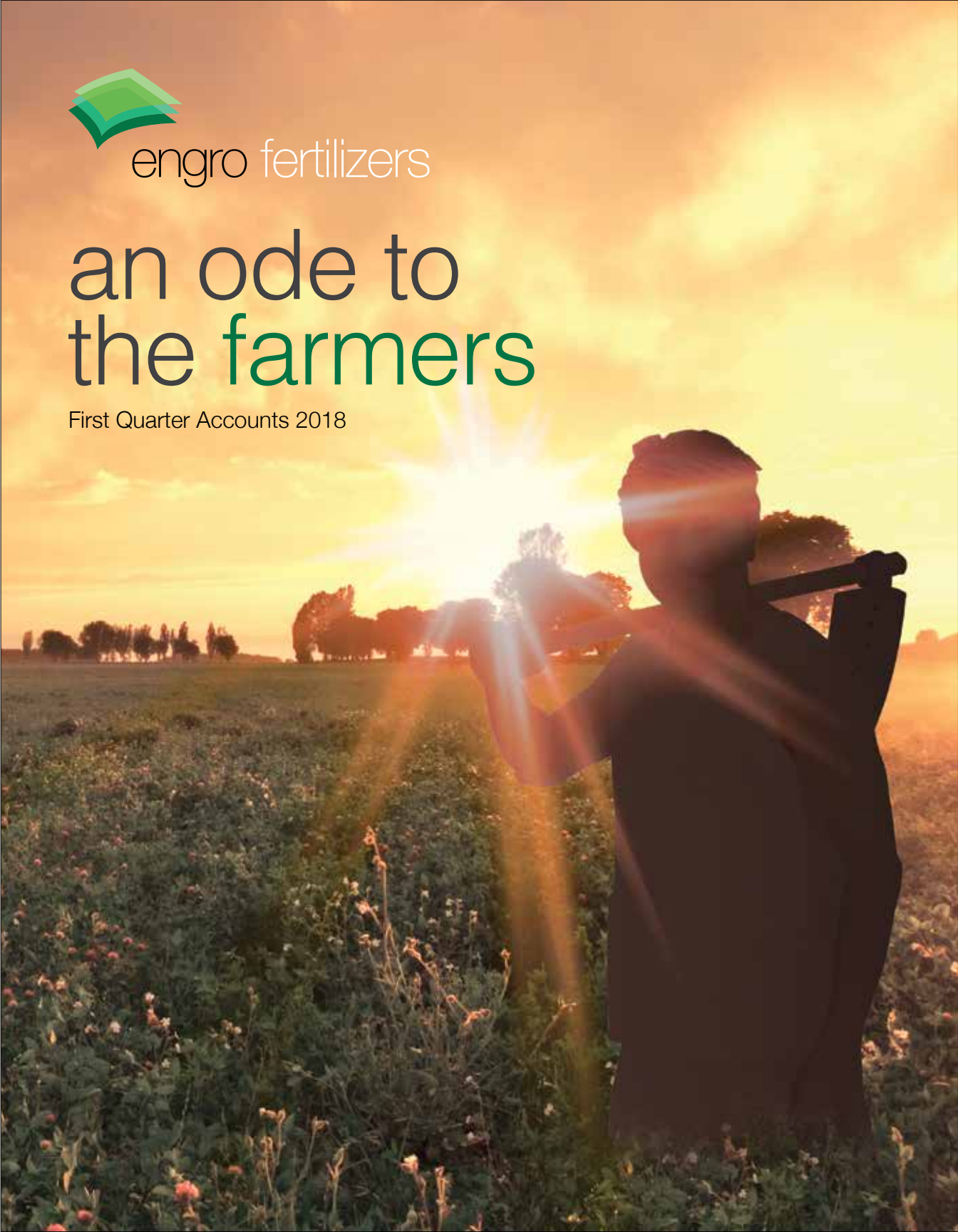




engro fertilizers

# an ode to the farmers

First Quarter Accounts 2018







engro fertilizers

# 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

# directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited accounts for the three months ended March 31, 2018.

## Pakistan Fertilizer Market

Local urea market demand picked up in the first quarter to 1,242 KT translating into an increase of around 43% vs 1Q 2017. Despite the increase in the first three months, however, overall Rabi demand remained relatively stable, increasing by 2% to 2,952 KT. On the export front, the industry exported 75 KT during the quarter, utilizing the entire export quota of 635 KT allotted by ECC.

In contrast to offtakes, local urea production stood at 1,333 KT, compared to 1,353 KT during the same period last year, a decline of 2%. Lower production is attributable to shutdown of LNG based fertilizer plants due to limited gas avails. With improved industry sales and significant exports during the period, industry inventory has depleted to 282 KT compared to 1,532 KT at the end of 1Q last year.

As a result of increased domestic demand, lower production and exports during the quarter, domestic urea prices continued to trade at PKR 1,400/bag compared to the same period last year when it was trading below the ceiling set by Government. On the international front, urea prices gained further traction during the quarter rising from USD 255/T in 4Q 2017 to USD 270/T in 1Q 2018 (Landed eqv. of PKR 1,930/bag).

While the domestic urea prices have stabilized at a higher level vs last year, the domestic industry continues to face challenge in the form of subsidy accumulation and long lead time in its disbursements, which the industry has already passed on to the farmers on the directives of Government. As an industry, we continue to engage with the government for streamlining subsidy disbursement mechanism and payment of outstanding dues. However, the issue remains at an impasse.

DAP demand in the local market increased by a significant 14% compared to last year, with sales recorded at 357 KT vs 312 KT in 1Q 2017. Higher industry sales were primarily due to pre-buying in anticipation of rising international prices, despite relatively weaker agronomics. On the International front, DAP prices have remained range bound since December 2017 (USD 423-430/T) due to seasonality factor.

## Company's Operating Performance

The Company's urea production in 1Q 2018 stood at 517KT compared to 447KT in the corresponding period last year, an increase of 16% QoQ due to plant shutdown in 1Q last year. Sales during the period clocked in at 497 KT compared to 269KT in 1Q 2017, an increase of 85% QoQ which was further boosted by export sales of 12 KT during the period. Overall, company's urea domestic market share stood at 40% (branded urea market share: 40%) vs 31% (branded urea market share: 32%) in 1Q 2017.

DAP sales during 1Q 2018 stood at 54 KT vs 37 KT last year, up 46% QoQ, resulting in a higher market share of 15% vs 12% for the same period last year. Sales were led by pre buying in anticipation of rising international prices.

The Company's blended fertilizer (Zarkhez and Engro NP) sales clocked in at 44KT in 1Q 2018 vs 31KT during the same period last year, an increase of 42%. The overall potash market increased to 15KT vs 14KT in 1Q 2017, subsidy on potash and better industry avails. Market share of the Company was at 42% as compared to 33% last year as a result of better avails of MOP/SOP compared to last year.

Gross Profit of the Company was recorded at PKR 7.3 Billion for 1Q 2018, compared to PKR 3.5 Billion in the same period last year, an increase of 109%. Higher profitability was led by higher urea offtake, 12 KT of exports and higher domestic prices on the back of reduced inventory levels. Finance cost was lower at PKR 524 Million (vs PKR 687 Million last year) as a result of improved working capital, lower benchmark interest rates and re-pricing of various long-term loans.

Net profit for 1Q 2018 stood at PKR 3.7 Billion compared to PKR 1.7 Billion last year (standalone), resulting in an EPS of PKR 2.78 vs. PKR 1.24 in 1Q 2017. Company's consolidated profit stood at PKR 3.9 Billion vs. PKR 1.6 Billion in the corresponding period last year, resulting in EPS of PKR 2.91 vs. last year's EPS of PKR 1.23.

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 had also obtained a stay order against GIDC applicability on concessionary gas in 2015, and therefore, no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our Gas Supply Contracts, on the basis of which we invested USD 1.1 Billion to expand our fertilizer manufacturing capacity.

### **Near Term Outlook**

Domestic urea market is expected to experience delayed offtake in the Kharif season due to expected water shortage in early Kharif however, total offtake is expected to remain stable, keeping prices around the same level going forward. International DAP prices are expected to remain range bound in 2Q led by Indian demand.



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman



engro fertilizers

consolidated condensed  
interim financial information  
(unaudited) for the three months  
ended march 31, 2018

# consolidated condensed interim balance sheet as at march 31, 2018

(Amounts in thousand)

	Note	Unaudited March 31, 2018	Audited December 31, 2017
		Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	68,802,349	68,923,195
Intangible assets		4,469,801	4,475,474
Long term loans and advances		170,811	134,535
		<u>73,442,961</u>	<u>73,533,204</u>
<b>Current assets</b>			
Stores, spares and loose tools		5,344,742	5,279,794
Stock-in-trade		7,604,966	7,636,214
Trade debts		3,206,164	5,418,748
Loans, advances, deposits and prepayments		880,467	1,160,729
Other receivables		9,149,742	8,803,356
Short term investments		3,012,231	8,188,275
Cash and bank balances		854,168	1,795,929
		<u>30,052,480</u>	<u>38,283,045</u>
<b>TOTAL ASSETS</b>		<u><u>103,495,441</u></u>	<u><u>111,816,249</u></u>



(Amounts in thousand)

	Note	Unaudited March 31, 2018	Audited December 31, 2017
		Rupees	
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		13,352,993	13,352,993
Share premium		3,384,904	3,384,904
Exchange revaluation reserve		143,674	83,183
Remeasurement of post employment benefits		(47,315)	(47,315)
Unappropriated profit		25,579,643	25,695,946
		29,060,906	29,116,718
<b>TOTAL EQUITY</b>		<b>42,413,899</b>	<b>42,469,711</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	5	22,128,070	22,784,014
Deferred liabilities		9,345,225	9,453,556
Service benefits obligations		142,185	174,784
		31,615,480	32,412,354
<b>Current liabilities</b>			
Trade and other payables		23,657,621	21,966,241
Accrued interest / mark-up		317,777	595,441
Taxes payable		2,421,043	913,246
Current portion of:			
- borrowings	5	1,903,333	8,119,864
- service benefits obligations		50,533	50,271
Short term borrowings		1,071,361	5,264,228
Unclaimed dividend		44,394	24,893
		29,466,062	36,934,184
<b>TOTAL LIABILITIES</b>		<b>61,081,542</b>	<b>69,346,538</b>
Contingencies and Commitments	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>103,495,441</b>	<b>111,816,249</b>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# consolidated condensed interim profit and loss account (unaudited) for the three months ended march 31, 2018

(Amounts in thousand except for earnings per share)

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees	
Net sales		18,218,879	10,063,731
Cost of sales		(10,888,006)	(6,548,422)
<b>Gross profit</b>		7,330,873	3,515,309
Selling and distribution expenses		(1,664,762)	(1,290,700)
Administrative expenses		(295,946)	(252,851)
		5,370,165	1,971,758
Other income	8	1,144,699	1,176,025
Other operating expenses		(404,126)	(207,635)
Finance cost		(524,048)	(686,554)
		(928,174)	(894,189)
<b>Profit before taxation</b>		5,586,690	2,253,594
Taxation		(1,697,095)	(616,080)
<b>Profit for the period</b>		3,889,595	1,637,514
<b>Earnings per share</b> - basic and diluted		2.91	1.23

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# consolidated condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees	
<b>Profit for the period</b>	3,889,595	1,637,514
<b>Other comprehensive income:</b>		
<b>Items potentially re-classifiable to Profit and Loss Account</b>		
Exchange differences on translation of foreign operations	60,491	6,455
<b>Hedging reserve - cash flow hedges</b>		
Loss arising during the period	-	(10,183)
Less: Adjustment for amounts transferred to profit and loss account	-	10,183
	-	-
Other comprehensive income for the period, net of tax	60,491	6,455
<b>Total comprehensive income for the period</b>	<u>3,950,086</u>	<u>1,643,969</u>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# consolidated condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	RESERVE					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Exchange revaluation reserve	Remeasurement of post employment benefits	Unappropriated profit	
	Rupees					
<b>Balance as at January 1, 2018 (Audited)</b>	13,352,993	3,384,904	83,183	(47,315)	25,695,946	42,469,711
<b>Transactions with owners</b>						
Final dividend for the year ended December 31, 2017 @ Rs.3.00 per share	-	-	-	-	(4,005,898)	(4,005,898)
<b>Total comprehensive income for the three months ended March 31, 2018</b>						
Profit for the period	-	-	-	-	3,889,595	3,889,595
Other comprehensive income:						
- exchange revaluation	-	-	60,491	-	-	60,491
	-	-	60,491	-	3,889,595	3,950,086
<b>Balance as at March 31, 2018 (Unaudited)</b>	<u>13,352,993</u>	<u>3,384,904</u>	<u>143,674</u>	<u>(47,315)</u>	<u>25,579,643</u>	<u>42,413,899</u>
<b>Balance as at January 1, 2017 (Audited)</b>	13,309,323	3,132,181	10,802	(26,646)	25,222,724	41,648,384
<b>Transactions with owners</b>						
Shares issued upon exercise of conversion option	43,670	252,723	-	-	-	296,393
Final dividend for the year ended December 31, 2016 @ Rs.2.50 per share	-	-	-	-	(3,338,251)	(3,338,251)
	43,670	252,723	-	-	(3,338,251)	(3,041,858)
<b>Total comprehensive income for the three months ended March 31, 2017</b>						
Profit for the period	-	-	-	-	1,637,514	1,637,514
Other comprehensive income:						
- exchange revaluation	-	-	6,455	-	-	6,455
	-	-	6,455	-	1,637,514	1,643,969
<b>Balance as at March 31, 2017 (Unaudited)</b>	<u>13,352,993</u>	<u>3,384,904</u>	<u>17,257</u>	<u>(26,646)</u>	<u>23,521,987</u>	<u>40,250,495</u>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# consolidated condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees	
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	7,019,055	4,380,302
Retirement and other service benefits paid		(48,862)	(44,872)
Taxes paid		(297,297)	(38,980)
Finance cost paid		(797,520)	(907,512)
Long term loans and advances - net		(36,276)	(10,814)
Net cash generated from operating activities		5,839,100	3,378,124
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangibles		(1,091,276)	(580,773)
Proceeds from disposal of property, plant & equipment		40	5,524
Income on deposits / other financial assets		143,374	17,555
Net cash utilised in investing activities		(947,862)	(557,694)
<b>Cash flows from financing activities</b>			
Dividends paid		-	(321)
Repayments of :			
- short term borrowings		-	(800,000)
- long term borrowings		(6,876,667)	(3,669,997)
Net cash utilised in financing activities		(6,876,667)	(4,470,318)
Net decrease in cash and cash equivalents		(1,985,429)	(1,649,888)
Cash and cash equivalents at beginning of the period		4,719,976	14,365
Exchange gain translation on foreign operations		60,491	6,455
Cash and cash equivalents at end of the period	9.1	2,795,038	(1,629,068)

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# notes to the consolidated condensed interim financial information (unaudited) for the three months ended march 31, 2018

(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:

	Note	%age of holding	
		March 31, 2018	December 31, 2017
Engro Eximp FZE	1.2.1	100	100
EFERT Agritrade (Private) Limited	1.2.2	100	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 EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of the Holding Company on July 04, 2017 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 subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

## 2. Basis for Preparation

2.1 This consolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Holding Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this consolidated condensed interim financial information, changes in the significant judgments made by management in applying the Holding Company's accounting policies and the key sources of estimation and uncertainty from those that applied to consolidated financial statements of the Holding Company for the year ended December 31, 2017 do not have any material impact.

(Amounts in thousand)

### 3. Accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2017.

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2018. These are considered not to be relevant or to have any significant effect on the Holding Company's financial reporting and operations and are, therefore, not disclosed in this consolidated condensed interim financial information.

### 4. Property, Plant and Equipment

Operating assets at net book value  
Capital work-in-progress  
Major spare parts and stand-by equipment

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
	64,966,943	65,115,401
	3,418,760	3,396,331
	416,646	411,463
	<u>68,802,349</u>	<u>68,923,195</u>

4.1 Additions to and disposals from operating assets during the period are as follows:

	Additions (Unaudited) (at cost)		Disposals (Unaudited) (at net book value)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees			
Building on freehold land	15,964	3,529	-	-
Plant and machinery	1,004,288	46,291	-	-
Office equipment	7,718	12,441	-	112
Vehicles	34,621	10,323	-	1,103
	<u>1,062,591</u>	<u>72,584</u>	<u>-</u>	<u>1,215</u>

The above disposals represented assets having a cost of Rs. 1,634 (March 31, 2017: Rs. 11,196) which were disposed off for Rs. 40 (March 31, 2017: Rs. 5,524).

(Amounts in thousand)

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
<b>5. Borrowings - Secured</b>		
Long term finance utilized under mark-up arrangements (notes 5.1 and 5.2)	22,357,645	28,672,179
Certificates (note 5.1)	<u>1,673,758</u>	<u>2,231,699</u>
	24,031,403	30,903,878
Less: Current portion shown under current liabilities	<u>1,903,333</u>	<u>8,119,864</u>
Balance at end of the period / year	<u>22,128,070</u>	<u>22,784,014</u>

5.1 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.

Privately Placed Subordinated Sukuk (PPSS) are secured by a sub-ordinated mortgage upon immovable property of the Holding Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Holding Company.

5.2 During the period, the Holding Company fully repaid four of its long terms loans, amounting Rs. 3,000,000 from Muslim Commercial Bank Limited, Rs. 2,000,000 from Allied Bank Limited, Rs. 1,000,000 from Standard Chartered Bank Limited and Rs. 200,000 from National Bank of Pakistan.

## 6. Contingencies and Commitments

### Contingencies

6.1 Bank guarantees of Rs. 2,460,231 (December 31, 2017: Rs. 2,430,860) have been issued in favour of third parties.

6.2 Claims, including pending lawsuits, against the Group not acknowledged as debts amounted to Rs. 58,680 (December 31, 2017: Rs. 58,680).

6.3 As at March 31, 2018, there is no material change in the status of matters reported as contingencies in the notes to the consolidated financial statements of the Group for the year ended December 31, 2017.

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
<b>6.4. Commitments</b>		
Commitments in respect of capital expenditure and other operational items	<u>5,063,025</u>	<u>2,626,904</u>



(Amounts in thousand)

## 7. Financing Structure / Mode

### Conventional mode

#### Assets

Short term investments  
Cash and bank balances

Unaudited  
March 31,  
2018

Audited  
December 31,  
2017

Rupees

3,012,231  
737,661  
3,749,892

8,186,275  
1,703,338  
9,889,613

#### Liabilities

Borrowings  
Short term borrowings

21,258,603  
992,173  
22,250,776

26,473,438  
5,264,228  
31,737,666

### Shariah compliant mode

#### Assets

Short term investment  
Cash and bank balances

-  
116,507  
116,507

2,000  
92,591  
94,591

#### Liabilities

Borrowings  
Short term borrowings

2,772,800  
79,188  
2,851,988

4,430,440  
-  
4,430,440

Unaudited  
March 31,  
2018

Unaudited  
March 31,  
2017

Rupees

## 8. Other Income

### Income from sales under Government subsidy

991,628

1,125,023

### On financial assets

Income on bank accounts  
- under arrangements permissible under Shariah  
- under interest / mark up arrangements  
Income on treasury bills, term deposit certificates and  
Pakistan Investment Bonds  
Revaluation of IFC derivative

72  
4,860

71  
3,795

133,077  
-

13,689  
3,415

### On non-financial assets

Gain on disposal of property, plant and equipment  
Rental income  
Gain on disposal of spares / scrap  
Others

40  
-  
2,065  
12,957  
1,144,699

4,309  
1,261  
21,420  
3,042  
1,176,025

(Amounts in thousand)

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	
<b>9. Cash Generated from Operations</b>		
<b>Profit before taxation</b>	5,586,690	2,253,594
Adjustment for non-cash charges and other items:		
Depreciation	1,211,095	1,192,899
Amortization - net	5,751	5,130
Gain on disposal of property, plant and equipment	(40)	(4,309)
Provision for service benefits	16,525	13,634
Income on deposits / other financial assets	(138,009)	(17,555)
Financial charges	524,048	686,554
Provision for surplus and slow moving stores and spares	14,816	20,987
Working capital changes (note 9.2)	(201,821)	229,368
	<u>7,019,055</u>	<u>4,380,302</u>
<b>9.1 Cash and cash equivalents</b>		
Cash and bank balances	854,168	209,454
Short term investments	3,012,231	1,046,074
Short term borrowings	(1,071,361)	(2,884,596)
	<u>2,795,038</u>	<u>(1,629,068)</u>
<b>9.2 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(79,764)	(176,251)
- Stock-in-trade	31,248	(1,388,521)
- Trade debts	2,212,584	4,120,890
- Loans, advances, deposits and prepayments	280,879	(100,383)
- Other receivables (net)	(351,751)	635,356
	<u>2,093,196</u>	<u>3,091,091</u>
Decrease in trade and other payables	(2,295,017)	(2,861,723)
	<u>(201,821)</u>	<u>229,368</u>
<b>10. Financial Risk Management and Financial Instruments</b>		
<b>10.1 Financial risk factors</b>		
The Holding Company's activities expose it to a variety of financial risks including: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.		
There have been no changes in the risk management policies during the period, consequently this consolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.		
<b>10.2 Fair value of financial assets and liabilities</b>		
The carrying value of all financial assets and liabilities reflected in the consolidated condensed interim financial information approximate their fair value.		

(Amounts in thousand)

## 11. Transactions with Related Parties

Related Parties comprise of Parent Company, associated companies and other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	
<b>Parent Company</b>		
Purchases and services	102,175	65,220
Services provided to Parent Company	13,015	7,004
Royalty	218,469	122,673
Reimbursements	8,678	16,725
Use of assets	-	145
<b>Associated companies</b>		
Purchases and services	31,198	16,935
Services provided	25,134	24,964
Reimbursements	23,774	20,739
Payment of mark-up on TFCs and repayment of principal amount	-	2,652
Use of assets	-	25
<b>Contribution to staff retirement benefits</b>		
Pension fund	4,818	4,607
Gratuity fund	32,887	23,555
Provident fund	34,818	27,461
<b>Others</b>		
Remuneration of key management personnel	60,906	56,265

(Amounts in thousand)

12. **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.

13. **Date of Authorisation for Issue**

This consolidated condensed interim financial information was authorised for issue on April 20, 2018 by the Board of Directors of the Holding Company.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman



engro fertilizers

condensed interim financial  
information (unaudited) for the  
three months ended  
march 31, 2018

# condensed interim balance sheet as at march 31, 2018

(Amounts in thousand)

	Note	Unaudited March 31, 2018	Audited December 31, 2017
		Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	68,802,349	68,923,195
Intangible assets		4,469,801	4,475,474
Investment in subsidiaries		560,416	560,416
Long term loans and advances		169,399	134,535
		<u>74,001,965</u>	<u>74,093,620</u>
<b>Current assets</b>			
Stores, spares and loose tools		5,344,742	5,279,794
Stock-in-trade		3,564,718	3,528,439
Trade debts		2,055,902	3,484,501
Subordinated loan to subsidiary		3,478,680	2,000,000
Loans, advances, deposits and prepayments		510,732	701,392
Other receivables		8,917,157	8,506,327
Short term investments		1,825,370	7,083,347
Cash and bank balances		711,817	1,655,406
		<u>26,409,118</u>	<u>32,239,206</u>
<b>TOTAL ASSETS</b>		<u>100,411,083</u>	<u>106,332,826</u>

(Amounts in thousand)

	Note	Unaudited March 31, 2018	Audited December 31, 2017
Rupees			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		13,352,993	13,352,993
Share premium		3,384,904	3,384,904
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(47,669)	(47,669)
Unappropriated profit		24,329,411	24,626,571
		<u>27,362,619</u>	<u>27,659,779</u>
<b>TOTAL EQUITY</b>		<b>40,715,612</b>	<b>41,012,772</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	5	22,128,070	22,784,014
Deferred liabilities		9,345,225	9,453,556
Service benefits obligations		139,656	173,811
		<u>31,612,951</u>	<u>32,411,381</u>
<b>Current liabilities</b>			
Trade and other payables		22,301,964	21,585,098
Accrued interest / mark-up		290,145	543,569
Taxes payable		2,421,043	913,246
Current portion of:			
- borrowings	5	1,903,333	8,119,864
- service benefits obligations		50,325	50,271
Short term borrowings		1,071,317	1,671,732
Unclaimed dividend		44,393	24,893
		<u>28,082,520</u>	<u>32,908,673</u>
<b>TOTAL LIABILITIES</b>		<b>59,695,471</b>	<b>65,320,054</b>
Contingencies and Commitments	6		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>100,411,083</b>	<b>106,332,826</b>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# condensed interim profit and loss account (unaudited) for the three months ended march 31, 2018

(Amounts in thousand except for earnings per share)

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees	
Net sales		14,911,819	10,063,731
Cost of sales		(8,253,281)	(6,570,740)
<b>Gross profit</b>		6,658,538	3,492,991
Selling and distribution expenses		(1,438,272)	(1,290,700)
Administrative expenses		(265,731)	(250,244)
		4,954,535	1,952,047
Other income	8	1,212,608	1,213,290
Other operating expenses		(404,126)	(207,635)
Finance cost		(502,748)	(685,289)
		(906,874)	(892,924)
<b>Profit before taxation</b>		5,260,269	2,272,413
Taxation		(1,551,530)	(616,080)
<b>Profit for the period</b>		3,708,739	1,656,333
<b>Earnings per share</b> - basic and diluted		2.78	1.24

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman



# condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	Quarter ended March 31, 2018	Quarter ended March 31, 2017
	Rupees	
<b>Profit for the period</b>	3,708,739	1,656,333
<b>Other comprehensive income:</b>		
<b>Items potentially re-classifiable to Profit and Loss Account</b>		
<b>Hedging reserve - cash flow hedges</b>		
Losses arising during the period	-	(10,183)
Less: Adjustment for amounts transferred to profit and loss account	-	10,183
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period</b>	<u>3,708,739</u>	<u>1,656,333</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	RESERVE					Total
	Share capital	CAPITAL		REVENUE		
		Share premium	Reserve on amalgamation	Remeasurement of post employment benefits	Unappropriated profit	
	Rupees					
<b>Balance as at January 1, 2018 (Audited)</b>	13,352,993	3,384,904	(304,027)	(47,669)	24,626,571	41,012,772
<b>Transaction with owners:</b>						
Final dividend for the year ended December 31, 2017 @ Rs. 3.00 per share	-	-	-	-	(4,005,899)	(4,005,899)
<b>Total comprehensive income for the three months ended March 31, 2017</b>						
Profit for the period	-	-	-	-	3,708,739	3,708,739
<b>Balance as at March 31, 2018 (Unaudited)</b>	<u>13,352,993</u>	<u>3,384,904</u>	<u>(304,027)</u>	<u>(47,669)</u>	<u>24,329,411</u>	<u>40,715,612</u>
<b>Balance as at January 1, 2017 (Audited)</b>	13,309,323	3,132,181	(304,027)	(27,000)	25,172,422	41,282,899
<b>Transaction with owners:</b>						
Shares issued upon exercise of conversion option	43,670	252,723	-	-	-	296,393
Final dividend for the year ended December 31, 2016 @ Rs. 2.50 per share	-	-	-	-	(3,338,251)	(3,338,251)
	43,670	252,723	-	-	(3,338,251)	(3,041,858)
<b>Total comprehensive income for the three months ended March 31, 2017</b>						
Profit for the period	-	-	-	-	1,656,333	1,656,333
<b>Balance as at March 31, 2017 (Unaudited)</b>	<u>13,352,993</u>	<u>3,384,904</u>	<u>(304,027)</u>	<u>(27,000)</u>	<u>23,490,504</u>	<u>39,897,374</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

	Note	Quarter ended March 31, 2018	Quarter ended March 31, 2017
		Rupees	
<b>Cash flows from operating activities</b>			
Cash generated from operations	9	4,688,869	4,352,092
Retirement and other service benefits paid		(48,862)	(44,873)
Taxes paid		(151,105)	(38,980)
Finance cost paid		(751,980)	(906,247)
Long term loans and advances - net		(34,864)	(10,814)
Net cash generated from operating activities		3,702,058	3,351,178
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment and intangibles		(1,091,276)	(580,773)
Subordinated loan to Subsidiary - EFert Agritrade (Private) Limited		(1,478,680)	-
Proceeds from disposal of property, plant and equipment		40	5,524
Income on deposits / other financial assets		143,374	2,381
Net cash utilised in investing activities		(2,426,542)	(572,868)
<b>Cash flows from financing activities</b>			
Dividends paid		-	(321)
Repayments of short term borrowings		-	(800,000)
Repayments of long term borrowings		(6,876,667)	(3,669,998)
Net cash utilised in financing activities		(6,876,667)	(4,470,319)
Net decrease in cash and cash equivalents		(5,601,151)	(1,692,009)
Cash and cash equivalents at beginning of the period		7,067,021	(938,641)
Cash and cash equivalents at end of the period	9.1	1,465,870	(2,630,650)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

# notes to the condensed interim financial information (unaudited) for the three months ended march 31, 2018

(Amounts in thousand)

## 1. Legal Status and Operations

1.1 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 Parent Company) which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). 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. Basis for Preparation

2.1 These condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial information represents the condensed interim financial information of the Company on a standalone basis. The consolidated condensed interim financial information of the Company and its subsidiary companies is presented separately.

2.3 The preparation of this condensed interim financial information in conformity with the approved accounting standards 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, changes in the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty from those that applied to financial statements of the Company for the year ended December 31, 2017 do not have any material impact.

## 3. Accounting Policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended December 31, 2017.

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3.3 There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2018. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

## 4. Property, Plant and Equipment

Operating assets at net book value  
Capital work-in-progress  
Major spare parts and stand-by equipment

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
	64,966,943	65,115,401
	3,418,760	3,396,331
	416,646	411,463
	<u>68,802,349</u>	<u>68,923,195</u>

(Amounts in thousand)

4.1 Additions to and disposals from operating assets during the period are as follows:

	Additions (Unaudited) (at cost)		Disposals (Unaudited) (at net book value)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
			Rupees	
Building on freehold land	15,964	3,529	-	-
Plant and machinery	1,004,288	46,291	-	-
Office equipment	7,718	12,441	-	112
Vehicles	34,621	10,323	-	1,103
	<u>1,062,591</u>	<u>72,584</u>	<u>-</u>	<u>1,215</u>

The above disposals represented assets having a cost of Rs. 1,634 (March 31, 2017: Rs. 11,196) which were disposed off for Rs. 40 (March 31, 2017: Rs. 5,524).

## 5. Borrowings - Secured

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
Long term finance utilized under mark-up arrangements (notes 5.1 and 5.2)	22,357,645	28,672,179
Certificates (note 5.1)	1,673,758	2,231,699
	<u>24,031,403</u>	<u>30,903,878</u>
Less: Current portion shown under current liabilities	1,903,333	8,119,864
Balance at end of the period / year	<u>22,128,070</u>	<u>22,784,014</u>

5.1 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.

Privately Placed Subordinated Sukuk (PPSS) are secured by a sub-ordinated mortgage upon immovable property of the Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Company.

5.2 During the period, the Company fully repaid four of its long terms loans, amounting to Rs. 6,200,000 i.e. Rs. 3,000,000 from Muslim Commercial Bank Limited, Rs. 2,000,000 from Allied Bank Limited, Rs. 1,000,000 from Standard Chartered Bank Limited and Rs. 200,000 from National Bank of Pakistan.

(Amounts in thousand)

## 6. Contingencies and Commitments

### Contingencies

- 6.1 Bank guarantees of Rs. 2,310,231 (December 31, 2017: Rs. 2,280,860) have been issued in favour of third parties.
- 6.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 58,680 (December 31, 2017: Rs. 58,680).
- 6.3 As at March 31, 2018, there is no material change in the status of matters reported as contingencies in the notes to the financial statements of the Company for the year ended December 31, 2017.

	Unaudited March 31, 2018	Audited December 31, 2017
	Rupees	
6.4. Commitments		
Commitments in respect of capital expenditure and other operational items	2,254,656	2,366,269

## 7. Financing Structure / Mode

### Conventional mode

#### Assets

Short term investments	1,825,370	7,081,347
Cash and bank balances	595,310	1,562,815
Subordinated loan to subsidiary	3,478,680	2,000,000
	<u>5,899,360</u>	<u>10,644,162</u>

#### Liabilities

Borrowings	21,258,603	26,473,438
Short term borrowings	992,129	1,671,732
	<u>22,250,732</u>	<u>28,145,170</u>

### Shariah compliant mode

#### Assets

Short term investment	-	2,000
Cash and bank balances	116,507	92,591
	<u>116,507</u>	<u>94,591</u>

#### Liabilities

Borrowings	2,772,800	4,430,440
Short term borrowings	79,188	-
	<u>2,851,988</u>	<u>4,430,440</u>

(Amounts in thousand)

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	
<b>8. Other Income</b>		
<b>Income from sales under Government subsidy</b>	991,628	1,125,023
<b>On financial assets</b>		
Income on bank accounts		
- under arrangements permissible under Shariah	71	71
- under interest / mark up arrangements	4,860	3,795
Income on subordinated loan to Subsidiary company	41,121	-
Income on treasury bills, term deposit certificates and Pakistan Investment Bonds	125,447	33
Revaluation of IFC derivative	-	3,415
Dividend Income	-	52,384
<b>On non-financial assets</b>		
Commission income	46,737	-
Gain on disposal of property, plant and equipment	40	4,309
Rental income	-	1,261
Gain on disposal of spares / scrap	2,065	21,420
Others	639	1,579
	<u>1,212,608</u>	<u>1,213,290</u>
<b>9. Cash Generated from Operations</b>		
<b>Profit before taxation</b>	5,260,269	2,272,413
Adjustment for non-cash charges and other items:		
Depreciation	1,211,095	1,192,897
Amortization - net	5,741	5,130
Gain on disposal of property, plant and equipment	(40)	(4,309)
Provision for service benefits	14,761	13,634
Income on deposits / other financial assets	(171,499)	(3,899)
Financial charges	502,748	685,289
Provision for surplus and slow moving stores and spares	14,816	20,987
Working capital changes (note 9.2)	(2,149,022)	169,950
	<u>4,688,869</u>	<u>4,352,092</u>
<b>9.1 Cash and cash equivalents</b>		
Cash and bank balances	711,817	111,307
Short term investments	1,825,370	142,639
Short term borrowings	(1,071,317)	(2,884,596)
	<u>1,465,870</u>	<u>(2,630,650)</u>

(Amounts in thousand)

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	
9.2 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(79,764)	(176,251)
- Stock-in-trade	(36,279)	(1,377,442)
- Trade debts	1,428,599	4,120,890
- Loans, advances, deposits and prepayments	190,660	(92,330)
- Other receivables (net)	(382,705)	568,520
	<u>1,120,511</u>	<u>3,043,387</u>
Decrease in trade and other payables	(3,269,533)	(2,873,437)
	<u>(2,149,022)</u>	<u>169,950</u>

## 10. Financial Risk Management and Financial Instruments

### 10.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

### 10.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.



(Amounts in thousand)

## 11. Transactions with Related Parties

Related Parties comprise of Parent Company, associated companies and other companies with common directors, retirement benefit funds, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	
<b>Parent Company</b>		
Purchases and services	102,175	65,220
Services provided	13,015	7,004
Royalty	218,469	122,673
Reimbursements	8,678	16,725
Use of assets	-	145
<b>Subsidiary companies</b>		
Purchase of Product	-	996,982
Reimbursements	64,700	4,537
Dividend received	-	52,420
Funds collected against sales made	7,249,210	-
Disbursement of sub-ordinated loan	3,877,080	-
Repayment of sub-ordinated loan	2,398,400	-
Mark-up on subordinated loan	41,021	-
Commission	46,737	-
<b>Associated companies</b>		
Purchases and services	31,198	16,935
Services provided	25,134	24,964
Reimbursements	23,774	14,447
Payment of mark-up on TFCs and repayment of principal amount	-	2,652
Use of assets	-	25
<b>Contribution to staff retirement benefits</b>		
Pension fund	4,818	4,607
Gratuity fund	32,571	23,555
Provident fund	34,439	27,461
<b>Others</b>		
Remuneration of key management personnel	56,190	55,922

(Amounts in thousand)

12. **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.

13. **Date of Authorisation for Issue**

This condensed interim financial information was authorised for issue on April 20, 2018 by the Board of Directors of the Company.



**Atif Kaludi**  
Chief Financial Officer



**Ruhail Mohammed**  
Chief Executive



**Ghias Khan**  
Chairman

DAP سیکلز، گزشتہ سال 37 کے فی ٹھیس، جبکہ 2018 کی پہلی سہ ماہی میں 54 کے ٹی رہیں، گویا ان میں 46 فیصد سال بہ سال کا اضافہ ہوا، نتیجتاً گزشتہ سال اسی مدت کے دوران 12 فیصد مارکیٹ شیئر کے مقابلے میں اس بار 15 فیصد زیادہ شیئر حاصل ہوا۔ سیکلز میں اضافہ بین الاقوامی قیمتوں میں اضافے کے پیش نظر قبل از وقت خریداری کے باعث ہوا۔

کمپنی کی بلینڈڈ فرٹلائزر (زرخیز اور اینگریو این پی) کی سیکلز، گزشتہ سال پہلی سہ ماہی کی 31 کے ٹی کے مقابلے میں 2018 کی پہلی سہ ماہی میں 42 فیصد اضافے کے ساتھ 44 کے ٹی رہیں۔ مجموعی پوناش مارکیٹ، پوناش پرسبڈی اور بہتر صنعتی منافعوں کے باعث 2017 کی پہلی سہ ماہی کی 14 کے ٹی کے مقابلے میں بڑھ کر 15 کے ٹی ہو گئی۔ کمپنی کا مارکیٹ شیئر MOP/SOP کے بہتر منافع جات کے نتیجے میں 42 فیصد رہا جو کہ گزشتہ سال 33 فیصد تھا۔

کمپنی کا کل منافع، گزشتہ سال کی پہلی سہ ماہی کے دوران حاصل شدہ 3.5 بلین روپے کے مقابلے میں 2018 کی پہلی سہ ماہی میں 109 فیصد اضافے کے ساتھ 7.3 بلین روپے ریکارڈ کیا گیا۔ زیادہ منافع کا سبب بڑے پیمانے پر یوریا کی مارکیٹ سے خریداری، 12 کے ٹی کی برآمدات اور تخفیف شدہ انونیٹری لیولز کی پشت پر بلند تر مقامی قیمتیں تھیں۔ بہتر جاری سرمائے، کم سے کم حد کی حامل شرح سود اور مختلف طویل المیعاد قرضوں کی دوبارہ نرخ بندی کے نتیجے میں مالیاتی لاگت 524 بلین روپے (گزشتہ سال کے 687 بلین روپے کے مقابلے میں) تک کم رہی۔


خالص منافع، گزشتہ سال کے 1.7 بلین روپے (آزاد منافع) کے مقابلے میں 2018 کی پہلی سہ ماہی میں 3.7 بلین روپے رہا، جس کا نتیجہ 2017 کی پہلی سہ ماہی کے 1.24 روپے کے مقابلے میں 2.78 روپے کے EPS کی صورت میں سامنے آیا۔ کمپنی کا اجتماعی منافع، گزشتہ سال کی اسی مدت کے 1.6 بلین روپے منافع کے مقابلے میں 3.9 بلین روپے رہا، نتیجتاً گزشتہ سال کے 1.23 روپے کے EPS کے مقابلے میں اس سال کا EPS 2.91 روپے رہا۔

انڈسٹری سے ہم آہنگ رہتے ہوئے، اینگریو فرٹلائزرز نے اکتوبر 2016 میں ہائی کورٹ کی جانب سے GIDC ایکٹ کے عدم نفاذ کے عبوری حکم نامے کے تناظر میں تمام غیر رعایتی گیسوں پر GIDC کی عدم ادائیگی جاری رکھی۔ کمپنی نے 2015 میں رعایتی گیس پر GIDC کے اطلاق کے خلاف حکم التوا بھی حاصل کر لیا تھا، لہذا نئے یوریا پلانٹ کو فراہم کی جانے والی رعایتی گیس کے حوالے سے کوئی GIDC ادائیگی نہیں کیا جا رہا، یا واجب الادا نہیں ہے۔ رعایتی گیس پر عائد GIDC، فرٹلائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے، جن کی بنیاد پر ہم نے اپنے فرٹلائزر کی پیداواری گنجائش بڑھانے کے لیے 1.1 بلین ڈالر کی سرمایہ کاری کی تھی۔

مستقبل کا پیش منظر

توقع ہے کہ مقامی یوریا مارکیٹ، خریف کے ابتدائی عرصے میں پانی کی متوقع قلت کے باعث تاخیر سے خریداری کے مسئلے کا شکار رہے گی، تاہم مجموعی مارکیٹ کی خریداری، آئندہ بھی قیمتوں کی کم و بیش اسی سطح کو برقرار رکھتے ہوئے مستحکم رہنے کا امکان ہے۔ DAP کی قیمتیں، دوسری سہ ماہی میں بھارتی طلب کے باعث مقررہ حد میں رہنے کی توقع ہے۔

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روحیل محمد  
چیف ایگزیکٹو آفیسر

  
غیاث خان  
چئیرمین

# اینگرو فertilizers رزلیمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے اختتامی مدت 31 مارچ، 2018

ڈائریکٹرز رپورٹ

ہم، اینگرو فertilizers رزلیمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے تین ماہ کے غیر آڈٹ شدہ اکاؤنٹس برائے اختتامی مدت 31 مارچ، 2018 پیش کرتے ہوئے انتہائی خوش محسوس کر رہے ہیں۔

پاکستان کی فertilizers مارکیٹ

پہلی سہ ماہی میں مقامی یوریا مارکیٹ کی طلب بڑھ کر 1,242 کے ٹی ہو گئی۔ گویا 2017 کی پہلی سہ ماہی کے مقابلے میں تقریباً 43 فیصد کا اضافہ دیکھنے میں آیا۔ تاہم، ابتدائی تین ماہ میں ہونے والے اضافے کے باوجود، ریج کی مجموعی طلب 2 فیصد اضافے سے 2,952 کے ٹی پر نسبتاً مستحکم رہی۔ برآمدی محاذ پر، انڈسٹری نے سہ ماہی کے دوران، ECC کی جانب سے مختص کردہ 635 کے ٹی کے مکمل برآمدی کوٹے سے استفادہ کرتے ہوئے 75 کے ٹی کی برآمدات کیں۔

مارکیٹ کی خریداری کے برعکس، مقامی شعبے کی یوریا پیداوار گزشتہ سال اسی مدت کے مقابلے میں 2 فیصد کمی کے ساتھ 1,333 کے ٹی رہی۔ پیداوار میں تخفیف کا سبب محدود پیمانے پر گیس کی دستیابی کے باعث LNG پر مبنی فertilizers پلانٹس کا بند ہونا تھا۔ سہ ماہی کے دوران، صنعتی فروخت میں اضافے اور نمایاں برآمدات کے باعث، صنعتی انوینٹری گزشتہ سال کی پہلی سہ ماہی میں 1,532 کے ٹی کے مقابلے میں کم ہو کر 282 کے ٹی پر آ گئی۔

سہ ماہی کے دوران بڑھتی ہوئی مقامی طلب، کم پیداوار اور برآمدات کے نتیجے میں، مقامی یوریا کی قیمتیں گزشتہ سال کی اسی مدت کے مقابلے میں کم جب یہ حکومت کی جانب سے وضع کردہ بالائی حد سے متجاوز نہیں تھیں، 1,400 روپے فی بیگ رہی۔ بین الاقوامی محاذ پر، یوریا کی قیمتوں نے، 2017 کی چوتھی سہ ماہی 255 ڈالر فی ٹن کے مقابلے میں 2018 کی پہلی سہ ماہی میں 270 ڈالر فی ٹن (1,930 پاکستانی روپے فی بیگ کے مساوی) پر پہنچ کر مزید استحکام حاصل کیا۔

گزشتہ سال کے مقابلے میں مقامی یوریا کی قیمتیں بلند سطح پر مستحکم رہنے کے باوجود مقامی انڈسٹری کو سبسڈی کے مجموعے اور اس کی تقسیم کے لیے، جو کہ حکومت کی ہدایت پر انڈسٹری کی جانب سے پہلے ہی کسانوں کو فراہم کر دی گئی ہے، درکار طویل دورانیے کے سبب مسلسل مسائل کا سامنا رہا۔ ایک انڈسٹری کی حیثیت سے، ہم سبسڈی کے سبھی طریقہ کار اور واجب الادا رقم کی ادائیگی کے عمل کو موزوں بنانے کے لیے حکومت کے ساتھ مل کر کام کر رہے ہیں۔ تاہم، فی الحال متعلقہ مسئلہ اپنی جگہ موجود ہے۔

مقامی مارکیٹ میں DAP کی طلب میں گزشتہ سال کے مقابلے میں 14 فیصد کا خاطر خواہ اضافہ ہوا، جس میں سبزیوں، 2017 کی پہلی سہ ماہی کی 312 کے ٹی کے مقابلے میں 357 کے ٹی ریکارڈ کی گئیں۔ سبزیوں میں اضافے کا بنیادی محرک نسبتاً کمزور دیہی معاشیات کے باوجود بین الاقوامی قیمتوں میں اضافے کے پیش نظر قبل از وقت خریداری تھا۔ بین الاقوامی محاذ پر، DAP کی قیمتیں دسمبر 2017 سے مہموی عنصر کے باعث مقررہ حد کے اندر (423 سے 430 ڈالر فی ٹن) رہیں۔

کھیتی کی عملی کاروباری کارکردگی

2018 کی پہلی سہ ماہی میں کھیتی کی یوریا کی پیداوار، گزشتہ سال اسی مدت میں 447 کے ٹی کی پیداوار کے مقابلے میں 517 کے ٹی رہی، گویا اس میں 16 فیصد سال بہ سال اضافہ ہوا جس کی وجہ یہ ہے کہ گزشتہ سال پہلی سہ ماہی میں پلانٹ بند رہا تھا۔ سبزیوں، 2017 کی پہلی سہ ماہی میں 269 کے ٹی کے مقابلے میں اس سہ ماہی میں 85 فیصد سال بہ سال اضافے کے ساتھ 497 کے ٹی پر پہنچ گئیں، جن میں سہ ماہی کے دوران ہونے والی 12 کے ٹی کی برآمدی سبزیوں کے باعث مزید اضافہ ہوا۔ مجموعی طور پر یوریا کے حوالے سے کھیتی کا مقامی مارکیٹ شیئر 2017 کی پہلی سہ ماہی کے 31 فیصد (برائڈ یوریا مارکیٹ شیئر: 32 فیصد) کے مقابلے میں 40 فیصد (برائڈ یوریا مارکیٹ شیئر: 40 فیصد) رہا۔





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