sheet		
- Financial liabilities measured at amortised cost		
Borrowings	30,903,878	34,551,461
Trade and other payable	14,421,143	12,849,793
Short term borrowings	1,671,732	1,909,843
Accrued interest / mark-up	543,569	583,632
	47,540,322	49,894,729
- Fair value through profit and loss		
Conversion option on IFC loan	-	194,999
Derivative financial instruments	-	54,654
	-	249,653

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

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

(Amounts in thousand)

a) Market risk

i) Currency risk

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

This exists due to the Company's exposure resulting from outstanding import payments, foreign currency loan liabilities and related interest payments. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Company to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Company ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

As at year end there were no foreign currency denominated liabilities.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from long-term borrowings and short-term investments. Borrowing are benchmarked to variable rates which expose the Company to cash flow interest rate risk, whereas short-term investment are fixed rate placements and expose the Company to fair value interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether they should enter into hedging alternatives.

As at December 31, 2017, if interest rates had been 1% higher / lower with all other variables held constant, post tax profit for the year would have been lower / higher by Rs.228,029.

b) Credit risk

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

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The Company maintains an internal policy to place funds with commercial banks and mutual funds of asset management companies having a minimum short term credit rating of A1 and AM3 respectively. However, the Company maintains operational balances with certain banks of lower rating for the purpose of effective collection of bank guarantees and to cater to loan disbursements.

The Company is exposed to a concentration of credit risk on its trade debts by virtue of all its customers being agri-based businesses in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees and inland letter of credit.

The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the management.

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

	2017	2016
	-----------------Rupees-----------------	
Loans, advances and deposits	173,716	116,775
Trade debts	3,484,501	7,585,312
Other receivables	71,364	13,320
Subordinated loan to subsidiary	2,000,000	-
Short term investments	7,083,347	142,729
Cash and bank balances	1,654,206	23,314
	14,467,134	7,881,450

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

	Rating agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank AL Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A+
The Bank of Punjab	PACRA	A1+	AA
Albaraka Bank (Pakistan) Limited	PACRA	A1	A
Citi Bank N.A.	MOODY'S	P1	A1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1	AA-
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	JCR-VIS	A1	AA
Silk Bank Limited	JCR-VIS	A2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	JCR-VIS	A1	A-
United Bank Limited	JCR-VIS	A1+	AAA

(Amounts in thousand)

c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

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

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

	2017			2016		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	-------------------Rupees-------------------			-------------------Rupees-------------------		
Financial liabilities						
Derivatives	-	-	-	249,653	-	249,653
Trade and other payables	14,421,143	-	14,421,143	12,983,174	-	12,983,174
Accrued interest / mark-up	543,569	-	543,569	583,632	-	583,632
Borrowings	8,119,864	22,784,014	30,903,878	5,171,515	29,379,946	34,551,461
	23,084,576	22,784,014	45,868,590	18,987,974	29,379,946	48,367,920

39.2 Capital risk management

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

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

The total long term borrowings to equity ratio as at December 31, 2017 based on total long term borrowings of Rs. 30,903,878 (2016: Rs.34,551,461) and total equity of Rs. 41,012,772 (2016: Rs.41,282,899) was 43%:57% (2016: 46%:54%).

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

39.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of Holding Company, associated companies and other companies with common director, retirement benefits funds, directors and key management personnel.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017	2016
	-----------------Rupees-----------------	
Holding Company		
Dividend paid	6,010,496	6,526,428
Purchases and services	249,670	254,568
Services provided to Holding Company	32,106	25,521
Royalty	757,164	745,010
Reimbursements	85,143	109,737
Mark-up paid on subordinated loan	-	13,697
Use of assets	499	1,378
Repayment of sub-ordinated loan	-	3,000,000
Receipt of subordinated loan	-	3,000,000
Subsidiary companies		
Purchase of products	9,125,835	14,421,838
Short term loan to subsidiary	2,000,000	-
Reimbursements	270,392	77,483
Commission received	198,348	-
Dividend received	52,384	-
Funds collected against sales made on behalf of subsidiary	13,638,822	17,141
Mark-up on short term sub-ordinated loan from subsidiary	22,078	22,243
Associated companies		
Purchases and services	134,989	118,656
Sale of products	2,645	1,338
Services provided	112,782	84,751
Reimbursements	94,758	102,032
Payment of mark-up on TFCs and repayment of principal amount	9,016	54,847
Donation	63,000	57,500
Use of assets	2,706	2,366
Contribution to staff retirement benefits		
Pension fund	18,881	18,939
Gratuity fund	97,020	93,474
Provident fund	112,471	107,767
Others		
Remuneration of key management personnel	214,028	198,880

41. DONATIONS

Donations include the following in which a director or his spouse is interested:

	Interest in Donee	Name and address of Donee	2017	2016
			--------------Rupees--------------	
Ghias Khan	President			
Ruhail Mohammed	Trustee	Engro Foundation	63,000	57,500

(Amounts in thousand)

42. PRODUCTION CAPACITY

	Designed annual capacity Metric Tons		Actual production Metric Tons		Remarks
	2017	2016	2017	2016	
Urea plant I & II	2,275,000	2,275,000	1,806,977	1,881,016	Production planned as per market demand
NPK plant	100,000	100,000	109,059	94,610	

43. NUMBER OF EMPLOYEES

	Number of employees as at December 31,		Average number of employees	
	2017	2016	2017	2016
Management employees	674	653	659	640
Non-management employees	527	531	526	530
	1,201	1,184	1,185	1,170

44. PROVIDENT FUND

44.1 The employees of the Company participate in Provident Fund maintained by Engro Corporation Limited (the Holding Company). Monthly contribution are made both by the Company and employees to the fund maintained by the Parent Company at the rate of 10% of basic salary. Accordingly, the following information is based upon the latest unaudited financial statements of the provident fund maintained by the Parent Company as at June 30, 2017 and the audited financial statements as at June 30, 2016.

	2017	2016
	-----------------Rupees-----------------	
Size of the fund - Total assets	3,941,927	3,386,894
Cost of the investments made	2,493,496	2,920,257
Percentage of investments made	92%	92%
Fair value of investments	3,643,638	3,108,947

44.2 The break-up of investments is as follows:

	2017		2016	
	Rupees	%	Rupees	%
National Savings Scheme	824,473	23	808,579	26
Government securities	1,152,661	32	727,842	23
Listed securities	817,729	22	974,172	31
Balances with banks in savings account	848,775	23	598,355	20
	3,643,638	100	3,108,948	100

(Amounts in thousand)

44.3 The investments out of the fund have been made in accordance with the provisions of the Ordinance, and the rules formulated for the purpose.

45. SEASONALITY

The Company's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Company manages seasonality in the business through appropriate inventory management.

46. LOSS OF CERTAIN ACCOUNTING RECORDS

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

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

47. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on February 8, 2018 has proposed a final cash dividend of Rs. 3 per share for the year ended December 31, 2017 amounting to Rs. 4,005,898, for approval of the members at the Annual General Meeting to be held on March 26, 2018. The amount of total dividend is calculated at the number of shares outstanding as at December 31, 2017.

48. CORRESPONDING FIGURES

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

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 8, 2018 by the Board of Directors of the Company.

Atif Kaludi	Ruhail Mohammed	Ghias Khan
Chief Financial Officer	Chief Executive	Chairman

proxy form

I/We ____

of ____ being a member of ENGRO FERTILIZERS LIMITED

and holder of ____

(Numbers of Shares)

Ordinary shares as per share Register Folio No. _____________________________________ and/or CDC

Participant I.D. No. ___________________ and Sub Account No.___________________, hereby appoint

__________________________________ of ________________________________ or failing him

____ of

____

as my/our proxy to vote for me/us and on my/our behalf at the 9th Annual general meeting of the Company to be held on the 26th day of March, 2018 and at any adjournment thereof.

Signed this ______________day of _______ 2018.

WITNESSES:

1) Signature : ________________________

Name : ________________________

Address : ________________________

____

CNOC or : ________________________

Passport No. ________________________

____

____

Signature

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

2) Signature : ________________________

Name : ________________________

Address : ________________________

____

CNOC or : ________________________

Passport No. ________________________

____

Note:

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

standard request form
circulation of annual audited accounts

The Share Registrar
Engro Fertilizers Ltd.
FAMCO Associates (Pvt.) Ltd.
8-F, Near Hotel Faran
Nursery, Block-6,
P.E.C.H.S. Karachi

Dated: ________________

Subject: **Request for Hard Copy of Annual Report of Engro Fertilizers Limited.**

Dear Sirs,

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 470(I)/2016 dated May 21, 2016 and approved by the Shareholders in the Annual General Meeting of the Company held on March 30, 2017, the Company shall circulate its annual balance sheet, and profit and loss account, auditor's report and directors report, etc. ("Annual Audited Accounts") to its members through CD/DVD/USB at their registered addresses, save for those who opt for a hardcopy of the Annual Audited Accounts by filling out the details below and sending it to the Company's Share Registrar and Company Secretary.

I/We, ______________________________ S/o, D/o, W/o ______________________ being a registered shareholder of Engro Fertilizers Limited with the particulars as mentioned below would request that my/our name be added to the list of Shareholders of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company and hereby request you send to me/us the Annual Audited Accounts in hard copy form at my/our registered address as contained in the member register instead of providing the same through CD/DVD/USB.

Particulars	
Name of Shareholder	
Folio No. / CDC ID No.	
CNIC/NICOP/ Passport No.	
Land Line Telephone No. (if any)	
Cell No. (if any)	

Yours truly,

____
Shareholder's Signature

Copy to:
Company Secretary
Engro Fertilizers Limited
7th & 8th Floor, HC # 3, The Harbor Front
Building, Block 4, Karachi – 75600


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@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

اسٹینڈرڈ درخواست فارم

سالانہ آڈٹ شدہ اکاؤنٹس کی گردش

بتاریخ ________________

حصص رجسٹرار
اینگرو فرٹیلائزر لمیٹڈ
فیمکو ایسوسی ایٹس پرائیویٹ لمیٹڈ
8-F، نزد ہوٹل فارن
نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی۔
ای میل info.shares@famco.com.pk
ٹیلی فون نمبر: 3-4621 3438 ,5-0101 3438 (9221)

عنوان: اینگرو فرٹیلائزر کی سالانہ رپورٹ کے لئے ہارڈ کاپی کی درخواست

محترم گرامی

جیسا کہ سیکورٹی اینڈ ایکس چینج کمیشن نے بذریعہ ایس آر او 2016/(I)470 بتاریخ 21 مئی 2016ء مطلع کیا ہے اور شیئر ہولڈرز نے 30 مارچ 2017ء کو منعقد کئے جانے والے سالانہ عمومی اجلاس میں منظوری دی تھی کہ کمپنی اپنی مالیاتی معلومات بشمول بیلنس شیٹ، منافع خسارے کے کھاتے، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ اپنے ممبران کو اُن کے رجسٹرڈ پتے پر سی ڈی/ڈی وی ڈی/یو ایس بی کی شکل میں ارسال کرے گی۔ تاہم وہ جو کمپنی کے مالیاتی گوشواروں کی ہارڈ کاپی چاہتے ہیں انہیں مندرجہ ذیل فارم میں اپنی معلومات پُر کرنی ہیں اور کمپنی کے حصص رجسٹرار اور کمپنی سیکریٹری کو فراہم کرنی ہیں۔

میں ____________ ولد/دختر/ زوجہ ______________ بطور اینگرو فرٹیلائزر کی رجسٹرڈ شیئر ہولڈر، اپنا نام اُس فہرست میں شامل کروانا چاہتا/چاہتی ہوں جنہیں کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس ہارڈ کاپی کی شکل میں ارسال کئے جائیں گے۔ لہذا میری گذارش ہے کہ مجھے سالانہ آڈٹ شدہ اکاؤنٹس بجائے سی ڈی/ڈی وی ڈی/یو ایس بی کے ہارڈ کاپی میں ارسال کئے جائیں۔

معلومات

شیئر ہولڈر کا نام	
فولیو نمبر/سی ڈی سی آئی ڈی نمبر	
قومی شناختی کارڈ نمبر/پاسپورٹ نمبر	
لینڈ لائن ٹیلی فون نمبر (اگر کوئی ہو تو)	
موبائل نمبر (اگر کوئی ہو تو)	

شکریہ

____
شیئر ہولڈر کے دستخط

پراکسی فارم

میں/ہم -- کے --

اینگروفرٹیلائزرز لمیٹڈ کے رکن اور عام شیئرز کے حامل کی حیثیت کے -- (شیئرز کی تعداد)

رجسٹر کا فولیو نمبر -------- اور/یا سی ڈی سی فولیو کا آئی ڈی نمبر ---------------------- اور ذیلی اکاؤنٹ نمبر ----------------،---------------------- کے

-- یا -- کے --

کو کمپنی کے سالانہ عام اجلاس جو 26 مارچ 2018ء کو منعقد ہوگا، میں میرے/ہمارے لئے اور میری/ہماری طرف سے بحیثیت اپنا پراکسی، ووٹ دینے کے لئے نامزد کرتا ہوں/کرتے ہیں۔

دستخط ---------------------------- بروز ------------ بتاریخ -------- / ------------ 2018۔

گواہان:

- دستخط : --
  نام : --
  پتہ : --

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ----------------------------
  پاسپورٹ نمبر : --

دستخط شیئر ہولڈر

(دستخط کا کمپنی میں رجسٹرڈ نمونے کے ہو بہو مطابق ہونا ضروری ہے)

- دستخط : --
  نام : --
  پتہ : --

  کمپیوٹرائزڈ قومی شناختی کارڈ نمبر : ----------------------------
  پاسپورٹ نمبر : --

نوٹ : نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جانا چاہیئے ۔ نمائندے کو کمپنی کا رکن ہونا ضروری نہیں۔

سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، پراکسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

ریٹائرمنٹ بینیفٹ فنڈز

کمپنی اپنے ملازمین کو بعداز ملازمت اور ریٹائرمنٹ پر مراعات فراہم کرنے کے منصوبے رکھتی ہے۔ان میں ڈیفائنڈ کنٹری بیوشن (DC)، گریجوٹی پلان، ڈی بی گریجویٹی پلان اور ڈی سی پرووڈنٹ فنڈ شامل ہیں جن کا نظم ونسق حتمی پیرنٹ کمپنی اینگرو کارپوریشن لمیٹڈ کے پاس ہے۔

پرووڈینٹ فنڈ (30 جون 2017ء)، گریجویٹی فنڈز (31 دسمبر 2016ء) اور پینشن فنڈز (31 دسمبر 2016ء) کے آڈٹ شدہ اکاؤنٹس مندرجہ ذیل میں درج کئے گئے ہیں۔

پرووڈینٹ فنڈ: 3,942 ملین روپے (اینگرو فرٹیلائزر کا شیئر: 1,968 ملین روپے)

ڈی سی پینشن فنڈ: 689 ملین روپے (اینگرو فرٹیلائزر کا شیئر: 371 ملین روپے)

ڈی بی پینشن فنڈ: 34 ملین روپے (صرف اینگرو فرٹیلائزر)

ڈی سی گریجویٹی فنڈ: 1,425 ملین روپے (اینگرو فرٹیلائزر کا شیئر: 594 ملین روپے)

ڈی بی، این ایم پی ٹی گریجویٹی فنڈ: 170 ملین روپے (صرف اینگرو فرٹیلائزر)

ڈی بی، ایم پی ٹی گریجویٹی فنڈ: 245 ملین روپے (اینگرو فرٹیلائزر کا شیئر: 165 ملین روپے)

آڈیٹرز

موجودہ آڈیٹرز .A.F. Ferguson & Co، ریٹائر ہوچکے ہیں اور اہلیت کی بنیاد پر خود کو دوباری تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی اُن کی بطور آڈیٹر برائے سال 31 دسمبر 2018ء تقرری کی سفارش کرتی ہے۔

شیئر ہولڈنگ کا پیٹرن

مالی سال 31 دسمبر 2017ء کے اختتام پر کمپنی کی سب سے بڑی شیئر ہولڈنگ کمپنی اینگرو کارپوریشن ہے۔ 2017ء میں شیئر ہولڈنگ کے عمومی نقشے اور حصص یافتگان کے مخصوص طبقوں کی شیئر ہولڈنگ کی معلومات جو رپورٹنگ فریم ورک کے تحت درکار ہے، اور ڈائریکٹرز، اُن کی زوجہ یا شوہر اور کم عمر بچوں کے نام پر کی جانب سے شیئرز کی خرید وفروخت کا بیان اس رپورٹ میں شامل ہیں۔

بورڈ کے اجلاس اور حاضری

2017ء میں بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے ڈائریکٹرز کی ان اجلاسوں میں حاضری کا ریکارڈ مندرجہ ذیل ہے:

ڈائریکٹرز کے نام	اجلاسوں کی تعداد جن میں شرکت کی
غیاث خان	6/6
روحیل محمد	6/6
جاوید اکبر	6/6
عبدالصمد داؤد	3/6
اسد سید جعفر	4/6
سعدیہ خان	4/6
مظہر حسنانی	1/6*
نادر قریشی	4/6**
عاصم مرتضٰی خان	5/6

*جناب مظہر حسنانی نے بتاریخ 31 مارچ 2017ء کو استعفٰی دے دیا

**جناب نادر قریشی نے بتاریخ 31 مارچ 2017ء کو بطور ڈائریکٹر جوائن کیا

ڈائریکٹرز کی ذمہ داریوں کا اعلامیہ

ڈائریکٹرز درج ذیل ذمہ داریوں کے حوالے سے SECP کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

١۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر اس کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔

٢۔ کمپنی کے مالیاتی کھاتے درست انداز میں منظّم کئے گئے ہیں

٣۔ مالیاتی گوشواروں کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔

٤۔ مالیاتی گوشواروں کی تیاری میں عالمی فنانشل رپورٹنگ معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں، اُن کی مکمل اور درست پیروی کی گئی ہے اور معلومات مفصل انداز میں بیان کی گئی ہے

٥۔ نظام کے داخلی کنٹرول کی ساخت محفوظ ہے اور اس کا مؤثر اطلاق اور نگرانی کی گئی ہے

٦۔ ادارے کے مستقبل میں اپنے کام جاری رکھنے پر کوئی قابل ذکر خدشات نہیں ہیں

٧۔ کارپوریٹ گورننس کی بہترین پریکٹسز سے کسی قسم کا مادی گریز نہیں کیا گیا ہے، جیسا کہ لسٹنگ ریگولیشن میں تفصیلات شامل ہیں

٨۔ ایک ڈائریکٹر نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کی جانب سے کروائی جانے والی تربیتی کورس میں حصہ نہیں لیا ہے باقی تمام ڈائریکٹرز نے کورس مکمل کرلیا ہے۔

بی سی سی حاضری

2017ء میں بورڈ کمپنسیشن کمیٹی کے دو اجلاس منعقد ہوئے ڈائریکٹرز کی ان اجلاسوں میں حاضری کا ریکارڈ مندرجہ ذیل ہے:

ممبران کے نام	میٹنگز میں حاضری
غیاث خان	2/2
عبدالصمد داؤد	1/2
جاوید اکبر	2/2

بی اے سی حاضری

2017ء میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے ڈائریکٹرز کی ان اجلاسوں میں حاضری کا ریکارڈ مندرجہ ذیل ہے:

ممبران کے نام	میٹنگز میں حاضری
جاوید اکبر	4/4
اسد سید جعفر	3/4
سعدیہ خان	3/4

روحیل محمد
چیف ایگزیکٹو آفیسر

غیاث خان
چیئرمین

ہم اس بات کو یقینی بناتے ہیں کہ ہمارے تمام مینوفیکچرنگ پلانٹس میں ملازمین کو مخصوص ایچ ایس ای خطرات، ہنگامی کارروائیوں، کام کرنے کا محفوظ طرزِ عمل اور آپریٹنگ طریقہ کار کی معلومات فراہم کی جائیں۔ کمپنی میں دوران کام صحت کے پروگرام میں صنعتی حفظان صحت اور پیشہ ورانہ ادویات بھی فراہم کی جاتی ہیں۔ اس کے علاوہ تمام ملازمین کو ان کی ذمہ داریوں میں ٹیکنالوجیکل تبدیلیوں اور تحفظ سے منسلک پہلوؤں کی تربیت دی جاتی ہے۔

ہماری ایچ ایس ای کارکردگی	
ریکارڈ ہوئی انجری کا کل ریٹ (TRIR)	0.10
دوران کام انجری (LWI)	0
کل ورکنگ گھنٹے	13.4 ملین
اموات	کوئی نہیں*
ریکارڈ ہوئی انجریز	8

سال کے اختتام پر بدقسمتی سے ڈھرکی میں ہمارے مینوفیکچرنگ پلانٹ کے نزدیک ایک اخراجی تالاب میں ایک حادثہ ہو جس میں کانٹریکٹ پر موجود سیکورٹی گارڈ حادثاتی طور پر ڈوب گیا۔ تفصیلی تفتیش جاری ہے۔

ہماری سماجی سرمایہ کاری

سماجی بہتری اینگرو فرٹیلائزر کے کاروباری ماڈل میں بتدریج موجود ہے۔ ہم مشترکہ قدر پر یقین رکھتے ہیں تاکہ ہماری کاروباری سرگرمیوں سے نا صرف ہمارے ملازمین کا بلکہ اطراف کی آبادی کو بھی ہر ممکن فائدہ پہنچے۔ ہماری ان کاوشوں کے پیچھے ہمارا کارپوریٹ استدلال موجود ہے جس کے تحت ہمارے شیئر ہولڈرز اور پوری قوم کے لئے قدر میں اضافہ ہو۔ ہم گاہے بگاہے ایسے اقدامات لیتے رہتے ہیں جن سے طرز زندگی بہتر ہو اور لوگوں کو معاشی فوائد حاصل ہوں۔ ہم اطراف کی آبادی کی فلاح بہبود اور ترقی کو اپنے کاروباری فیصلوں میں شامل رکھتے ہیں اور اس پر خود کو جوابدہ سمجھتے ہیں۔ ہماری حتی الامکان کوشش ہوتی ہے کہ اپنے کاروبار کے ذریعے سماجی بہتری کو وسعت دیں۔ ہمارے اس نقطہ نظر کی ترجمانی ہمارا سماجی کارپورٹ ذمہ دار ادارہ اپنے کارکردگی سے واضع کرتا ہے۔ اینگرو فاؤنڈیشن نے اپنے قیام سے اب تک کئی کلیدی اور اہم منصوبوں کا آغاز کیا جس میں سماجی بہتری اور کمیونٹیز کی بہتری واضع پنہاں ہے۔ اینگرو فاؤنڈیشن نے تعلیم صحت، طرز زندگی اور انفراسٹرکچر، علاج معالجہ اور ایمرجنسی سہولیات کمیونٹیوں کو فراہم کی ہیں۔ صرف یہی نہیں بلکہ اینگرو فاؤنڈیشن نے اسے اپنی کارپوریٹ ذمہ داری سے بڑھ کر اپنا کارپوریٹ فریضہ سمجھا ہے۔

کمیونٹی انگیجمنٹ

ہمارے سماجی سرمایہ کاری کا ایک اہم حصہ کمیونٹی انگیجمنٹ ہے۔ پالیسی میں ترجیح اور منصوبہ بندی، فیصلہ سازی، سہولیات کی فراہمی اور کمیونٹی کو درپیش مسائل کی تشخیص کے ساتھ لوگوں کی ضروریات اور اقدار کو اپنے فیصلوں میں شامل کرنا ہماری کارپوریٹ ترجیح ہے۔ پورے سال میں ہم نے معیار زندگی، تعلیم اور انفراسٹرکچر کی ترقی میں سرمایہ کاری کی مد میں قریبی علاقوں اور دیہاتوں جیسے باگو بھٹو، گاؤں جان محمد بیگیو، گاؤں جنگ، گاؤں کالو بُریرو، گاؤں کوٹلو مرزا اور گاؤں نور حسن شاہ سمیت کئی علاقوں میں اقدامات کئے ہیں۔ ان اقدامات میں تعلیمی سہولیات کی بحالی، انفراسٹرکچر کی اپ گریڈنگ، آمدنی کے مواقع دریافت کرنا اور طبی دیکھ بھال کے مراکز کے ذریعے بنیادی صحت اور علاج معالجہ کی فراہمی شامل ہیں۔

ٹیکنیکل ٹریننگ کالج (TTC)

ڈھرکی میں ٹیکنیکل ٹریننگ کالج، جس کو قائم کرنے میں اینگرو نے مرکزی کردار ادا کیا، تربیت کے پروگراموں کے لئے اہم ہے۔ ٹیکنیکل ٹریننگ کالج مکینکل اور کیمیکل ٹیکنالوجی میں 3 سال ایسوسی ایٹڈ انجینئرنگ ڈپلومہ آفر کرنے کے ساتھ ساتھ ڈھرکی اور گھوٹکی کے مقامی نوجوانوں کو کم مدتی پیشہ ورانہ تربیت کے پروگرام بھی آفر کرتا ہے تاکہ انہیں انڈسٹری کی ضروریات کے تناظر میں زیادہ سے زیادہ ملازمتوں کے مواقع میسر آسکیں۔ ہم نے کالج کو سافٹ ویئر سے مزین کیا ہے تاکہ نوجوانوں کا ڈیٹا بیس تیار کیا جاسکے اور انہیں روزگار کے لئے ضروری معاونت فراہم کی جاسکے۔ اس کے علاوہ ٹی ٹی سی کے تربیت یافتہ افراد کے لئے روزگار اسٹڈی بھی کروائی گئی تاکہ بیرون ملک روزگار کے مواقعوں سے روشناس کروایا جائے۔ اس سال TTC نے یو ایس ایڈ کی شراکت داری کے ساتھ 7 ملین روپے کی لاگت سے نوجوانوں کو کارپینٹر، ویلڈر اور جنرل الیکٹریشن کا تربیتی پروگرام شروع کیا ہے۔ 2017ء میں 436 نوجوان زیر تربیت ہیں جن میں سے 152 ابھی نئے بھرتی ہوئے ہیں۔ ہمارے لئے اعزاز کی بات ہے کہ 73 نوجوانوں نے کامیابی سے اپنا کورس مکمل کرلیا ہے جس کے بعد ادارے سے تربیت حاصل کرنے والے نوجوانوں کی تعداد 238 ہوگئی ہے۔ ان میں سے 25 کو اینگرو فرٹیلائزر میں روزگار دیا گیا ہے۔ اسی طرح سال بھر میں ووکیشنل ٹریننگ حاصل کرنے کے خواہش مند نوجوانوں کی تعداد 1,082 ہوگئی ہے۔ جن میں سے 623 فارغ التحصیل ہوگئے ہیں۔ یہ بھی ہمارے لئے اعزاز کی بات ہے کہ اب ووکیشنل ٹریننگ حاصل کرنے والے نوجوانوں کی تعداد 2,098 ہوگئی ہے۔ اس سال 459 نوجوانوں کو تربیت کے لئے بھرتی کیا گیا ہے تاکہ وہ بھی ترقی کے اپنے سفر کا آغاز کریں اور اپنی کمیونٹی کی قدر میں اضافہ کریں۔

کامیابی کا راستہ

2017ء میں ہم نے ایک اہم سنگ میل عبور کیا اور یو ایس ایڈ کے ساتھ شراکت داری میں کامیابی کا راستہ کے عنوان سے ایک قابل ذکر منصوبے کا کراچی اور گھوٹکی میں افتتاح کیا۔ اس منصوبے کا مقصد لڑکیوں کو روزگار کے مواقع فراہم کرنا ہے۔ یہ امر آپ کے علم میں لاتے ہوئے ہمیں بہت مسرت محسوس ہورہی ہے کہ گھوٹکی میں دی جانے والی تمام ووکیشنل تربیتی پروگرام کامیابی سے مکمل کی جاچکی ہیں اور 219 لڑکیوں کو بیوٹیشن، ایم ایس آفس اور ویب ڈیزائن کی تربیت دی گئی۔ مزید براں 31 لڑکیاں متفرق اداروں میں بطور انٹرنی کام کررہی ہیں جیسے اینگرو فرٹیلائزر، اسکول، ٹی ٹی سی اور این جی اوز۔ آئی بی اے سکھر بھی اس تربیتی پروگرام کا حصہ ہے جہاں 40 لڑکیوں کو انٹرپرینیورشپ پر گھوٹکی میں تربیت دی جارہی ہے۔

کراچی میں منعقدہ آئی ٹی اور گرافک ڈیزائننگ تربیتی پروگرام تعلیمی ادارے ایم آئی ٹی آئی کورنگی میں مکمل کرلیا گیا ہے جس میں 119 نوجوان کو تربیت دی گئی۔ ان میں سے 20 کئی دیگر اداروں میں بطور انٹرنی کام کررہے ہیں۔ کراچی میں ہونے والی انٹرپرینیور تربیتی پروگرام کو انجاز پاکستان نے انجام دیا۔ منیزہ ہاشمی نیشنل مینٹور پروگرام کو جاری رکھے ہوئے ہیں، جس میں مہمان اسپیکرز نے اپنے تجربے کی بنیاد پر لڑکیوں کو جدید معلومات اور آگے بڑھنے کی ہمت دی۔ اینگرو فرٹیلائزر کی سرگرم خواتین نے مقامی مینٹورشپ اور بک کلب کا انعقاد کیا۔ مزید براں ایڈوائزری بورڈ جس میں باہر کے افراد شامل تھے، انہوں نے باقاعدہ ملاقاتیں کیں اور پورے معاملات کی جانچ پڑتال کی۔ حکومتی اسکولوں کی تیرہ سے سترہ سال کی عمر کی 900 لڑکیوں کو کراچی اور گھوٹکی میں ہنرمندی کی تربیت دی گئی۔

تعلیم

تعلیم ہماری سماجی ذمہ داریوں میں ہمیشہ ہی کلیدی اہمیت کی حامل رہی ہے۔ یہ انسانوں کا بنیادی حق ہے جس کی مدد سے انسان اپنی زندگی کو بہتر بنا سکتا ہے اور غربت سے جان چھڑا سکتا ہے۔ اپنے آغاز سے ہی ہم نے روز و شب اطراف کی آبادیوں اور کمیونٹیوں میں تعلیم کو پھیلانے میں اپنا کردار بخوبی ادا کیا ہے۔ ہم نے کئی اسکول اپنائے جن میں ہم نے اینگرو ریڈنگ پروگرام کا آغاز کیا تاکہ پرائمری کے بچے پڑھنے کے قابل ہوسکیں ہم نے تعلیم بالغان کلاسوں کا بھی اجراء کیا۔ اس منصوبے کے تحت ہم نے 13 کمپیوٹر لیبارٹریز قائم کیں اور ہر اسکول میں لائبریری کارنرز بنائے۔ ہماری اس کاوش کی بدولت 1,300 بچے پڑھنے کے قابل ہوئے۔ ہم نے اسکولوں کی سطح پر 26 مقابلوں کا بھی انعقاد کیا جس میں پڑھنے اور اسپیلنگ بی میں فاتح بچوں کو انعام سے نوازا گیا۔ اس کے علاوہ والدین اور کمیونٹی کے بڑوں کو اسکولوں کی اہمیت اور افادیت پر 52 نشستوں کا بھی انعقاد کیا۔ ریڈنگ منصوبے کے تحت سندھی مختصر کہانیوں کو انگریزی اور اردو میں ترجمہ کیا گیا تاکہ بچے سیکھ سکیں اور آنے والی نسلیں بھی مستفید ہوں۔ سال 2017ء کے اختتام تک ہمارے اپنائے گئے اسکولوں میں بچوں کی تعداد 1,651 ہے۔ پاس ہونے والے بچوں کا فیصد 64 رہا جبکہ 92 فیصد بچوں کو سیکنڈری میں شفٹ کردیا گیا۔ اسکول چھوڑنے والے بچے صرف 3 فیصد تھے۔ بچیوں کی اسکول میں انرولمنٹ 41 فیصد رہی۔

صحت

ہمارے صحت پراجیکٹس کمیونٹیوں کو صحت عامہ کی بنیادی سہولتیں فراہم کررہے ہیں۔ سہارا کلینک نے اس سال 8,564 مریضوں کی تیمارداری کی جبکہ سانپ کے ڈسنے سے بچاؤ کی ہماری سہولت نے اس سال 10,093 لوگوں کو حفاظتی طبی امداد فراہم کی۔

این وژن

این وژن ایک ملازم رضاکارانہ پروگرام ہے جو کمپنی کے ملازمین کو سماجی سرگرمیوں میں حصہ لینے کے مواقع فراہم کرتا ہے۔ ڈھرکی، کراچی اور دیگر مقامات میں مقیم ملازمین سماجی کاموں میں بڑھ چڑھ کر حصہ لیتے ہیں۔

اپنے لوگوں سے ہمارا عزم

انسانی کیپٹل مینجمنٹ اینگرو فرٹیلائزر کی آپریشنل استعداد کار اور کاروباری عمدگی کو حاصل کرنے کے لئے کلیدی اہمیت کا حامل ہے۔ یہی ہماری کامیابی کا عنصر ہے کہ ہم مسلسل نئے ٹیلنٹ کو اپنی جانب راغب کرسکیں اور انہیں متحرک کرسکیں۔ ہماری اعلی کارکردگی دکھانے والی ٹیموں کو تخلیق کرنے کی صلاحیت ایک ایسا کلچر میں جس میں جامعیت، پروفیشنل ازم اور مہارت وہ چیز ہے جو ہماری کامیابی کی ضمانت ہے۔ اینگرو فرٹیلائزر کے HR ڈپارٹمنٹ نے اس چیلنج سے نبرد آزما ہونے کا ازخود فیصلہ کیا اور مندرجہ ذیل اقدامات کئے:

ایچ آر کنیکٹ

ایچ آر کنیکٹ کو 2016ء میں شروع کیا گیا اور 2017ء میں اختتام ہوا تاکہ ادارتی ماحول کو نئی جہت سے متعارف کروایا جاسکے۔ کئی سوچے سمجھے اور باقاعدہ پلان کئے گئے سیشنز میں ملازمین کی 100 فیصد تعداد کو حاصل ہونے والی معلومات اور ڈیٹا کی بنیاد پر پرکھا گیا۔ سامنے آنے والی پانچ اسٹڈیز کو ہر طبقے میں پلان کے مطابق لاگو کیا گیا۔

مرحلہ وار تبدیلی تربیتی ماڈل، کلیدی گفتوشنید، وائرل چیلنج پروگرام

ایچ آر کنیکٹ سے حاصل شدہ اعداد و شمار کا تجزیہ ظاہر کرتا ہے کہ ہماری تربیت کا تصور/طریقہ کار کا ازسرنو جائزہ لینے کی ضرورت ہے۔ ایک سال کی سخت محنت کے بعد مرحلہ وار تبدیلی تربیتی ماڈل کو ایچ آر نے سیکھنے کے آرٹیکل کو تیار کرنے کے ارادے کے ساتھ کامیابی سے لاگو کیا۔ اس ماڈل کا مقصد مہارت کو بہتر بنانے پر زیادہ منظّم، پائیدار اور متحرک توجہ رکھنا ہے۔ اس کے علاوہ ایچ آر نے کئی اقدامات لئے جن کا مقصد ایچ آر کنیکٹ کے مختلف پہلوں کا جائزہ لینا اور کلیدی گفتوشنید سمیت وائرل چیلنج پروگرام کی رونمائی تھی۔ اس کے علاوہ بھی پورے سال میں ہم نے اعلی کارکردگی کا مظاہرہ کرنے والے ٹیموں کو بوٹ کیمپس کے ذریعہ تیار کرنے پر توجہ مرکوز رکھی اور اس وقت دنیا کے معروف کنسلٹنٹس کے ساتھ بزنس کو ترقی دینے کے عمل میں مصروف عمل ہیں۔

اپنی مارکیٹنگ کی واقفیت میں گہراؤ پیدا کرنے کے لئے آئی بی اے کے ساتھ ایک کسٹمائزڈ مارکیٹنگ تربیتی پروگرام تیار کیا گیا جو مالی سال 2018ء کی پہلی سہ ماہی میں مارکیٹنگ ڈویژن میں شروع کردیا جائے گا۔

لیڈرشپ پائپ لائن ڈولپمنٹ / مینٹورشپ پروگرام

بہترین ٹیلنٹ کے لئے شروع کیا جانے والا مینٹورشپ پروگرام اور بزنسِ ایکیومن پروگرام کی تیاری جو اینگرو کو درپیش امور کی بنیاد پر وضع کئے گئے ہیں جنہیں ملازمین سمجھیں گے اور پرکھیں گے۔ یہ پروگرام لیڈرشپ پائپ لائن ڈولپمنٹ ایجنڈا کے تحت کئے گئے۔

پرفارمنس مینجمنٹ سسٹم

ایچ آر کنیکٹ کے تحت یہ بات واضع ہوئی کہ ہمیں اپنے پرفارمنس مینجمنٹ سسٹم کا ازسرنو جائزہ لینا ہے اور اس مسئلے سے نبرد آزما ہونے کے لئے، اینگرو فرٹیلائزر کے HR ڈپارٹمنٹ نے پرفارمنس اسسمنٹ سسٹم بنایا جس کے ذریعے غیر ضروری اجزاء نکال دیئے گئے جو طریقہ اور نتائج کے درمیان غیر ضروری طور پر حائل تھے۔ اس کاوش کا مقصد مینیجرز کو باور کروانا ہے کہ وہ اپنی ٹیم کی ترقی اور پرفارمنس کی ذمہ داری اٹھائیں اور اس معاملے میں بہتری کے لئے اپنے حساب سے اقدامات کریں۔

کمیونیکیشن

کمپنی نے اپنے وژن کو ادارے میں آوٹ بریک کے ذریعے بہتر متوازن انداز میں پھیلایا ہے۔

اینگرو فرٹیلائزر کی ویب سائٹ کو اسٹیک ہولڈرز کے لئے زیادہ معلوماتی، صارفین دوست اور عام فہم کے لئے آسان بنایا گیا ہے۔

مرکزی دفتر میں چینی زبان سکھانے کی نشستوں کا اجراء ہوا اور ششماہی میگزین بھی جاری ہوئے تاکہ ملازمین کی معلومات کو بہتر بنایا جاسکے۔

سال بھر کے دوران کئی پالیسیوں میں تبدیلیاں اور بہتر بنایا گیا جو ملازمین کو عمومی طور پر فائدہ پہنچاسکیں۔

مزید براں ملازمین کی قدر میں اضافہ کے واسطے کئی اقدامات بھی لئے گئے۔

ہم متحرک کام کے ماحول کی اہمیت سے بخوبی واقف ہیں اس لئے ہمیں فخر ہے کہ ہم نے زیر جائزہ مالی سال میں ملازمین کو دیکھتے ہوئے کئی پروگراموں کا آغاز کیا تاکہ اُن کی صلاحیتوں میں اضافہ ہو اور انہیں اپنی خوبیوں کا ادراک ہو۔ سال 2018ء میں قدم رکھتے ہوئے ہم نے اپنا مقصد وضع کرلیا ہے کہ ہم عالمی معیارات کے عین مطابق اپنی پریکٹسز میں انسانی وسائل کی بہتر حکمت عملی کے فلسفے پر کاربند رہیں گے۔

ڈائریکٹرز رپورٹ

اینگرو فرٹیلائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2017ء کو اختتام پزیر ہونے والے مالیاتی سال کی ڈائریکٹرز رپورٹ اور آڈٹ شدہ مالی گوشوارے پیش کرنے پر مسرت محسوس کرتے ہیں۔

پاکستان فرٹیلائزر مارکیٹ

زیرِ جائزہ سال 2017ء میں مقامی یوریا کی صنعتی طلب 6 فیصد اضافے کے ساتھ 5,826 کے ٹی رہی جبکہ گزشتہ سال 5,485 کے ٹی ریکارڈ کی گئی تھی۔ اس اضافے کی بنیادی وجہ سال بھر کے دوران یوریا کی کم قیمتیں اور مجموعی زرعی معیشت کی طلب میں بہتری رہی۔

برآمدات کے میدان میں انڈسٹری نے سال بھر کے دوران 600 کے ٹی یوریا کے برآمدی کوٹہ میں سے 557 کے ٹی یوریا برآمد کیا۔ اقتصادی رابطہ کمیٹی نے برآمدی کوٹہ کے حجم میں 35 کے ٹی اضافہ کرکے ڈیڈ لائن 28 فروری 2018ء تک کردی ہے۔

مقامی صنعتی پیداوار سال 2017ء میں 6 فیصد کمی کا شکار ہوئی۔ زیر جائزہ مالی سال میں پیداوار 5,614 کے ٹی رہی جبکہ سال 2016ء میں مقامی صنعتی پیداوار 5,998 کے ٹی رہی تھی۔ پیداوار میں اس کمی کی اہم وجہ ایل این جی پر چلنے والے فرٹیلائزر پلانٹ کے آپریشنز میں رکاوٹ تھی۔ تاہم بہتر فروخت اور اہم برآمدات کی بدولت صنعت کی انونیٹری سال 2017ء میں گھٹ کر 0.3 ملین ٹن رہ گئی جبکہ گذشتہ مالی سال کے اختتام پر انونیٹری 1 ملین ٹن ریکارڈ کی گئی تھی۔ مقامی یوریا کی قیمتوں کو بھی انونیٹری میں کمی کی وجہ سے استحکام ملا لیکن مقامی صنعت کو سبسڈی تاخیر سے ملنے کی وجہ سے مشکلات کا سامنا ہے۔ بطور یوریا صنعت ہم حکومت پر زور دیتے ہیں کہ وہ سبسڈی کو جاری کرنے کے میکانزم کو ٹھوس بنیادوں پر وضع کرے اور وصولیابی کی ادائیگی کے نظام کو مؤثر بنائے۔ بین الاقوامی میدان میں یوریا کی قیمتیں سال کے اختتام تک 255 ڈالر فی ٹن (1,730 روپے فی تھیلا) پر مستحکم ہوئیں۔ اس سے پہلے زیر جائزہ سال کی تیسری سہ ماہی میں قیمتوں میں یکمشت اضافہ دیکھا گیا جب قیمتیں بھارت کی طلب میں اضافے کے باعث بلند ترین سطح 280 ڈالر فی ٹن تک جا پہنچیں۔

ڈی اے پی کی مقامی طلب میں 5 فیصد اضافہ دیکھا گیا۔ فروخت کا حجم 2,343 کے ٹی ریکارڈ کیا گیا جبکہ گزشتہ سال فروخت کا حجم 2,225 کے ٹی رہا۔ ڈی اے پی میں حکومتی معاونت (ڈی اے پی پر کیش سبسڈی کے بجائے سیلز ٹیکس میں کمی) میں تسلسل اور کسانوں کی آمدن میں معقول اضافے نے ڈی اے پی کی فروخت کو بہتر بنایا۔ بین الاقوامی سطح پر بھی ڈی اے پی کی عالمی قیمتوں میں پورا سال استحکام دیکھا گیا لیکن مالی سال 2017ء کے اختتام پر چین کی جانب سے کم ترسیل کی وجہ سے قیمتیں 430 ڈالر فی ٹن تک پہنچ گئیں۔

گیس کا منظر نامہ

اینگرو فرٹیلائزرز لمیٹڈ کو ماری اور ایس این جی پی ایل سے مختص کردہ گیس کی فراہمی سال 2017 میں مسلسل جاری رہی۔ انڈسٹری کے نقطہ نظر کی روشنی میں اور عدالت عالیہ کے اکتوبر 2016ء کے حکم (جس میں عدالت نے جی آئی ڈی سی ایکٹ کو کالعدم قرار دیا) کے مطابق کمپنی نے غیر رعایتی گیس پر جی آئی ڈی سی کسی بھی حوالے سے ادا نہیں کیا۔ مزید براں کمپنی نے 2015ء میں رعایتی گیس پر لگنے والے جی آئی ڈی سی پر حکم امتناہی بھی حاصل کیا اس لئے نئے یوریا پلانٹ کو فراہم کی جانے والی رعایتی گیس پر کوئی جی آئی ڈی سی ادا نہیں کیا جا رہا۔ رعایتی گیس پر جی آئی ڈی سی فرٹیلائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے۔ انہی معاہدوں کی بنیاد پر ہم نے اپنے یوریا مینوفیکچرنگ پلانٹ کو وسعت دینے کے لیے 1.1 ارب ڈالر کی سرمایہ کاری کی تھی۔

طبقہ تجزیہ

یوریا

اینگرو فرٹیلائزر لمیٹڈ نے 2017ء میں 1,807 کے ٹی یوریا کی پیداوار کی جو 2016ء کی پیداوار 1,881 کے ٹی کے مقابلے 4 فیصد کم ہے۔ پلانٹ کے بند ہونے کی وجہ سے یہ کمی رونما ہوئی ہے۔ تاہم ہمارے فروخت کے اعداد و شمار گزشتہ سال کے مقابلے 5 فیصد زائد ہیں۔ کمپنی نے زیر جائزہ مالی سال کے دوران 1,739 کے ٹی یوریا فروخت کیا جبکہ گذشتہ سال 1,652 کے ٹی یوریا فروخت کیا جا سکا تھا۔ اس اضافے کی اہم وجہ برآمد کیا جانے والا 223 کے ٹی یوریا بھی ہے۔ مجموعی طور پر ہمارا مقامی مارکیٹ شیئر زیر جائزہ سال میں گذشتہ سال کی طرح 30 فیصد رہا (برانڈڈ یوریا مارکیٹ شیئر: 31 فیصد بمقابلہ 30 فیصد 2016ء)۔

فاسفیٹس

کمپنی نے 2017ء میں 501 کے ٹی فروخت کیا جو سال بسال بنیادوں پر 6 فیصد کمی ہے۔ گذشتہ سال کمپنی نے 534 کے ٹی فروخت ریکارڈ کی تھی۔ اس وجہ سے اینگرو فرٹیلائزر کا مارکیٹ شیئر 21 فیصد رہا جبکہ پچھلے مالی سال میں ہمارا مارکیٹ شیر 24 فیصد تھا۔ سال کے آغاز میں حکومت کی جانب سے قیمتوں پر پرائسنگ کیپ لگا دینے کی وجہ سے ہماری فروخت متاثر ہوئی کیونکہ درآمد کرنا غیر مناسب ہو گیا تھا اور مسابقتی اداروں کی کم قیمت کا مقابلہ کرنا بھی مشکل امر تھا۔

زرخیز

اینگرو کی مرکب اور پوٹاش کھاد (زرخیز اور اینگرو MOP/SOP/AS،NP) کی فروخت 2017ء میں سال بسال کی بنیاد پر 26 فیصد اضافے کے ساتھ 144 کے ٹی رہی جبکہ گزشتہ سال 114 کے ٹی کی فروخت ریکارڈ کی گئی تھی۔ مجموعی طور پر پوٹاش کی مارکیٹ کم قیمتوں اور کسانوں کی آمدن میں بہتری کے باعث 48 کے ٹی رہی جبکہ گذشتہ مالی سال کے دوران پوٹاش کی مارکیٹ 32 کے ٹی تھی۔ کمپنی کا مارکیٹ شیئر نجی درآمد کنندگان کی جارحانہ پوٹاش فروخت کی وجہ سے 40 فیصد ہو گیا جو 2016ء میں 48 فیصد تھا۔

اینگرو فرٹیلائزر پاکستان کے زرعی شعبے میں حصص یافتگان کے لئے ویلیو میں بہتری کے لئے نئے مواقعوں کی تلاش میں مصروفِ عمل رہتی ہے تاکہ زرعی کاروبار میں اپنی مستحکم پوزیشن سے خاطر خواہ فائدہ اٹھایا جا سکے۔ اِس مالی سال کے دوران بھی کمپنی نے بیج اور کیڑے مار ادویات کے سیکٹر میں اپنے سفر کا آغاز کر دیا ہے اور زرعی شعبے میں مزید نئے مواقعوں کی ہنوز کھوج جاری ہے۔

مالیاتی جائزہ

2017ء میں سیلز ریونیو 11 فیصد اضافے کے ساتھ 11,129 ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال 69,537 ملین روپے تھا۔ سیلز ریونیو میں بڑھوتی کی اہم وجہ مقامی فروخت میں اضافہ رہا جس میں برآمد کی گئی یوریا کی بھی معاونت رہی۔

زیر جائزہ مدت میں کمپنی کا مجموعی نفع 23,219 ملین روپے رہا جبکہ سال 2016ء میں کمپنی کا مجموعی نفع 17,439 ملین روپے تھا۔ کمپنی کی فنانس لاگت میں بھی کمی رہی اور زیر جائزہ مدت میں کمپنی کی فنانس لاگت 2,648 ملین روپے ریکارڈ کی گئی جبکہ گزشتہ سال کی اسی مدت میں فنانس لاگت 3,187 ملین روپے رہی تھی۔ اس کی وجہ قرضوں کی بروقت ادائیگی، شرح سود میں کمی اور طویل مدتی قرضہ جات کی ازسرِ نو پرائسنگ تھی۔

سال 2017ء کا نیٹ منافع بعد از ٹیکس 10,137 ملین روپے ریکارڈ ہوا جو پچھلے سال 9,025 ملین روپے سے 12 فیصد زیادہ ہے جس کی بدولت آمدنی فی حصص 7.6 روپے رہی جبکہ گذشتہ سال آمدنی فی حصص 6.78 روپے تھی۔ بہتر منافع کی اسباب میں یوریا کی برآمد، زائد فروخت اور پلانٹ 1 کے لئے مختص شدہ گیس کی قیمتوں کی ریگولائزیشن تھی۔

کمپنی کا کل منافع 11,156 ملین روپے رہا ہے۔ گزشتہ سال کمپنی نے 9,283 ملین روپے کا کُل منافع حاصل کیا تھا۔ اس کی وجہ سے کُل آمدنی فی شیئر 8.36 روپے رہی جبکہ پچھلے سال کُل آمدنی فی شیئر 6.98 روپے رہی تھی۔

بورڈ 31 دسمبر، 2017 کو ختم ہونے والی مالی سال کے لئے 3 روپے فی شیئر فائنل کیش ڈیویڈنڈ کو مسرت سے پیش کرتا ہے جو حتمی منظوری کے لئے ممبران کے سامنے 26 مارچ 2018ء کو سالانہ جنرل میٹنگ کے سامنے پیش کیا جائے گا۔ یہ سال کے دوران پیش کیئے گئے 5.5 روپے فی شیئر عبوری ڈیویڈنڈ کے علاوہ ہے۔

کیپٹل اسٹرکچر

2017ء میں کمپنی نے فنانسنگ کی لاگت کو کم کرنے کمپنی کے ذمہ واجب الاداء قرضہ جات کی ادائیگی کی کوششوں پر توجہ مرکوز رکھی۔ سال کے اختتام تک انڈسٹری کو درپیش صورتحال میں بہتری، یوریا کی زائد فروخت اور یوریا برآمدات کی مد میں کمپنی نے 1.5 بلین حاصل کئے جبکہ 5.2 ارب روپے سال بھر میں جمع کرائے۔ ہم نے اپنے قرضے کے پورٹ فولیو میں آنے والے چند سالوں میں کمی کی منصوبہ بندی کر رکھی ہے۔

2017ء میں طویل مدتی قرضے 2016ء کے 34,551 ملین کے مقابلے 30,903 ملین روپے رہے۔ 31 دسمبر 2017ء تک شیئر ہولڈرز ایکوئٹی 42,470 ملین روپے ہے (2016: 41,648 ملین روپے)۔

دورانِ سال PACRA نے کمپنی کی طویل مدتی کریڈٹ ریٹنگ -AA اور مختصر مدتی ریٹنگ +A1 پر قائم رکھی ہے۔

مستقبل قریب کا منظر نامہ

2018ء میں کھاد کی عالمی مانگ میں 1.7 فیصد نمو متوقع ہے اور سپلائی میں بھی قدرے بہتری کی امید ہے۔ گو کہ یوریا کی عالمی قیمتوں میں استحکام دیکھا گیا ہے اور قیمت 255 ڈالر فی ٹن (یعنی 1,730 روپے فی تھیلا) پر قائم رہیں حالانکہ دوران سال قیمتوں میں بڑھوتی دیکھی جاتی رہی اور قیمتیں 280 ڈالر فی ٹن پر خرید و فروخت ہوتی رہی تھی۔ تاہم چند مخصوص مارکیٹ میں فصل کی کم قیمتیں اور سپلائی پر دباؤ کے پیش نظر اور بھارت، امریکہ اور نائجیریا میں نئی فیکٹریز کے قیام کی اجازت ملنے پر توقع کی جا رہی ہے کہ یوریا کی عالمی قیمتوں میں قدرے گراوٹ دیکھی جا سکتی ہے۔ مزید براں چین میں ماحولیات ٹیکس کے نفاذ کی وجہ سے برآمدات میں کمی ہو سکتی ہے جو عالمی ترسیل پر براہ راست اثر انداز ہو گی جس پر ایک محتاط اندازے کے مطابق قیمتوں میں استحکام متوقع ہے۔

مقامی یوریا کی مانگ 2018ء میں مستحکم رہنے کی توقع ہے کیونکہ کسان کی آمدن میں اضافے اور سبسڈی کی بدولت یوریا کی مانگ میں اضافہ ہو سکتا ہے۔ مقامی پیداوار کی سطح گذشتہ سال جیسی ہی رہنے کی توقع کی جا رہی ہے جس پر قیمتوں میں اضافہ نہ ہونے کا اندازہ ہے۔

مزید برآں 2018ء میں انٹرنیشنل ڈی اے پی کے نرخوں میں کمی متوقع ہے۔ کسانوں کی آمدن میں بہتری اور سبسڈی کے جاری رہنے کے سبب ڈی اے پی کی طلب میں سال 2018ء میں مستحکم رہنے کی توقع ہے۔

ایچ ایس ای سے ہماری وابستگی

اینگرو فرٹیلائزر کا یہ ماننا ہے کہ مناسب حفاظتی اقدامات کے بغیر ہمارے ملازمین اور ہمارے آپریشنز دونوں خطرے میں رہیں گے اس وجہ سے ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کی اپنی ذمہ داریوں سے آگاہ ہیں بالخصوص مینوفیکچرنگ شعبے میں۔ ہماری صحت حفاظت اور ماحولیات میں بے مثال کارکردگی کے پیچھے ہمارا کارپوریٹ کلچر ہے جس کی وجہ سے اب آرگنائزیشن میں ہر سطح پر صحت اور حفاظت کو مانیٹر کیا جاتا ہے اور برقرار رکھا جاتا ہے تاکہ ہمارے ملازمین ایک محفوظ ماحول میں اپنی خدمات سرانجام دے سکیں۔ ہماری بھرپور کوشش ہوتی ہے کہ ہم حفاظت کے عالمی معیارات کے عین مطابق اپنے پلانٹ اور ورکنگ اسپیس کو ڈھال سکیں۔

سال کے دوران اینگرو فرٹیلائزر نے انٹرنیشنل فرٹیلائزر ایسوسی ایشن کی جانب سے بیسٹ پروگریشن ایوارڈ اپنے نام کیا۔ تقریب کا انعقاد اُردن کے شہر عمان میں ہوا تھا۔

کمپنی نے کامیابی سے IMS اور سماجی احتساب (SA-8000) کی جانب بڑھی ہے تاکہ نئے معیار، نگرانی کا آڈٹ زیادہ مؤثر طریقے سے کیا جا سکے۔ تھرڈ پارٹی سے کاربن کے اخراج کا تخمینہ اور نگرانی پر اعلیٰ سطحی معیار وضع کیا گیا۔ مزید براں گرین آفس کا آڈٹ بھی کروایا گیا اور مارکیٹنگ دفاتر کی عمارات اور گودام پر نئے سرٹیفیکیٹ حاصل کئے گئے۔ جبکہ پلانٹ کینٹین کے لئے HACCP سرٹیفیکیٹ حاصل کیا گیا۔

ایچ ایس ای کے حوالے سے انفراسٹرکچر میں بہتری کے کسی امکان پر صرف نظر نہیں کی گئی۔ ایک تالاب کی جیوممبرین لائننگ کی گئیں جبکہ دوسرے تالاب پر کام جاری ہے۔

ہمارے دیگر اقدامات میں، ہم نے وزارت برائے ماحولیات اور موسمیاتی تبدیلی میں گرین کلائمٹ فنڈ کے لئے این او سی درخواست جمع کروادی ہے۔"ہم نے میرا کام میرا ایمان" کے عنوان سے ایک پروگرام کا آغاز کیا جس میں مختلف پہلوؤں کی قیادت کرنے اور اس کے اخلاقی اقدار سے منسلک کرنے کے لئے سائٹ کو بااختیار بنانے کے ذریعے آپریشنل نظم وضبط کو بہتر بنانے کے لئے پہل کی گئی۔ کمیونٹی کے طرز زندگی کو بہتر بنانے کے لئے "صحت مند ڈھرکی پروجیکٹ" شروع کیا گیا۔ اس پروجیکٹ میں شامل چند سرگرمیوں میں سائکلنگ ٹریک کی تعمیر، ایچ سی ای ایوارڈز کے طور پر 300 سائیکلوں کی تقسیم، آؤٹ ڈور ورزشی جم کی تعمیر، پلانٹ کی کینٹین میں صحت بخش کھانے کا آغاز، مینجمنٹ کلب اور آفسکینٹین کا قیام، اور سائٹ پر انسداد تمباکو نوشی کی مہم جس میں لائٹرز پر پابندی بھی شامل ہے۔

ہماری ایچ ایس ای کی مہارت کو اینگرو گروپ میں اندرونی اور بیرونی سطح پر لاگو کیا گیا ہے۔ ہم نے اپنے ENCOP-3 اور CO2 ریکوری پروجیکٹ کے لئے ایچ ایس ای سہولیات (آتشزدگی اور دھماکے پر اسٹڈی، مکافات ماڈلنگ اور ایف اینڈ جی میپنگ) فراہم کیں۔

HSE کے اقدامات ڈیجیٹل دور میں ڈھالنے کے لئے ہماری کوششیں جاری رہیں۔ تمام ملحقہ اداروں اور جگہوں میں UAT اور پاور ٹریننگ کے لئے اوپیرا فیز 1 گولائیو کی تکمیل کی گئی۔ فیز-2/3 ڈیزائن کے دستاویز پر دستخط ہو چکے ہیں اور تعمیر کا مرحلہ شروع ہو گیا ہے۔