



# fields of connection

Third Quarter Accounts 2016

111-211-211  
engrofertilizers.com



DCIPITHE D/HAMIDI PARTNERSHIP/DESIGN



engro fertilizers

# company information

## Board of Directors

Khalid Siraj Subhani - Chairman  
Ruhail Mohammed - Chief Executive Officer  
Javed Akbar  
Abdul Samad Dawood  
Asim Murtaza Khan  
Naz Khan  
Sadiah Khan  
Asad Said Jafar

## Company Secretary

Sohail Kassamali

## Bankers

### Conventional

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
CIMB Bank  
Citi Bank .N.A.  
CITI Bank Dubai  
Faysal Bank Limited  
Habib Bank AG Zurich Dubai  
Habib Bank Limited  
Habib Bank Limited Dubai  
Habib Metropolitan Bank Limited  
HSBC Bank Limited Dubai  
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  
United Bank Limited Dubai

### Shariah Compliant

Bank Islami Pakistan Limited  
Burj Bank Limited  
Dubai Islamic Bank (Pakistan) Limited  
Meezan Bank Limited

## Auditors

A.F. Ferguson & Company  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road  
Karachi-74000, Pakistan  
Tel: +92(21) 32426682-6 / 32426711-5  
Fax +92(21) 32415007 / 32427938

## Cost Auditors

J.A.S.B. & Associates  
Chartered Accountants  
No. 4 Uni Tower  
I.I. Chundrigar Road  
Karachi-74000, Pakistan  
Tel: +92(21) 32468154-5 / 32468158  
Fax +92(21) 32468157

## Registered Office

7th Floor, The Harbor Front Building,  
HC # 3, Marine Drive, Block 4, Clifton,  
Karachi-75600, Pakistan  
Tel: +92(21) 35297501 – 35297510  
Fax: +92(21) 35810669  
Website: www.engrofertilizers.com

# directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited financial statements for the period ended September 30, 2016.

## Pakistan Fertilizer Market

The fertilizer market picked up in 3Q 2016 with urea offtake at 1,643KT, up 55% from 1,059KT registered in the corresponding period last year. The higher offtake was a direct result of subsidy announcement by the Government towards the tail-end of 2Q 2016 which also led to better farmer economics on cotton and rice. Overall 9M 2016 industry volumes, however, remained relatively weaker at 3,460KT compared to 3,924KT in 9M 2015. The weak performance came amid lower urea pick-up in the first half of the year given i) weaker farmer purchasing power vis-à-vis fall in crop prices and ii) expectation of price reduction through subsidy.

On the manufacturing front, 9M 2016 urea production increased to 4,482KTvs. 3,893KTin the same period last year, a growth of 15%. Higher production was on account of better gas availability due to LNG in the system. Production in 3Q 2016 stood at 1,543KT. With production outpacing demand, urea inventory by September 2016 end has reached 1.6mn ton.

With Pakistan, an agrarian economy and farmer income at its recent weakest, the Government of Pakistan (GoP) in its Budget 2016 announced the reduction of urea price to PKR1,400/bag from previous PKR1,790/bag. The reduction was carried out through price cut of PKR50/bag by manufacturers and a combination of subsidy and reduction in GST by government. On the international front, urea prices continue to trade around CFR USD 210/ton. At the same time, the Economic Coordination Committee (ECC) has recently allowed a reduction in imported urea price to PKR1,200/bag. The current inventory of imported urea with NFML is 276 KT.

DAP sales during 9M stood at 922KT compared to 591KT in the same period last year, a growth of 56%YoY with higher offtake primarily due to continued subsidy on the product albeit at a lower rate of PKR300/bag compared to PKR 500/bag previously.

## Company's Operating Performance

The company's urea production in 9M 2016 stood at 1,397 KT compared to 1,472 KT in the corresponding period last year – a decline of 5%. The decline came about primarily due to turnaround at Enven plant. Sales during the review period stood at 1,022 KT vs. 1,295KT in 9M 2015, a decline of 21%YoY. Urea market share stood at 30% vs 33% in 9M 2015. For 3Q 2016, production stood at 475 KT while sales clocked in at 494 KT.

Engro sold 242 KT of DAP in 9M 2016 vs. 151KT in 9M 2015 with a market share of 26%, flat YoY. Sales for 3Q 2016 stood at 114 KT vs 32KT in same period last year.

The company's blended fertilizer sales (Zarkhez and Engro NP) for 9M 2016 stood at 71 KT compared to 9M 2015 sales of 79 KT, a decline of 10%YoY. The decline in sales was primarily caused by the decline of potash industry by 15%YoY and oversupply situation in the NP industry segment. Engro's Zarkhez market share stood at 47% vs 35% in the same period last year.

Gross profit for 9M 2016 stood at PKR15.6B (including subsidy of PKR 4.1B which has been classified in Other Income) compared to PKR20.8B in the same period last year. The decrease was mainly on account of i) depressed volumetric sales in the initial half of the year amid uncertainty over potential subsidy in Budget 2016 as well as ii) reduced margins. Higher working capital needs due to excess inventory and payment of GIDC also impacted the profitability of the business vs. last year.

Finance cost was significantly lower than last year (PKR2.4B vs. PKR3.6B last year) as a result of loan payments, lower interest rates and re-pricings of various long term loans.

As a result of the above, the Company's net profit stood at PKR5.7B for 9M 2016 compared to PKR9.9B for the same period last year, resulting in an EPS of PKR 4.25 per share vs. PKR7.45 per share in the comparative period last year. Company's consolidated profit stood at PKR5.7B compared to PKR9.6B for the same period last year, resulting in an EPS of PKR 4.32 per share.

The Economic Coordination Committee (ECC) in 1Q 2016 permanently reallocated 60 MMSCFD gas back to original allottees in the fertilizer sector, out of which EFERT's share was 12.5 MMSCFD. The Company is in discussion with various relevant parties for allocation of surplus gas to ensure continued two plant operation.

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 B to expand our fertilizer manufacturing capacity.

#### Near term outlook:

There has been a structural shift in the local fertilizer industry dynamics where urea supply glut is expected to continue in the foreseeable future. This contrasts significantly from the urea shortfall prevalent in the previous years. The shift has primarily occurred due to better gas supply on the Mari and Sui networks as well as availability of LNG. Continued high inventory levels within the industry, despite an uptick in sales volumes in 3Q continues to put financial burden on manufacturers. International DAP prices are also expected to remain under pressure due to soft commodity prices.

The fertilizer industry is in talks with the government for allowing exports of urea, to ease the oversupply situation in the domestic industry. Furthermore, the company is closely monitoring the situation and will endeavor to safeguard the interest of its shareholders.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director



engro fertilizers

condensed interim financial  
information (unaudited) for the  
nine months ended  
september 30, 2016

# condensed interim balance sheet as at september 30, 2016

(Amounts in thousand)

	Note	Unaudited September 30, 2016	Audited December 31, 2015
------(Rupees)-----			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	71,391,856	72,192,289
Intangible assets	1.3	4,451,760	106,487
Investment in subsidiary	1.3	560,316	4,383,000
Long term loans and advances		127,240	159,778
		<u>76,531,172</u>	<u>76,841,554</u>
<b>Current assets</b>			
Stores, spares and loose tools		5,321,979	4,639,142
Stock-in-trade		16,477,420	6,942,110
Trade debts		6,790,398	2,261,747
Derivative financial instruments		-	29,207
Subordinated loan to subsidiary		-	900,000
Loans, advances, deposits and prepayments		790,694	588,247
Other receivables		5,327,679	1,329,998
Short term investments		642,787	10,984,555
Cash and bank balances		33,936	865,302
		<u>35,384,893</u>	<u>28,540,308</u>
<b>TOTAL ASSETS</b>		<u><u>111,916,065</u></u>	<u><u>105,381,862</u></u>

(Amounts in thousand)

	Note	Unaudited September 30, 2016	Audited December 31, 2015
------(Rupees)-----			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		13,309,323	13,309,323
Share premium		3,132,181	3,132,181
Reserve on amalgamation	1.3	(304,027)	-
Hedging reserve		-	(4,536)
Remeasurement of post employment benefits		(41,252)	(40,664)
Unappropriated profit		25,131,045	26,129,716
		<u>27,917,947</u>	<u>29,216,697</u>
<b>TOTAL EQUITY</b>		<u>41,227,270</u>	<u>42,526,020</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	5	27,122,489	25,289,658
Deferred liabilities		7,675,301	6,493,030
Service benefits obligations		144,662	124,367
		<u>34,942,452</u>	<u>31,907,055</u>
<b>Current liabilities</b>			
Trade and other payables		19,012,967	16,886,856
Accrued interest / mark-up		416,712	843,803
Taxes payable		994,363	2,060,723
Current portion of:			
- borrowings	5	9,251,116	10,736,586
- service benefits obligations		47,509	48,232
Short term borrowings		5,818,999	-
Unclaimed dividend		11,977	6,103
Derivative financial instruments		192,700	366,484
		<u>35,746,343</u>	<u>30,948,787</u>
<b>TOTAL LIABILITIES</b>		<u>70,688,795</u>	<u>62,855,842</u>
Contingencies and Commitments	6		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>111,916,065</u></u>	<u><u>105,381,862</u></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

## condensed interim profit and loss account (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand except for earnings per share)

Note	Quarter ended September 30,2016	Quarter ended September 30,2015	Nine months ended September 30,2016	Nine months ended September 30,2015
------(Rupees)-----				
Net sales	18,633,189	13,868,773	40,892,233	51,927,868
Cost of sales	(13,780,037)	(7,255,553)	(29,450,537)	(31,224,807)
<b>Gross profit</b>	<b>4,853,152</b>	<b>6,613,220</b>	<b>11,441,696</b>	<b>20,703,061</b>
Selling and distribution expenses	(1,644,811)	(955,142)	(3,425,382)	(3,188,411)
Administrative expenses	(215,726)	(265,430)	(632,380)	(643,719)
Other income	2,992,615	5,392,648	7,383,934	16,870,931
8	2,325,121	192,550	4,392,149	1,439,125
Other operating expenses	(349,706)	(334,713)	(769,511)	(1,137,836)
Finance cost	(799,839)	(1,163,538)	(2,363,381)	(3,559,932)
	(1,149,545)	(1,498,251)	(3,132,892)	(4,697,768)
<b>Profit before taxation</b>	<b>4,168,191</b>	<b>4,086,947</b>	<b>8,643,191</b>	<b>13,612,288</b>
Taxation	(1,305,541)	(1,298,112)	(2,987,200)	(3,707,415)
<b>Profit for the period</b>	<b>2,862,650</b>	<b>2,788,835</b>	<b>5,655,991</b>	<b>9,904,873</b>
Earnings per share - basic	9 2.15	2.10	4.25	7.45
Earnings per share - diluted	9 2.10	2.09	4.18	7.45

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

## condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

	Quarter ended September 30,2016	Quarter ended September 30,2015	Nine months ended September 30,2016	Nine months ended September 30,2015
------(Rupees)-----				
Profit for the period	2,862,650	2,788,835	5,655,991	9,904,873
Other comprehensive income: Items potentially re-classifiable to Profit and Loss Account				
Hedging reserve - cash flow hedges				
(Loss) / Gain arising during the period	(37,500)	19,815	(140,754)	(48,754)
Less: Adjustment for amounts transferred to profit and loss account	37,499	(7,014)	148,298	93,051
Tax relating to hedging reserve	(669)	(4,096)	(3,008)	(14,175)
	(670)	8,705	4,536	30,122
Items not re-classifiable to Profit and Loss Account				
Effect of change in Income tax rate on remeasurement of post employment benefits obligations	-	-	(588)	(191)
Other comprehensive income for the period, net of tax	(670)	8,705	3,948	29,931
<b>Total comprehensive income for the period</b>	<b>2,861,980</b>	<b>2,797,540</b>	<b>5,659,939</b>	<b>9,934,804</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# condensed interim statement of changes in equity (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

	Capital		Reserve			Total	
	Share capital	Share premium	Reserve on amalgamation	Hedging reserve	Revenue Remeasurement of post employment benefits		Unappropriated profit
------(Rupees)-----							
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	-	(4,536)	(40,664)	26,129,716	42,526,020
Transaction with owners							
Dividend Paid:							
- 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)
	-	-	-	-	-	(6,654,662)	(6,654,662)
Total comprehensive income for the nine months ended September 30, 2016							
Profit for the period	-	-	-	-	-	5,655,991	5,655,991
Other comprehensive income:							
- cash flow hedges, net of tax	-	-	-	4,536	-	-	4,536
- remeasurements, net of tax	-	-	-	-	(588)	-	(588)
	-	-	-	4,536	(588)	5,655,991	5,659,939
Reserve created upon amalgamation (note 1)	-	-	(304,027)	-	-	-	(304,027)
Balance as at September 30, 2016 (Unaudited)	13,309,323	3,132,181	(304,027)	-	(41,252)	25,131,045	41,227,270
Balance as at January 1, 2015 (Audited)	13,183,417	2,260,784	-	(39,831)	(14,103)	19,087,828	34,478,095
Transaction with owners							
Shares issued at exercise of conversion option	125,906	871,397	-	-	-	-	997,303
Dividend Paid:							
- Final 2014: Rs. 3.00 per share	-	-	-	-	-	(3,992,797)	(3,992,797)
- 1st interim 2015: Rs. 1.50 per share	-	-	-	-	-	(1,996,402)	(1,996,402)
	125,906	871,397	-	-	-	(5,989,199)	(4,991,896)
Total comprehensive income for the nine months ended September 30, 2015							
Profit for the period	-	-	-	-	-	9,904,873	9,904,873
Other comprehensive income:							
- cash flow hedges, net of tax	-	-	-	30,122	-	-	30,122
- remeasurements, net of tax	-	-	-	-	(191)	-	(191)
	-	-	-	30,122	(191)	9,904,873	9,934,804
Balance as at September 30, 2015 (Unaudited)	13,309,323	3,132,181	-	(9,709)	(14,294)	23,003,502	39,421,003

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand)

		Nine months ended September 30, 2016	Nine months ended September 30, 2015
------(Rupees)-----			
Cash flows from operating activities			
Cash utilised in operations	10	(5,684,067)	(5,436,704)
Retirement and other service benefits paid		(43,618)	(41,100)
Taxes paid		(2,124,453)	(1,764,409)
Finance cost paid		(2,846,172)	(3,949,279)
Long term loans and advances - net		32,538	(45,119)
Net cash utilised in operating activities		(10,665,772)	(11,236,611)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangibles		(2,751,455)	(1,262,684)
Investment in Engro Eximp (Private) Limited (EEPL)		-	(4,383,000)
Subordinated loan to EEPL		-	(900,000)
Transfers on amalgamation of EEPL		(20,388)	-
Proceeds from disposal of :			
- Property, plant and equipment		9,265	24,603
- Investments - net		393,597	23,980,884
Income on deposits / other financial assets		158,294	1,228,643
Net cash (utilised in) / generated from investing activities		(2,210,687)	18,688,446
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - net		16,000,000	2,339,637
Dividends paid		(3,986,923)	(5,989,199)
Repayments of borrowings		(15,735,153)	(9,638,643)
Net cash utilised in financing activities		(3,722,076)	(13,288,205)
Net decrease in cash and cash equivalents		(16,598,535)	(5,836,370)
Cash and cash equivalents at beginning of the period		11,456,260	5,283,419
Cash and cash equivalents at end of the period	11	(5,142,276)	(552,951)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# notes to the condensed interim financial information (unaudited) for the nine months ended september 30, 2016

(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 Companies Ordinance, 1984 as a 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.
- 1.2 The Company is listed on Pakistan Stock Exchange Limited (the Exchange). The Company has also issued Term Finance Certificates (TFC's) which are listed at the Exchange.
- 1.3 Last year on April 30, 2015, as approved by the shareholders of the Company, the Company acquired 100% shareholding of Engro Eximp (Private) Limited (EEPL) from Engro Corporation Limited (the Parent Company) for a consideration of Rs. 4,383,000. The acquisition of EEPL by the Company was accounted for as a business combination under IFRS 3 "Business Combinations" in the consolidated financial statements of the Company based on the fair values of assets and liabilities determined as at the date of acquisition. During the period, the Board of Directors of EEPL and the Board of Directors of the Company approved the scheme of amalgamation (the Scheme) of EEPL with the Company. The Scheme was sanctioned / approved by the High Court of Sindh on April 30, 2016.

The aforementioned amalgamation between the Company and EEPL, by way of the sanctioned Scheme, is outside the scope of IFRS 3 and in substance is a legal reorganisation. Accordingly, the assets and liabilities of EEPL as at the date of amalgamation i.e. April 30, 2016 have been merged with the assets and liabilities of the Company at carrying values. In addition, in this condensed standalone financial information, the Company has recognised 'Right to use the Brand' and 'Goodwill' and adjustment to the assets and liabilities, representing the difference between the fair values and net book values as at the date of acquisition, which were also previously recognised in the consolidated financial statements of the Company for the year ended December 31, 2015. The details of assets and liabilities as at the acquisition date and the date of amalgamation are summarized below:

	At the date of acquisition	At the date of amalgamation
Right to use the Brand	4,170,995	4,170,995
Goodwill	183,806	183,806
Others	651	651
	<u>4,355,452</u>	<u>4,355,452</u>
Investment in subsidiary	560,316	560,316
Other assets	6,780,881	956,942
Liabilities	(7,313,649)	(1,793,737)
Reserve on amalgamation (note 1.4)	-	304,027
	<u>4,383,000</u>	<u>4,383,000</u>

- 1.4 This represents the difference between the fair values of net assets of EEPL at the date of acquisition and the carrying values of such assets at the date of amalgamation.

## 2. Basis for Preparation

- 2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2015.
- 2.2 This condensed interim financial information represents the separate condensed interim financial information of the Company on a standalone basis. The consolidated condensed interim financial information of the Company and its subsidiary company is presented separately.

(Amounts in thousand)

- 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 were applied to the financial statements of the Company for the year ended December 31, 2015 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, 2015, except for the adoption of new policies as disclosed in notes 3.1.1 and 3.1.2 below.

### 3.1.1 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.

### 3.1.2 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 value may not be recoverable. If any such indication exists, assets or cash generating units are tested for impairment. Also, goodwill is impairment tested at least 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 has been a change 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.

- 3.2 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016. 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 the condensed interim financial information.

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

## 4. Property, Plant and Equipment

Operating assets at net book value (note 4.1)  
Capital work-in-progress  
Major spare parts and stand-by equipment

	Unaudited September 30, 2016	Audited December 31, 2015
----- (Rupees) -----		
	66,518,711	69,753,076
	4,431,141	1,946,598
	442,004	492,615
	<u>71,391,856</u>	<u>72,192,289</u>



(Amounts in thousand)

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

	Additions (Un-audited) (at cost)		Disposal (Un-audited) (at net book value)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	------(Rupees)-----			
Building on freehold land	88,012	11,655	-	-
Plant and machinery	62,474	110,747	-	-
Office equipment	112,442	48,757	2	12
Vehicles	48,264	18,634	9,263	9,055
	<u>311,192</u>	<u>189,793</u>	<u>9,265</u>	<u>9,067</u>

The above disposals represented assets having a cost of Rs. 38,340 (September 30, 2015: Rs. 37,495) which were disposed off for Rs. 9,265 (September 30, 2015: Rs. 9,067).

## 5. Borrowings - Secured (Non - participatory)

Long term finances utilised under mark-up arrangements (notes 5.1, 5.2, 5.3, 5.4, 5.5 and 5.6) Term Finance and Sukuk Certificates (note 5.1)

Less: Current portion shown under current liabilities  
Balance at end of the period / year

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
	33,516,858	27,019,972
	<u>2,856,747</u>	<u>9,006,272</u>
	<u>36,373,605</u>	<u>36,026,244</u>
	<u>9,251,116</u>	<u>10,736,586</u>
	<u>27,122,489</u>	<u>25,289,658</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.

Loans from the International Finance Corporation (IFC), Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and 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.

During the period, corporate guarantees issued by the Parent Company were released on all the debts of the Company, excluding sub-ordinated loans from IFC.

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

5.3 During the period, the pricing of the IFC loans has been revised to 6 months LIBOR plus 3.0% from 6 months LIBOR plus 6.0%, effective February 15, 2016.

5.4 The borrowings also include Offshore Islamic Finance Facility of US\$ 36,000 with Habib Bank Limited (HBL) and National Bank of Pakistan and Rs. 3,618,000 with Faysal Bank, Dubai Islamic Bank Pakistan Limited and SCB. During the period, HBL bought out SAMBA Financial Group's portion in the US\$ portion of the facility.

(Amounts in thousand)

5.5 The Company had availed a loan of US\$ 30,000 from the IFC, divided into (i) 30% convertible loan on the shares of the Company at Rs. 24 per ordinary share calculated at the dollar 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. This conversion option is exercisable up to March 31, 2017. Option on US\$ 8,000, out of US\$ 9,000, was exercised in prior years. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 168,689.

5.6 During the period, the Company availed three bilateral loans for a total of Rs. 10,000,000 from MCB, United Bank Limited and ABL amounting to Rs. 4,000,000 Rs. 4,000,000 and Rs. 2,000,000 respectively. The new loans have a pricing of 6months KIBOR plus 0.15% and will mature in September 2021.

## 6. Contingencies and Commitments

### 6.1 Contingencies

6.1.1 Bank guarantees of Rs. 2,120,286 (December 31, 2015: Rs. 1,402,223) have been issued in favour of third parties.

6.1.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 159,816 (December 31, 2015: Rs. 109,685).

6.1.3 As at September 30, 2016, there is no material change in the status of matters reported as contingencies in the financial statements of the Company for the year ended December 31, 2015.

### 6.2 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
	<u>1,417,407</u>	<u>995,392</u>

## 7. Financing Structure / Mode

### Conventional mode

#### Assets

Deposits  
Cash and Bank Balances

#### Liabilities

Borrowings  
Short term borrowings

### Shariah compliant mode

#### Assets

Cash and Bank Balances

#### Liabilities

Borrowings  
Short term borrowings

Deposits	642,787	-
Cash and Bank Balances	<u>33,833</u>	<u>1,550,534</u>
	<u>676,620</u>	<u>1,550,534</u>
Borrowings	29,360,791	28,101,414
Short term borrowings	<u>814,250</u>	<u>1,274,667</u>
	<u>30,175,041</u>	<u>29,376,081</u>
Cash and Bank Balances	<u>103</u>	<u>304</u>
Borrowings	7,012,814	7,924,830
Short term borrowings	<u>5,004,749</u>	<u>-</u>
	<u>12,017,563</u>	<u>7,924,830</u>

(Amounts in thousand)

## 8. Other Income

Includes Rs. 201,675 (2015 : Rs. 1,418,940) interest income earned from conventional sources and Rs. 39 (2015 : Rs. 20,185) earned from Islamic mode of banking. It also includes subsidy income amounting to Rs. 4,060,373 (2015: Nil).

## 9. Earnings Per Share (EPS)

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 period.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has convertible debt as dilutive potential ordinary shares, which is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the related effects.

The information necessary to calculate basic and diluted EPS is as follows:

	Unaudited Quarter ended September 30, 2016	Unaudited Quarter ended September 30, 2015	Unaudited Nine months ended September 30, 2016	Unaudited Nine months ended September 30, 2015
----- (Rupees) -----				
Profit for the period	2,862,650	2,788,835	5,655,991	9,904,873
Add: - Interest on IFC loan - net of tax	1,556	912	2,237	3,827
-(Gain)/ Loss on revaluation of conversion options on IFC loan - net of tax	(60,870)	3,773	(84,760)	39,977
Profit used for the determination of Diluted EPS	<u>2,803,336</u>	<u>2,793,520</u>	<u>5,573,468</u>	<u>9,948,677</u>
----- (Numbers (in thousand)) -----				
Weighted average number of ordinary shares at the beginning of the period	1,330,933	1,330,933	1,330,933	1,318,342
Add : Weighted average adjustments for: Shares issued during the period (including conversion of option)	-	-	-	11,438
Weighted average number of shares for determination of basic EPS	<u>1,330,933</u>	<u>1,330,933</u>	<u>1,330,933</u>	<u>1,329,780</u>
Assumed conversion of USD 1,000 IFC loan	2,795	3,235	2,887	3,153
Exercise of conversion option on USD 3,000 IFC loan	-	-	-	839
Weighted average number of shares for determination of diluted EPS	<u>1,333,728</u>	<u>1,334,168</u>	<u>1,333,820</u>	<u>1,333,772 t</u>

(Amounts in thousand)

## 10. Cash Utilised in Operations

Profit before taxation  
Adjustment for non-cash charges and other items:  
Depreciation  
Amortization - net  
Gain on disposal of property, plant and equipment  
Provision for service benefits  
Income on deposits / other financial assets  
Finance cost  
Provision for surplus and slow moving stores and spares  
Working capital changes (note 10.1)

	Unaudited September 30, 2016	Unaudited September 30, 2015
----- (Rupees) -----		
Profit before taxation	8,643,191	13,612,288
Adjustment for non-cash charges and other items:		
Depreciation	3,536,488	3,584,871
Amortization - net	13,415	17,361
Gain on disposal of property, plant and equipment	-	(15,534)
Provision for service benefits	63,191	41,871
Income on deposits / other financial assets	(111,635)	(1,221,675)
Finance cost	2,363,381	3,559,932
Provision for surplus and slow moving stores and spares	18,601	10,820
Working capital changes (note 10.1)	<u>(20,210,699)</u>	<u>(25,026,638)</u>
	<u>(5,684,067)</u>	<u>(5,436,704)</u>

### 10.1 Working Capital Changes

(Increase) / decrease in current assets  
- Stores, spares and loose tools  
- Stock-in-trade  
- Trade debts  
- Loans, advances, deposits and prepayments  
- Other receivables (net)

(Increase) / decrease in current assets		
- Stores, spares and loose tools	(696,731)	(29,662)
- Stock-in-trade	(9,371,354)	(9,863,429)
- Trade debts	(4,528,651)	(146,876)
- Loans, advances, deposits and prepayments	(199,812)	(1,259,580)
- Other receivables (net)	<u>(4,065,611)</u>	<u>(12,217)</u>
Decrease in trade and other payables	<u>(18,862,159)</u>	<u>(11,311,764)</u>
	<u>(1,348,540)</u>	<u>(13,714,874)</u>
	<u>(20,210,699)</u>	<u>(25,026,638)</u>

## 11. Cash And Cash Equivalents

Cash and bank balances  
Short term investments  
Short term borrowings

Cash and bank balances	33,936	19,655
Short term investments	642,787	92,794
Short term borrowings	<u>(5,818,999)</u>	<u>(665,400)</u>
	<u>(5,142,276)</u>	<u>(552,951)</u>

## 12. Financial Risk Management and Financial Instruments

### 12.1 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.

### 12.2 Fair value estimation

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

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

(Amounts in thousand)

	Level 1	Level 2	Level 3
	----- (Rupees) -----		
<b>Liabilities</b>			
Derivatives			
- Derivative financial instruments	-	24,011	-
- Conversion option on IFC loans	-	168,689	-
	<u>-</u>	<u>192,700</u>	<u>-</u>

12.3 There were no transfers amongst the levels during the period. Further, there were no changes in valuation techniques during the period.

12.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise of hedging derivatives which include forward exchange contracts and conversion option on IFC loans. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. The fair value of conversion options on IFC loan is determined using the option pricing model where its determinants are derived from observable market inputs.

12.5 Fair value of financial assets and liabilities

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

### 13. 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:

(Amounts in thousand)

#### Parent Company

Purchases and services	192,398	171,103
Services provided to Parent Company	19,103	20,837
Royalty	471,926	627,450
Reimbursements	106,368	117,005
Dividend paid	3,145,524	4,997,781
Use of assets	1,453	2,063
Consideration for acquisition of subsidiary	-	4,383,000
Repayment of sub-ordinated loan	3,000,000	-
Receipt of subordinated loan	3,000,000	-
Mark-up paid on sub-ordinated loan	13,697	-

#### Subsidiary companies

Services provided	-	472
Purchase of Product	9,870,923	3,467,180
Reimbursements	61,853	32,762
Funds collected against sales made on behalf of Subsidiary	17,141	497,255
Sub-ordinated loan to Subsidiary	-	900,000
Mark-up on short term sub-ordinated loan	22,243	22,572

#### Associated companies

Purchases and services	88,840	95,567
Sale of Product	552	-
Services provided	62,653	53,439
Reimbursements	75,360	167,031
Payment of mark-up on TFCs and repayment of principal amount	54,847	12,553
Purchase of mutual fund units	-	490,000
Redemption of mutual fund units	-	491,210
Donations	45,765	40,000
Funds collected against sales made on behalf of Associates	-	2,035,579
Use of assets	812	3,177

#### Contribution to staff retirement benefits

Pension fund	14,211	14,610
Gratuity fund	69,227	56,884
Provident fund	79,976	71,940

#### Others

Remuneration of key management personnel	147,919	123,474
--	---------	---------

	Unaudited September 30, 2016	Unaudited September 30, 2015
	----- (Rupees) -----	

Purchases and services	192,398	171,103
Services provided to Parent Company	19,103	20,837
Royalty	471,926	627,450
Reimbursements	106,368	117,005
Dividend paid	3,145,524	4,997,781
Use of assets	1,453	2,063
Consideration for acquisition of subsidiary	-	4,383,000
Repayment of sub-ordinated loan	3,000,000	-
Receipt of subordinated loan	3,000,000	-
Mark-up paid on sub-ordinated loan	13,697	-
<b>Subsidiary companies</b>		
Services provided	-	472
Purchase of Product	9,870,923	3,467,180
Reimbursements	61,853	32,762
Funds collected against sales made on behalf of Subsidiary	17,141	497,255
Sub-ordinated loan to Subsidiary	-	900,000
Mark-up on short term sub-ordinated loan	22,243	22,572
<b>Associated companies</b>		
Purchases and services	88,840	95,567
Sale of Product	552	-
Services provided	62,653	53,439
Reimbursements	75,360	167,031
Payment of mark-up on TFCs and repayment of principal amount	54,847	12,553
Purchase of mutual fund units	-	490,000
Redemption of mutual fund units	-	491,210
Donations	45,765	40,000
Funds collected against sales made on behalf of Associates	-	2,035,579
Use of assets	812	3,177
<b>Contribution to staff retirement benefits</b>		
Pension fund	14,211	14,610
Gratuity fund	69,227	56,884
Provident fund	79,976	71,940
<b>Others</b>		
Remuneration of key management personnel	147,919	123,474

(Amounts in thousand except for dividend per share)

#### 14. 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.

#### 15. Corresponding Figures

15.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

15.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

#### 16. Non-Adjusting event after Balance Sheet date

The Board of Directors in its meeting held on October 25, 2016 has approved an interim cash dividend of Rs.2.50 per share for the quarter ended September 30, 2016 amounting to Rs.3,327,333, this is in addition to interim cash dividend already declared and paid of Rs. 2.00 per share. This condensed interim financial information does not include the effect of dividend declared for quarter ended September 30, 2016.

#### 17. Date of Authorisation for Issue

This condensed interim financial information was authorised for issue on October 25, 2016 by the Board of Directors of the Company.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director



engro fertilizers

consolidated condensed interim  
financial information (unaudited)  
for the nine months ended  
september 30, 2016

# consolidated condensed interim balance sheet as at september 30, 2016

(Amounts in thousand)

	Note	Unaudited September 30, 2016	Audited December 31, 2015
------(Rupees)-----			
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	71,391,856	72,198,393
Intangible assets	1.3.1	4,451,760	4,461,716
Deferred taxation		-	73,472
Long term loans and advances		127,240	160,353
		75,970,856	76,893,934
<b>Current assets</b>			
Stores, spares and loose tools		5,321,979	4,639,142
Stock-in-trade		16,360,320	7,029,437
Trade debts		6,790,398	2,261,747
Taxes recoverable		-	705,129
Derivative financial instruments		-	29,207
Loans, advances, deposits and prepayments		796,488	594,608
Other receivables		5,270,570	1,358,578
Short term investments		1,376,400	11,650,389
Cash and bank balances		196,272	923,555
		36,112,427	29,191,792
<b>TOTAL ASSETS</b>		112,083,283	106,085,726

(Amounts in thousand)

	Note	Unaudited September 30, 2016	Audited December 31, 2015
------(Rupees)-----			
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share capital		13,309,323	13,309,323
Share premium		3,132,181	3,132,181
Exchange revaluation reserve		11,909	13,805
Hedging reserve		-	(4,536)
Remeasurement of post employment benefits		(40,898)	(40,310)
Unappropriated profit		25,011,736	25,921,266
		28,114,928	29,022,406
<b>TOTAL EQUITY</b>		41,424,251	42,331,729
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	5	27,122,489	25,289,658
Deferred liabilities		7,675,301	6,493,030
Service benefits obligations		145,107	124,653
		34,942,897	31,907,341
<b>Current liabilities</b>			
Trade and other payables		18,982,759	17,701,544
Accrued interest / mark-up		416,712	851,684
Taxes payable		994,363	2,060,723
Current portion of:			
- borrowings	5	9,251,116	10,736,586
- service benefits obligations		47,509	48,232
Unclaimed dividend		11,977	6,103
Short term borrowings		5,818,999	75,300
Derivative financial instruments		192,700	366,484
		35,716,135	31,846,656
<b>TOTAL LIABILITIES</b>		70,659,032	63,753,997
Contingencies and Commitments	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		112,083,283	106,085,726

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# consolidated condensed interim profit and loss account (unaudited) for the nine months ended september 30, 2016

(Amounts in thousand except for earnings per share)

Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
(Rupees)				
Net sales	18,633,189	13,974,678	40,910,757	52,276,567
Cost of sales	(13,714,026)	(7,353,517)	(29,335,423)	(31,525,561)
<b>Gross profit</b>	<b>4,919,163</b>	<b>6,621,161</b>	<b>11,575,334</b>	<b>20,751,006</b>
Selling and distribution expenses	(1,644,811)	(967,615)	(3,428,097)	(3,211,339)
Administrative expenses	(220,020)	(277,116)	(650,323)	(666,586)
Other income	3,054,332	5,376,430	7,496,914	16,873,081
	2,328,899	174,001	4,392,771	1,423,715
Other operating expenses	(349,706)	(336,528)	(771,067)	(1,326,445)
Finance cost	(800,106)	(1,177,303)	(2,386,286)	(3,584,936)
	(1,149,812)	(1,513,831)	(3,157,353)	(4,911,381)
<b>Profit before taxation</b>	<b>4,233,419</b>	<b>4,036,600</b>	<b>8,732,332</b>	<b>13,385,415</b>
Taxation	(1,305,541)	(1,300,901)	(2,987,200)	(3,794,925)
<b>Profit for the period</b>	<b>2,927,878</b>	<b>2,735,699</b>	<b>5,745,132</b>	<b>9,590,490</b>
Earnings per share - basic	2.20	2.06	4.32	7.21
Earnings per share - diluted	2.15	2.05	4.25	7.21

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended September 30, 2016

(Amounts in thousand)

	Quarter ended September 30, 2016	Quarter ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
(Rupees)				
Profit for the period	2,927,879	2,735,699	5,745,132	9,590,490
Other comprehensive income:				
Items potentially re-classifiable to Profit and Loss Account				
Exchange differences on translation of foreign operations	(6,428)	(11,291)	(1,896)	(16,812)
Hedging reserve - cash flow hedges				
(Loss) / Gain arising during the period	(37,500)	19,815	(140,754)	(48,754)
Less: Adjustment for amounts transferred to profit and loss account	37,499	(7,014)	148,298	93,051
Income tax (Deferred) relating to hedging reserve	(669)	(4,096)	(3,008)	(14,175)
	(670)	8,705	4,536	30,122
Items not potentially re-classifiable to Profit and Loss Account				
Change in Income tax rate (Deferred) relating to remeasurement of post employment benefits obligations	-	-	(588)	(191)
Other comprehensive income for the period, net of tax	(670)	8,705	3,948	29,931
<b>Total comprehensive income for the period</b>	<b>2,920,781</b>	<b>2,733,113</b>	<b>5,747,184</b>	<b>9,603,609</b>

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# consolidated condensed interim statement of changes in equity (unaudited) for the nine months ended September 30, 2016

(Amounts in thousand)

	Capital		Reserve			Total	
	Share premium	Exchange revaluation reserve	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit		
(Rupees)							
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	13,805	(4,536)	(40,310)	25,921,266	42,331,729
Transactions with owners							
Dividend Paid:							
- 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)
	-	-	-	-	-	(6,654,662)	(6,654,662)
Total comprehensive income for the nine months ended September 30, 2016							
Profit for the period	-	-	-	-	-	5,745,132	5,745,132
Other comprehensive income							
- exchange revaluation	-	-	(1,896)	-	-	-	(1,896)
- cash flow hedges, net of tax	-	-	-	4,536	-	-	4,536
- remeasurements, net of tax	-	-	-	-	(588)	-	(588)
	-	-	(1,896)	4,536	(588)	5,745,132	5,747,184
Balance as at September 30, 2016 (Unaudited)	13,309,323	3,132,181	11,909	-	(40,898)	25,011,736	41,424,251
Balance as at January 1, 2015 (Audited)	13,183,417	2,260,784	-	(39,831)	(14,103)	19,087,828	34,478,095
Transactions with owners							
Shares issued at exercise of conversion option	125,906	871,397	-	-	-	-	997,303
Dividend Paid:							
- Final 2014: Rs. 3.00 per share	-	-	-	-	-	(3,992,797)	(3,992,797)
- 1st interim 2015: Rs. 1.50 per share	-	-	-	-	-	(1,996,402)	(1,996,402)
	125,906	871,397	-	-	-	(5,989,199)	(4,991,896)
Total comprehensive income for the nine months ended September 30, 2015							
Profit for the period	-	-	-	-	-	9,590,490	9,590,490
Other comprehensive income							
- exchange revaluation	-	-	16,812	-	-	-	16,812
- cash flow hedges, net of tax	-	-	-	30,122	-	-	30,122
- remeasurements, net of tax	-	-	-	-	(191)	-	(191)
	-	-	16,812	30,122	(191)	9,590,490	9,637,233
Balance as at September 30, 2015 (Unaudited)	13,309,323	3,132,181	16,812	(9,709)	(14,294)	22,689,119	39,123,432

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

# consolidated condensed interim statement of cash flows (unaudited) for the nine months ended September 30, 2016

(Amounts in thousand)

	Note	Nine months ended September 30, 2016	Nine months ended September 30, 2015
(Rupees)			
<b>Cash flows from operating activities</b>			
Cash utilised in operations	10	(5,431,029)	(7,468,499)
Retirement and other service benefits paid		(43,619)	(42,375)
Taxes paid		(2,124,490)	(1,767,551)
Finance cost paid		(2,876,959)	(3,962,019)
Long term loans and advances - net		33,113	(30,150)
Net cash utilised in operating activities		(10,442,984)	(13,270,594)
<b>Cash Flows From Investing Activities</b>			
Purchases of property, plant & equipment and intangibles		(2,746,059)	(1,262,684)
Acquisition of business - Engro Eximp (Private) Limited		-	(3,949,751)
Receipt from disposal of shares in Engro Eximp Agriproducts (Private) Limited		-	4,400,000
Proceeds from disposal of:			
- Property, plant & equipment		9,751	32,200
- Investments - net		1,104,129	23,980,884
Working capital loan		-	452,160
Income on deposits / other financial assets		158,294	1,228,641
Net cash (utilised in) / generated from investing activities		(1,473,885)	24,881,450
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings - net		16,000,000	2,339,637
Repayments of:			
- borrowings		(15,735,154)	(9,638,643)
- short term borrowings		(75,300)	(2,738,903)
Dividends paid		(3,986,923)	(5,989,200)
Net cash utilised in financing activities		(3,797,377)	(16,027,109)
Net decrease in cash and cash equivalents		(15,714,246)	(4,416,253)
Cash and cash equivalents at beginning of the period		11,469,815	5,283,419
Exchange (loss) / gain translation on foreign operations		(1,896)	16,812
Cash and cash equivalents at end of the period	11	(4,246,327)	883,978

The annexed notes from 1 to 17 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director



# notes to the consolidated condensed interim financial information (unaudited) for the nine months ended September 30, 2016

(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 Companies Ordinance, 1984 as a 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 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 Holding Company is listed on Pakistan Stock Exchange Limited (the Exchange). The Holding Company has also issued Term Finance Certificates (TFC's) which are listed at the Exchange.

1.3 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited

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

	Note	%age of holding	
		2016	2015
Engro Eximp (Private) Limited (EEPL)	1.3.1	Amalgamated in the Holding Company	100
Engro Eximp FZE		100	100

1.3.1 Last year on April 30, 2015, as approved by the shareholders of the Holding Company, the Holding Company acquired 100% shareholding of EEPL from the Parent Company for a consideration of Rs. 4,383,000. The acquisition of EEPL by the Holding Company was accounted for as a business combination under IFRS 3 "Business Combinations" in the consolidated financial statements of the Holding Company based on the fair values of assets and liabilities determined as at the date of acquisition. During the period, the Board of Directors of EEPL and the Board of Directors of the Holding Company approved the scheme of amalgamation (the Scheme) of EEPL with the Holding Company. The Scheme was sanctioned / approved by the High Court of Sindh on April 27, 2016. Therefore, EEPL, effective from April 30, 2016, has ceased to exist as a legal entity and has amalgamated into the Holding Company.

1.3.2 Engro EXIMP FZE - Subsidiary Company

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 and is a wholly owned subsidiary of the Holding Company. EEF is engaged in the business of general trading.

## 2. Basis For Preparation

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information does not include all the information required for annual financial statements and should therefore be read in conjunction with the financial statements of the Holding Company for the year ended December 31, 2015.

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.

(Amounts in thousand)

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 were applied to the financial statements of the Holding Company for the year ended December 31, 2015 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 consolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Holding Company for the year ended December 31, 2015.

3.2 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2016. 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 the consolidated condensed interim financial information.

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

## 4. Property, Plant And Equipment

Operating assets at net book value (note 4.1)  
Capital work-in-progress  
Major spare parts and stand-by equipment

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
Operating assets at net book value (note 4.1)	66,518,711	69,759,180
Capital work-in-progress	4,431,141	1,946,598
Major spare parts and stand-by equipment	442,004	492,615
	<u>71,391,856</u>	<u>72,198,393</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)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	------(Rupees)-----			
Building on freehold land	88,012	11,655	-	-
Plant and machinery	62,474	110,747	-	-
Office equipment	112,442	48,757	2	106
Vehicles	48,264	18,634	9,749	12,576
	<u>311,192</u>	<u>189,793</u>	<u>9,751</u>	<u>12,682</u>

The above disposals represented assets having a cost of Rs. 39,897 (September 30, 2015: Rs. 48,458) which were disposed off for Rs. 9,751 (September 30, 2015: Rs. 12,682).

(Amounts in thousand)

## 5. Borrowings - Secured (Non - participatory)

Long term finances utilised under mark-up arrangements (notes 5.1, 5.2, 5.3, 5.4, 5.5 and 5.6)  
Term Finance and Sukuk Certificates (note 5.1)

Less: Current portion shown under current liabilities  
Balance at end of the period / year

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
	33,516,858	27,019,972
	2,856,747	9,006,272
	36,373,605	36,026,244
	9,251,116	10,736,586
	27,122,489	25,289,658

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.

Loans from the International Finance Corporation (IFC), Subordinated Dubai Islamic Bank Pakistan Limited (DIBPL) loan and 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.

During the period, corporate guarantees issued by the Parent Company were released on all the debts of the Holding Company, excluding sub-ordinated loans from IFC.

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

5.3 During the period, the pricing of the IFC loans has been revised to 6 months LIBOR plus 3.0% from 6 months LIBOR plus 6.0%, effective February 15, 2016.

5.4 The borrowings also include Offshore Islamic Finance Facility of US\$ 36,000 with Habib Bank Limited (HBL) and National Bank of Pakistan and Rs. 3,618,000 with Faysal Bank, Dubai Islamic Bank Pakistan Limited and SCB. During the period, HBL bought out SAMBA Financial Group's portion in the US\$ portion of the facility.

5.5 The Holding Company had availed a loan of US\$ 30,000 from the IFC, divided into (i) 30% convertible loan on the shares of the Holding Company at Rs. 24 per ordinary share calculated at the dollar 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. This conversion option is exercisable up to March 31, 2017. Option on US\$ 8,000, out of US\$ 9,000, was exercised in prior years. The fair value of the remaining conversion option, included in derivative financial instruments, amounts to Rs. 168,689.

5.6 During the period, the Holding Company availed three bilateral loans for a total of Rs. 10,000,000, from MCB, United Bank Limited and ABL amounting to Rs. 4,000,000, Rs. 4,000,000 and Rs. 2,000,000 respectively. The new loans have a pricing of 6months KIBOR plus 0.15% and will mature in September 2021.

(Amounts in thousand)

## 6. Contingencies And Commitments

6.1 Contingencies

6.1.1 Bank guarantees of Rs. 2,120,286 (December 31, 2015: Rs. 2,029,223) have been issued in favour of third parties.

6.1.2 Claims, including pending lawsuits, against the Holding Company not acknowledged as debts amounted to Rs. 159,816 (December 31, 2015: Rs. 109,685).

6.1.3 As at September 30, 2016, there is no material change in the status of matters reported as contingencies in the financial statements of the Holding Company for the year ended December 31, 2015.

6.2 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited September 30, 2016	Audited December 31, 2015
	------(Rupees)-----	
	1,417,407	995,392

## 7. Financing Structure / Mode

Conventional mode

Assets

Deposits  
Cash and Bank Balances

	1,376,400	11,650,389
	196,169	923,251
	1,572,569	12,573,640

Liabilities

Borrowings  
Short term borrowings

	29,360,791	28,101,414
	814,250	75,300
	30,175,041	28,176,714

Shariah compliant mode

Assets

Cash and Bank Balances

	103	304
--	-----	-----

Liabilities

Borrowings  
Short term borrowings

	7,012,814	7,924,830
	5,004,749	-
	12,017,563	7,924,830

## 8. Other Income

Includes Rs. 211,962 (2015 : Rs. 1,420,907) interest income earned from conventional sources and Rs. 39 (2015 : Rs. 20,185) earned from islamic mode of banking. It also includes subsidy income amounting to Rs. 4,060,373 (2015: Nil).

(Amounts in thousand)

## 9. Earnings Per Share (EPS)

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 period.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Holding Company has convertible debt as dilutive potential ordinary shares, which is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the related effects.

The information necessary to calculate basic and diluted EPS is as follows:

	Unaudited Quarter ended September 30, 2016	Unaudited Quarter ended September 30, 2015	Unaudited Nine months ended September 30, 2016	Unaudited Nine months ended September 30, 2015
----- (Rupees) -----				
Profit for the period	2,927,878	2,735,699	5,745,132	9,590,490
Add: - Interest on IFC loan - net of tax	1,556	912	2,237	3,827
- (Gain) / Loss on revaluation of conversion options on IFC loan - net of tax	(60,870)	3,773	(84,760)	39,977
Profit used for the determination of Diluted EPS	<u>2,868,564</u>	<u>2,740,384</u>	<u>5,662,609</u>	<u>9,634,294</u>
----- Numbers (in thousands) -----				
Weighted average number of ordinary shares at the beginning of the period	1,330,933	1,330,933	1,330,933	1,318,342
Add : Weighted average adjustments for: Shares issued during the period (including conversion of option)	-	-	-	11,438
Weighted average number of shares for determination of basic EPS	<u>1,330,933</u>	<u>1,330,933</u>	<u>1,330,933</u>	<u>1,329,780</u>
Assumed conversion of US\$ 1,000 IFC loan	2,795	3,235	2,887	3,153
Exercise of conversion option on US\$ 3,000 IFC loan	-	-	-	839
Weighted average number of shares for determination of diluted EPS	<u>1,333,728</u>	<u>1,334,168</u>	<u>1,333,820</u>	<u>1,333,772</u>

(Amounts in thousand)

## 10. Cash Utilised In Operations

### Profit before taxation

Adjustment for non-cash charges and other items:

Depreciation	3,536,488	3,585,894
Amortization - net	13,417	17,503
Gain on disposal of property, plant and equipment	-	(19,513)
Provision for service benefits	63,349	41,870
Income on deposits / other financial assets	(111,635)	(1,221,675)
Finance cost	2,386,286	3,584,935
Provision for surplus and slow moving stores and spares	18,601	10,820
Working capital changes (note 10.1)	(20,069,867)	(26,853,748)
	<u>(5,431,029)</u>	<u>(7,468,499)</u>

### 10.1 Working Capital Changes

(Increase) / decrease in current assets

- Stores, spares and loose tools	(701,438)	(29,662)
- Stock-in-trade	(9,330,881)	(9,682,705)
- Trade debts	(4,528,651)	(143,926)
- Loans, advances, deposits and prepayments	(201,880)	(762,663)
- Other receivables (net)	(3,958,651)	(119,764)
	<u>(18,721,501)</u>	<u>(10,738,720)</u>

Decrease in trade and other payables

	(1,348,366)	(16,115,028)
	<u>(20,069,867)</u>	<u>(26,853,748)</u>

## 11. Cash and Cash Equivalents

Cash and bank balances	196,272	261,378
Short term investments	1,376,400	622,600
Short term borrowings	(5,818,999)	-
	<u>(4,246,327)</u>	<u>883,978</u>

## 12. Financial Risk Management and Financial Instruments

### 12.1 Financial risk factors

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.

(Amounts in thousand)

## 12.2 Fair Value Estimation

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

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

	Level 1	Level 2	Level 3
	------(Rupees)-----		
<b>Liabilities</b>			
Derivatives			
- Derivative financial instruments	-	24,011	-
- Conversion option on IFC loans	-	168,689	-
	-----	-----	-----
	-	192,700	-
	=====	=====	=====

12.3 There were no transfers amongst the levels during the period. Further, there were no changes in valuation techniques during the period.

12.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise of hedging derivatives which include forward exchange contracts and conversion option on IFC loans. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions. The fair value of conversion options on IFC loan is determined using the option pricing model where its determinants are derived from observable market inputs.

12.5 Fair value of financial assets and liabilities

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

## 13. 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 consolidated condensed interim financial information, are as follows:

(Amounts in thousand)

### Parent Company

	Unaudited September 30, 2016	Unaudited September 30, 2015
------(Rupees)-----		
Purchases and services	192,398	224,640
Services provided to Parent Company	19,103	20,837
Royalty	471,926	627,450
Reimbursements	106,368	120,575
Dividend paid	3,145,524	4,997,781
Use of assets	1,453	2,063
Consideration for acquisition of subsidiary	-	4,383,000
Receipt against disposal of investment	-	4,400,000
Repayment of sub-ordinated loan	3,000,000	-
Receipt of subordinated loan	3,000,000	-
Mark-up paid on sub-ordinated loan	13,697	-

### Associated companies

Purchases and services	88,840	95,567
Purchase of product	-	66,817
Sale of Product	552	-
Services provided	62,653	159,974
Reimbursements	75,851	58,435
Payment of mark-up on TFCs and repayment of principal amount	54,847	12,553
Purchase of mutual fund units	-	490,000
Redemption of mutual fund units	-	491,210
Donations	45,765	40,000
Loan issued	-	1,185,229
Loan returned	-	11,317,229
Mark-up on loan	-	38,027
Investment made	-	7,982,000
Funds collected against sales made on behalf of Associates	-	2,035,579
Use of assets	1,934	3,177

### Contribution to staff retirement benefits

Pension fund	14,211	14,610
Gratuity fund	69,271	58,454
Provident fund	80,083	74,703

### Others

Remuneration of key management personnel	149,093	141,090
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(Amounts in thousand except for dividend per share)

#### 14. 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.

#### 15. Corresponding Figures

15.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim balance sheet has been compared with the balances of annual financial statements of preceding financial year, whereas the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

15.2 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effects of which are not material.

#### 16. Non-Adjusting event after Balance Sheet date

The Board of Directors in its meeting held on October 25, 2016 has approved an interim cash dividend of Rs.2.50 per share for the quarter ended September 30, 2016 amounting to Rs.3,327,333, this is in addition to interim cash dividend already declared and paid of Rs. 2.00 per share. This consolidated condensed interim financial information does not include the effect of dividend declared for quarter ended September 30, 2016.

#### 17. Date of Authorisation for Issue

This consolidated condensed interim financial information was authorised for issue on October 25, 2016 by the Board of Directors of the Holding Company.



Ruhail Mohammed  
Chief Executive Officer



Javed Akbar  
Director

## ڈائریکٹرز رپورٹ

یہ ہمارے لیے باعث مسرت ہے کہ ہم اینگرو فرٹیلائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 30 ستمبر 2016ء کو اختتام پزیر ہونیوالی مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے اور ڈائریکٹرز کی مرتب کردہ رپورٹ پیش کر رہے ہیں۔

### پاکستان فرٹیلائزر مارکیٹ

مالیاتی سال 2016ء کی تیسری سہ ماہی میں فرٹیلائزر کی مارکیٹ میں تیزی دیکھی گئی۔ 55 فیصد اضافے کے ساتھ زیر جائزہ مدت کے دوران پور یا سیل 1,643 کے ٹی ریکارڈ کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران کھادی سیل 1,059 کے ٹی تھی۔ اس اضافہ کی بنیادی وجہ حکومت کی جانب سے دوسری سہ ماہی میں پور یا صنعت کو سبسڈی دینے کا اعلان تھا۔ تاہم نومینے کی مدت میں انڈسٹری کے حجم میں نسبتاً کمی رہی۔ مالیاتی سال کے پہلے نو مہینوں میں حجم 3,460 کے ٹی رہا جبکہ پچھلے سال کی اسی مدت میں حجم 3,924 کے ٹی تھا۔ اس کمزور کارکردگی کے پیچھے دو عوامل کارفرما رہے، اکسانوں کی قوت خرید میں کمی، ۲- سبسڈی سے ہونے والی قیمتوں میں کمزوری۔

نومہینوں کی مدت میں پیداوار 15 فیصد اضافے کے ساتھ 2015ء کے نومینے کی پیداوار 3,893 کے ٹی کے مقابلے بڑھ کر 4,482 کے ٹی ہوگئی۔ اس بڑھوتی کی بنیادی وجہ پلائس کو مسلسل گیس کی فراہمی تھی جو ایل این جی کے سسٹم میں شامل ہو جانے کی بدولت ممکن ہوئی۔ تیسری سہ ماہی میں پیداوار 1,543 کے ٹی ریکارڈ کی گئی اور جس طرح پیداوار طلب سے زیادہ ہوتی رہی اس لئے پور یا کی انویسٹری تمبر میں 1.6 بلین ٹن تک جا پہنچی۔

پاکستان ایک زرعی معیشت ہے اور کسانوں کی حالیہ آمدنی میں کمی کو مد نظر رکھتے ہوئے حکومت پاکستان نے بجٹ 2016 میں کھادی قیمتوں میں کمی کا اعلان کیا اور قیمت 1,790 روپے فی ٹھیلا سے کم کر کے 1,400 روپے فی ٹھیلا متعین کر دی۔ یہ کمی جنرل سیلز ٹیکس کی شرح میں کمی، مینوفیکچررز کی جانب سے فی ٹھیلا 50 روپے کمی اور سبسڈی کے مجموعہ کے ذریعے کی گئی۔ بین الاقوامی مارکیٹ میں پور یا کی قیمتیں 210 ڈالر فی ٹن کے آس پاس رہیں۔ اقتصادی رابطہ کمیٹی نے حال ہی میں درآمد شدہ کھادی قیمتوں میں بھی کمی کا اعلان کیا ہے اور قیمت 1,200 روپے فی ٹھیلا کر دی ہے۔ درآمد شدہ کھادی انویسٹری فی الوقت 276 کے ٹی ہے۔

نومہینوں کی مدت کے دوران ڈی اے پی کی فروخت 922 کے ٹی رہی جبکہ گزشتہ سال کی اسی مدت میں ڈی اے پی کی فروخت 591 کے ٹی تھی۔ یہ سال بسال بنیاد پر 56 فیصد نمو ہے اور اس کی بنیادی وجہ جاری سبسڈی ہے۔ البتہ رواں سال سبسڈی 500 روپے سے کم ہو کر 300 روپے فی ٹھیلا ہوگئی۔

### کمپنی کی آپریٹنگ کارکردگی

نومہینوں کی مدت میں کمپنی کی پور یا پیداوار 1,397 کے ٹی رہی جو پچھلے سال کے مقابلے میں پانچ فیصد کمی ہے۔ گزشتہ سال کی اسی مدت کے دوران کمپنی کی پور یا پیداوار 1,472 کے ٹی تھی۔ اینوین پلائنٹ میں ٹرن اراؤنڈ اس کمی کی وجہ ہیں۔ زیر جائزہ مدت کے دوران سیلز پچھلے سال کی سیلز 1,295 کے ٹی کے مقابلے 21 فیصد کمی کے ساتھ 1,022 کے ٹی دیکھی گئی۔ اسی دوران پور یا مارکیٹ شیئر 30 فیصد رہا جبکہ سال 2015 کے پہلے نو مہینوں میں پور یا مارکیٹ شیئر 33 فیصد تھا۔ 2016 کی تیسری سہ ماہی میں پیداوار 475 کے ٹی رجسٹر کی گئی ہے اور فروخت 494 کے ٹی رہی۔

اینگرو نے نومہینوں کی زیر جائزہ مدت میں 242 کے ٹی DAP فروخت کی، اس کے مقابلے گزشتہ سال پہلے نو مہینوں میں 151 کے ٹی، ڈی اے پی فروخت کی تھی۔ اس سال مارکیٹ شیئر 26 فیصد رہا۔ 2016 کی تیسری سہ ماہی میں فروخت 114 کے ٹی ریکارڈ کی گئی جبکہ سال 2015 کی ایسی مدت میں فروخت 32 کے ٹی تھی۔

کمپنی کی مرکب کھاد (زرخیز اور اینگرو اپنی) کی فروخت زیر جائزہ مدت کے دوران 10 فیصد کمی کے ساتھ 71 کے ٹی رہی جبکہ گزشتہ سال کی اسی مدت میں فروخت 79 کے ٹی ریکارڈ کی گئی تھی۔۔ فروخت میں کمی بنیادی طور پوٹاش انڈسٹری میں کمی کی وجہ سے ہوئی۔ پوٹاش صنعت میں سال بسال بنیاد پر 15 فیصد کمی دیکھی گئی۔ زرخیز کارکیٹ شیئر گزشتہ سال کی اسی مدت کے مارکیٹ شیئر 35 فیصد کے مقابلے 47 فیصد رہا۔

زیر جائزہ نو ماہ کی مدت میں کمپنی کا گروس نفع 15.6 ارب روپے رہا (بشمول 4.1 ارب روپے کی سبسڈی جس کی دیگر آمدن میں درجہ بندی کی گئی ہے)۔ سال 2015 کی اس مدت میں کمپنی کا گروس نفع 20.8 ارب روپے تھا۔ اس کمی کی بنیادی وجوہات میں فروخت کے حجم اور مارجن میں کمی ہے۔ اضافی انویسٹری ورکنگ کیپٹل اور جی آئی ڈی سی کی ادائیگی کی وجہ سے گزشتہ سال کے مقابلے اس سال کاروبار کے منافع پر اثر پڑا۔

قرض کی واپسی، کم شرح سود اور مختلف طویل مدتی قرضوں کی دوبارہ پرائسنگ کے نتیجے میں فنانس لاگت گزشتہ سال کے مقابلے میں نمایاں طور پر کم تھی (2.4 ارب روپے بمقابلہ 3.6 ارب روپے گزشتہ سال)۔

مندرجہ بالا معاملات کے نتیجے میں زیر جائزہ مدت میں کمپنی کا کل منافع 5.7 ارب روپے رہا جبکہ پچھلے سال کی اسی مدت میں کمپنی کا کل منافع 9.9 ارب روپے رہا تھا۔ اس کی آمدنی فی شیئر پر بھی اثر پڑا ہے (4.25 روپے فی شیئر بمقابلہ 7.45 روپے فی شیئر گزشتہ سال)۔ کمپنی کا کنسولیڈیٹڈ کل منافع 2016 کی تیسری سہ ماہی میں 5.7 ارب روپے رہا ہے۔ جس کے نتیجے میں آمدن فی شیئر 4.32 روپے ہوئی گزشتہ سال کی اسی مدت میں کمپنی نے 9.6 ارب روپے کا کل منافع حاصل کیا تھا۔

اقتصادی رابطہ کمیٹی (ای سی سی) نے 2016 کی پہلی سہ ماہی میں ۱60 ایم ایس سی ایف ڈی گیس مستقل بنیادوں پر فرٹیلائزر سیکٹر کے اصل الاٹمنٹ کو الاٹ کر دی تھی جس میں EFERT کا شیئر 12.5 ایم ایم ایس سی ایف ڈی ہے۔ کمپنی سرپلس گیس کی ایلوکیشن کے لئے مختلف متعلقہ فریقوں کے ساتھ مذاکرات میں مصروف عمل ہے تا کہ دونوں پلائس کے آپریٹمنٹز کو مسلسل جاری رکھا جاسکے۔

کمپنی نے 2015 میں ری ایچی گیس پر جی آئی ڈی سی (GIDC) لاگو ہونے کی شرائط کے خلاف حکم امتناعی حاصل کیا ہے اور اس وجہ سے پور یا پلائنٹ کو فراہم کی جانے والی ری ایچی گیس پر جی آئی ڈی سی کسی بھی حوالے سے ادائیں کیا گیا۔ ری ایچی گیس پر جی آئی ڈی سی فرٹیلائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے۔ یہ معاہدے ہم نے اپنے پور یا مینوفیکچرنگ پلائنٹ کو وسعت دینے کے لیے کئے تھے جن کی بنیاد پر ہم نے 1.1 ارب ڈالر کا سرمایہ کاری کی تھی۔

### مستقبل قریب کا آڈٹ لگ

مقامی پور یا کی صنعت میں اسٹرکچرل تبدیلی دیکھنے میں آرہی ہے جس کی بنیاد پر کہا جاسکتا ہے کہ سال 2016 میں پور یا کے اینوینسٹری میں تیزی سے اضافہ ہوگا جو پچھلے سالوں کے مقابلے یکسر مختلف مظہر ہے۔ سری اور سوئی سے گیس سپلائی کے ساتھ ساتھ ایل این جی کے سسٹم میں ہونے سے گیس کی مسلسل دستیابی کی توقع کی جارہی ہے جس کی بدولت انڈسٹری پیداوار کی طویل رسد برقرار رہے۔ مزید براں ڈی اے پی کی بین الاقوامی قیمتوں میں کمی کی بھی توقع کی جارہی ہے۔ فرٹیلائزر انڈسٹری حکومت سے کھادی برآمداد کے حوالے سے بات چیت کر رہی ہے۔ ساتھ ساتھ کمپنی اپنے اسٹیک ہولڈرز کے حوالے سے بھی اس معاملے کا جائزہ لے رہی ہے تا کہ ان کے مفادات کی حفاظت کی جاسکے۔

*J. Ashar*

چاویدا کبر

ڈائریکٹر

*احمد . ۲۰۱۶*

روحیل محمد

چیف ایگزیکٹو آفیسر