



# together we grow

FIRST QUARTER REPORT 2020



engro fertilizers

# company information

## Board of Directors

Mr. Ghias Khan (Chairman)  
Mr. Nadir Salar Qureshi (Chief Executive)  
Mr. Abdul Samad Dawood  
Mr. Asad Said Jafar  
Mr. Asim Murtaza Khan  
Mr. Javed Akbar  
Mr. Hasnain Moochhala

## Chief Financial Officer

Mr. Imran Ahmed

## Company Secretary

Ms. Schaane Ansari

## Bankers

### Conventional

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Citi Bank N.A  
Deutsche Investitions und  
Entwicklungsgesellschaft (DEG)  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
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

Bank Islami Pakistan Limited  
Al Baraka Islamic Bank (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Meezan Bank Limited

### Microfinance

Mobilink Microfinance Bank  
Telenor Microfinance 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

## 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  
Website: [www.engrofertilizers.com](http://www.engrofertilizers.com)  
: [www.engro.com](http://www.engro.com)

## Share Registrar

M/s. FAMCO Associates (Pvt) Limited  
8-F, Near Hotel Faran, Block-6, PECHS,  
Shahrah-e-Faisal, Karachi, Pakistan  
Tel: +92 (21) 34380104-5, 34384621-3  
Fax: +92 (21) 34380106

# 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 March 31, 2020.

## Global pandemic and Fertilizer markets

The COVID-19 pandemic poses a significant challenge to not only global but also national economic prosperity. With the ongoing measures of social distancing, reduced travel, increased border restrictions, both production and supply chains have been impacted worldwide. This pandemic, which is being described as a black swan event, is likely to adversely impact the country's agricultural sector that contributes 20% to the National GDP. Pakistan, with an exponential increase in cases in March 2020, is projected to face a downturn in Gross Domestic Product (GDP), primarily owing to interruptions in trade. Measures taken by the Government of Pakistan to reduce the spread of the COVID-19 include lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. However, manufacturing, transportation, distribution and selling of Seeds, Fertilizers and Pesticides, being essential commodities, have been permitted by the Government.

International urea prices have increased to USD 274/T (landed equivalent of PKR 2,710/bag) from USD 259/T (landed equivalent PKR 2,410/bag) in Dec 2019. Furthermore, DAP prices have shown resurgence from a low of USD 300/T in Q4 2019 to USD 325/T by the end of Q1 2020. This is mainly due to dearth of supply as a result of global plant shutdowns and reduction in market activity in Q1 2020.

Whilst, Pakistan's agronomic demand for fertilizers may remain stable, market participants warn actual product offtake may remain under pressure due to disruptions in supply chain and labor availability.

## Pakistan's Fertilizer Market

Local urea market demand stood at 1,017 KT vs 1,348 KT in Q1 2019, translating into a reduction of 25% primarily on the back of price uncertainties and challenges introduced by the COVID-19 pandemic. Higher channel inventory at the start of the current year has also led to a suppressed demand in the period. Local urea production increased by 7% to 1,427 KT compared to 1,335 KT during the same period last year led by Engro Fertilizers Limited's (the Company) record highest quarterly production. The Company increased production by 28% versus comparable period of 2019 due to improved plant efficiency and lower outage days. Moreover, industry inventory at the end of Q1 2020 stood at 600 KT vs 169 KT at the end of Q1 last year.

DAP / MAP demand in the local market increased by 16%, with industry sales at 229 KT vs 197 KT in the same period last year. This is mainly due to decreased prices during the quarter coupled with lesser channel inventory compared to channel inventory at the start of last year.

## Urea Pricing

At the end of January 2020, the GoP approved a proposal by the Ministry of Industries and Production to reduce GIDC on gas consumed by fertilizer manufacturers to PKR 5/MMBTU in an attempt to improve farm economics by way of reducing urea prices. Welcoming the decision of the government to reduce GIDC, Engro Fertilizers Limited was the first company to have fully passed on the benefit by decreasing Urea prices by PKR 160/bag. The impact of reduction in GIDC varied for different fertilizer manufacturers and the company passed on the full impact of Government's decision given the particular mix of gases being received by the company.

With the outbreak of COVID-19, Pakistan's farmer community has been facing unprecedented challenges. To help alleviate the adverse impact of a global pandemic, the company volunteered to further reduce its prices by PKR 240/Bag in March 2020. The additional price cut has resulted in an overall price reduction of PKR 400/Bag since the beginning of the year. In this manner, the company led reduction of prices to PKR 1,604/Bag from PKR 2,004/Bag.

The latest price reduction is expected to have a significant strain on company's profitability but is in line with Company's purpose as articulated in the Central Idea of the Company of addressing the most pressing issues of our time. COVID-19 is a national crisis and Engro Fertilizers Limited stands committed to working hand in hand with the Government in these challenging times to ensure sustainability of the agriculture sector of Pakistan.

## Combat COVID-19 and Business Continuity Strategy:

The Company is cognizant of its place in Pakistan's agri-value chain and acknowledges its position as being the source of one third of Pakistan's agri-productivity. Consequently, business continuity and contingency planning is a foremost priority of the Company, while ensuring the health and safety of our employees. Our Combat COVID Strategy comprehensively addresses immediate to medium term risks by taking a proactive approach on preventive and emergency response measures whilst implementing the requisite levers for long term business continuity. Strategies have been developed to cater to every single facet of our operations, business partners and stakeholders.

First and foremost a Crisis Management committee has been constituted at the Group level which actively monitors and manages the developing situation with regards to the pandemic. Moreover, with employee wellbeing and safety at the heart of our strategy, stringent protocols have been introduced. We have launched a work from home policy for a large proportion of our employee base whilst enabling seamless business collaboration and teamwork through leveraging technology. At the same time, various measures have been implemented to address any social health challenges of employees during these testing times which include online platforms for social interactions, daily online meetings etc. Furthermore, to allow for business continuity, a comprehensive COVID-19 succession plan has been put in place for all critical positions. Our sales teams, spread all across the country, are at the highest risk due to the nature of their work. High risk individuals and locations have been identified and special preventive measures have been implemented to ensure their health and safety.

At our manufacturing site at Dharki we have developed a COVID-19 isolation facility which is well-equipped with medical facilities and supplies. Our plant site premises are disinfected daily and rigorous screening and prevention protocols are ensured at all entry points.

## Combat COVID-19 CSR initiatives:

The Company is at the forefront of the efforts against the spread of this global pandemic and has taken various initiatives to ensure prevention and support our surrounding communities. These initiatives include:

- Distribution of ration for two weeks to 1,500 families to support them during the lockdown in the Daharki, Jhung and surrounding villages
- Conversion of our Technical Training Center into a 60-bed quarantine facility for the Daharki community
- Awareness campaigns through distribution of brochures and radio announcements on COVID-19
- Installation of hand wash stations at different locations in Daharki and surrounding villages
- Daily disinfection spraying carried out in public places in the surrounding villages
- Provision of masks and health suits to district health officers

## Company's Operating Performance

The Company's urea production in Q1 2020 stood at 572 KT compared to 446 KT in Q1 last year. This is the highest ever quarterly production in the history of the Company which was a result of our continued focus on plant efficiency and engineering excellence. Sales during the current period clocked in at 169 KT compared to 435 KT in Q1 2019, a drastic decrease of 61% QoQ mainly on the back of price disparity prevalent in the market for the most part of the quarter. However, the price disparity was eliminated by the end of the quarter.

The Company's DAP and Zorawar sales during the period stood at 34 KT vs 85 KT last year.

Gross Profit of the Company was recorded at PKR 3.6 B for Q1 2020, compared to PKR 7.6 B in the same period last year, a decrease of 53% on the back of lower offtake. Finance cost was higher at PKR 1.2 B (vs PKR 0.8 B last year) resulting mainly from higher policy rates and exchange loss on foreign denominated borrowing.

On a standalone basis, net profit for Q1 2020 stood at PKR 1.4 B compared to PKR 3.8 B last year, resulting in an EPS of PKR 1.04 vs. PKR 2.87 in Q1 2019. Company's consolidated profit stood at PKR 0.6 B vs. PKR 4.0 B in the corresponding period last year, resulting in EPS of PKR 0.43 vs. last year's EPS of PKR 3.00.

In line with the industry, the Company continues to accrue reduced rates of GIDC on all non-concessionary gases.

## Other significant matters

The Company was awarded with the Management Association of Pakistan (MAP) Amir S. Chinoy trophy for being ranked as the best company in Pakistan in the Industrial sector. This achievement marks our return to this podium after 26 years. The award was conferred to the Company at the 35th Corporate Excellence awards held by MAP for showing outstanding performance, demonstrating progress and enlightened management practices. These awards recognize companies who have exemplified exceptional financial performance coupled with remarkable governance, leadership and operational practices.

The Company's head office and manufacturing facilities were conferred with 8 Green Office Awards in the various categories that included:

- Reduction of Carbon Emissions, Energy Conservation, Paper Decrement and Waste Reduction.
- Best coordinator, most innovative recycling, highest audit score, carbon offsetting, massive tree plantation drive and best-ever energy & water conservation projects.

## Near Term Outlook

Local urea demand is expected to remain under pressure going forward. Urea production based on indigenous gas-based plants is therefore expected to adequately serve domestic demand whilst ensuring sufficient levels of safety stock during the course of the year. If continued availability of higher gas is ensured, the Company would be able to produce incremental urea of around 300 KT during the year thereby allowing for additional national buffer stocks. On DAP front, international prices are expected to stabilize and remain range bound in Q2 2020 (USD 330-340/T) considering the resumption of operations of global production facilities. Demand for phosphates and other imported fertilizers is expected to increase post a slower Q1 2020 activity.

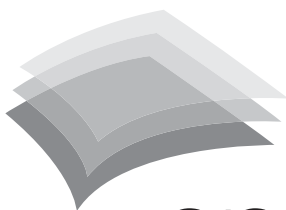
Going forward, the Company remains committed to continue to play its role in transforming the agri landscape in Pakistan and provide support to our nation in these testing times. On behalf of the Board, the Company would like to thank all its stakeholders for their continued trust and support.



Ghias Khan  
Chairman



Nadir Salar Qureshi  
Chief Executive Officer



engro fertilizers

consolidated condensed  
interim financial statements  
(unaudited) for the quarter  
ended march 31, 2020

# consolidated condensed interim statement of financial position as at march 31, 2020

(Amounts in thousand)

	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	64,928,753	65,924,426
Intangible assets		5,044,653	5,071,003
Long-term loans and advances		104,210	163,791
		70,077,616	71,159,220
<b>Current assets</b>			
Stores, spares and loose tools		5,752,995	5,301,092
Stock-in-trade		18,558,926	12,477,638
Trade debts		6,189,210	14,174,520
Loans, advances, deposits and prepayments		2,900,036	2,948,706
Other receivables		10,219,528	9,412,251
Accrued income		199,979	105,910
Taxation - net		2,498,249	2,542,457
Short-term investments	4	6,978,888	5,511,544
Cash and bank balances		1,352,360	3,413,473
		54,650,171	55,887,591
<b>TOTAL ASSETS</b>		<b>124,727,787</b>	<b>127,046,811</b>



(Amounts in thousand)

	Unaudited March 31, 2020	Audited December 31, 2019
Note	-----Rupees-----	
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Share capital	13,352,993	13,352,993
<b>Reserves</b>		
Share premium	3,384,904	3,384,904
Remeasurement of post employment benefits	(56,639)	(56,639)
Unappropriated profit	27,168,966	26,598,202
	<u>30,497,231</u>	<u>29,926,467</u>
<b>TOTAL EQUITY</b>	43,850,224	43,279,460
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	19,826,783	22,192,098
Deferred taxation	12,027,069	12,182,426
Deferred liabilities	230,432	257,403
	<u>32,084,284</u>	<u>34,631,927</u>
<b>Current liabilities</b>		
Trade and other payables	37,764,338	37,685,215
Accrued interest / mark-up	699,339	587,866
Current portion of:		
- borrowings	8,798,251	8,760,351
- deferred liabilities	48,762	56,036
Short-term borrowings	1,425,082	1,985,910
Unclaimed dividend	57,507	60,046
	<u>48,793,279</u>	<u>49,135,424</u>
<b>TOTAL LIABILITIES</b>	80,877,563	83,767,351
<b>Contingencies and Commitments</b>	7	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>124,727,787</u></u>	<u><u>127,046,811</u></u>

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# consolidated condensed interim statement of profit or loss (unaudited) for the quarter ended march 31, 2020


(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
-----Rupees-----			
Net sales	8	10,791,539	23,652,452
Cost of sales		(7,156,467)	(16,053,421)
<b>Gross profit</b>		3,635,072	7,599,031
Selling and distribution expenses		(1,056,192)	(1,635,779)
Administrative expenses		(358,337)	(281,612)
		2,220,543	5,681,640
Other income	9	261,213	1,011,629
Other operating expenses		(148,228)	(406,017)
Finance cost		(1,211,917)	(798,966)
		(1,360,145)	(1,204,983)
<b>Profit before taxation</b>		1,121,611	5,488,286
Taxation		(550,847)	(1,481,471)
<b>Profit for the period</b>		570,764	4,006,815
<b>Earnings per share</b> - basic and diluted		0.43	3.00

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# consolidated condensed interim statement of comprehensive income (unaudited) for the quarter ended march 31, 2020


(Amounts in thousand)

	Quarter ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
Profit for the period	570,764	4,006,815
<b>Other comprehensive income:</b>		
<b>Items potentially re-classifiable to profit or loss</b>		
Exchange differences on translation of foreign operations	-	21,653
<b>Total comprehensive income for the period</b>	<b>570,764</b>	<b>4,028,468</b>

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# consolidated condensed interim statement of changes in equity for the quarter ended march 31, 2020

(Amounts in thousand)

	RESERVES					Total
	CAPITAL			REVENUE		
	Share capital	Share premium	Exchange revaluation reserve	Remeasurement of post employment benefits	Unappropriated profit	
	-----Rupees-----					
<b>Balance as at January 1, 2020 (Audited)</b>	13,352,993	3,384,904	-	(56,639)	26,598,202	43,279,460
<b>Total comprehensive income for the quarter ended March 31, 2020</b>						
Profit for the period	-	-	-	-	570,764	570,764
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	570,764	570,764
<b>Balance as at March 31, 2020 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>-</b>	<b>(56,639)</b>	<b>27,168,966</b>	<b>43,850,224</b>
<b>Balance as at January 1, 2019 (Audited)</b>	13,352,993	3,384,904	408,817	(44,729)	28,421,170	45,523,155
<b>Transactions with owners</b>						
Final dividend for the year ended December 31, 2018 @ Rs. 3.00 per share	-	-	-	-	(4,005,898)	(4,005,898)
<b>Total comprehensive income for the quarter ended March 31, 2019</b>						
Profit for the period	-	-	-	-	4,006,815	4,006,815
Other comprehensive income for the period:						
- exchange revaluation	-	-	21,653	-	-	21,653
	-	-	21,653	-	4,006,815	4,028,468
<b>Balance as at March 31, 2019 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>430,470</b>	<b>(44,729)</b>	<b>28,422,087</b>	<b>45,545,725</b>

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# consolidated condensed interim statement of cash flows (unaudited) for the quarter ended march 31, 2020

(Amounts in thousand)

Note	Quarter ended	
	March 31, 2020	March 31, 2019
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	10	
Cash generated from operations	4,108,836	10,148,980
Retirement and other service benefits paid	(51,077)	(50,805)
Taxes paid	(583,548)	(1,337,427)
Long-term loans and advances	59,581	(49,582)
Net cash generated from operating activities	3,533,792	8,711,166
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment and intangibles	(303,009)	(445,427)
Proceeds from disposal of property, plant and equipment	-	723,966
Purchase of short-term investments	(38,926,012)	(3,119,718)
Proceeds from sales of short term investments	38,486,786	9,364,330
Income on government securities, term deposit certificates and bank deposits	166,673	264,215
Net cash (utilised in) / generated from investing activities	(575,562)	6,787,366
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,539)	(354)
Finance cost paid	(927,859)	(609,815)
Repayments of long-term borrowings	(2,500,000)	(660,000)
Net cash utilised in financing activities	(3,430,398)	(1,270,169)
Net (decrease) / increase in cash and cash equivalents	(472,168)	14,228,363
Cash and cash equivalents at beginning of the period	4,029,957	1,214,486
Exchange gain translation on foreign operations	-	21,653
Cash and cash equivalents at end of the period	11 3,557,789	15,464,502

The annexed notes from 1 to 18 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# notes to the consolidated condensed interim financial statements (unaudited) for the quarter ended march 31, 2020

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

1.1 Engro Fertilizers Limited ('the Holding Company') is a public company incorporated in Pakistan on June 29, 2009 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 Company is listed on Pakistan Stock Exchange Limited (PSX).

The Holding Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The registered head office of the Holding Company is situated at 7th and 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 Company:** EFert Agritrade (Private) Limited (EAPL) which is a wholly owned subsidiary of the Holding Company (1.2.1).

1.2.1 EAPL was incorporated 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 OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

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

2.2 These consolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2019.

2.3 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Group for the year ended December 31, 2019.

### 2.4 Initial application of standards, amendments or an interpretation to existing standards

#### a) Standards, amendments and interpretations to accounting and reporting standards that became effective during the period

The following standards, amendments and interpretations to accounting and reporting standards became effective during the period and are relevant to the Group:

- Amendment to International Accounting Standard 1 - 'Presentation of Financial Statements' (IAS 1) on the definition of material; and
- Amendment to International Accounting Standard 8 - 'Accounting policies, changes in accounting estimates and errors' (IAS 8) on the definition of material

The adoption of the above amendments to accounting and reporting standards did not have any material effect on these consolidated condensed interim financial statements.

(Amounts in thousand)

**b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations to accounting and reporting standards are relevant to the Group:

Standards, amendments and interpretations	Effective date (annual periods beginning on or after)
Amendments to International Accounting Standard 1 - 'Presentation of Financial Statements' (IAS 1) on classification of liabilities	January 01, 2022

- 2.5 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2019.

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

3. PROPERTY, PLANT AND EQUIPMENT	Unaudited	Audited
	March 31, 2020	December 31, 2019
	-----Rupees-----	
Operating assets at net book value (note 3.1)	61,546,453	62,586,001
Capital work-in-progress (note 3.2)	2,558,027	2,572,476
Major spare parts and stand-by equipment	824,273	765,949
	64,928,753	65,924,426

- 3.1 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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	-----Rupees-----			
Building on freehold land	29,959	208	-	-
Leasehold land	-	-	-	28,238
Plant and machinery	160,117	35,928	-	-
Office equipment	69,059	4,569	-	-
Vehicles	-	33,222	-	1,591
	259,135	73,927	-	29,829

The above disposals represent assets having a cost of Nil (March 31, 2019: Rs. 68,485) and net book value of Nil (March 31, 2019: 29,829), which were disposed off for Nil (March 31, 2019: Rs. 723,966).

(Amounts in thousand)

	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees-----	
<b>3.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	2,572,476	3,159,249
Add: Additions during the period / year	244,686	3,825,592
Transferred to:		
- Operating assets	(259,135)	(3,753,003)
- Intangible assets	-	(659,362)
Balance at end of the period / year	<u>2,558,027</u>	<u>2,572,476</u>
<b>4. SHORT-TERM INVESTMENTS</b>		
Government Securities	6,772,681	5,305,337
Term Deposit Receipts	206,207	206,207
	<u>6,978,888</u>	<u>5,511,544</u>
<b>5. BORROWINGS - Secured</b>		
Long term finance utilised under mark-up arrangements (notes 5.1 and 5.2)	28,625,034	30,952,449
Less: Current portion shown under current liabilities	8,798,251	8,760,351
Balance at end of the period / year	<u>19,826,783</u>	<u>22,192,098</u>

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

5.2 During the period, principal repayments of long-term finances were made to MCB Bank Limited, Allied Bank Limited, and United Bank limited amounting to Rs. 1,000,000, Rs.500,000 and Rs. 1,000,000 respectively.

#### 6. SHORT-TERM BORROWINGS

##### Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 16,350,000 (December 31, 2019: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2019: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 1,325,467 (December 31, 2019: Rs. 1,546,685) from funded facilities and Rs. 2,610,188 (December 31, 2019: 2,610,188) from the non-funded facilities as at the reporting date.

##### Subsidiary Company

The facilities for short term running finances, available from various banks, aggregate to Rs. 14,217,000 (December 31, 2019: Rs. 12,725,000). The rates of markup on the funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month KIBOR and 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Company has utilised Rs. 99,615 (December 31, 2019: Rs. 439,225) out of the aforementioned facilities as at the reporting date.



(Amounts in thousand)

## 7. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 7.1 As at March 31, 2020, bank guarantees of Rs.3,404,807 (December 31, 2019: Rs. 3,400,747) have been issued in favour of third parties.
- 7.2 As at March 31, 2020, claims, including pending lawsuits, against the Group not acknowledged as debts amount to Rs. 61,914 (December 31, 2019: Rs. 61,914).
- 7.3 As at March 31, 2020, there is no material change in the status of matters reported as contingencies in audited financial statements of the Group for the year ended December 31, 2019.

	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees-----	
7.4 <b>Commitments</b>		
Commitments in respect of capital expenditure and other operational items	8,649,289	7,364,808

	Unaudited Quarter ended March 31, 2020	March 31, 2019
	-----Rupees-----	
8. <b>NET SALES</b>		
Gross sales:		
- manufactured product	7,917,220	16,816,445
- purchased and packaged product	2,921,028	7,315,506
- services	169,647	-
	11,007,895	24,131,951
Less: sales tax	216,356	479,499
	10,791,539	23,652,452

## 9. OTHER INCOME

### On financial assets

Income on government securities, term deposit certificates and bank deposits

### On non-financial assets

Gain on disposal of property, plant and equipment

Rental income

Gain on disposal of spares / scrap

Others

	260,742	297,612
	-	694,137
	-	2,899
	-	1,314
	471	15,667
	471	714,017
	261,213	1,011,629

(Amounts in thousand)

	Unaudited Quarter ended	
	March 31, 2020	March 31, 2019
-----Rupees-----		
<b>10. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	1,121,611	5,488,286
Adjustment for non-cash charges and other items:		
Depreciation	1,298,683	1,317,346
Amortisation of intangibles	26,352	8,313
Amortisation deferred income	(966)	(966)
Amortisation of transaction cost	1,585	957
Exchange loss on revaluation of long-term borrowings	171,000	29,100
Gain on disposal of property, plant and equipment	-	(694,137)
Provision for retirement and other service benefits	17,798	16,731
Income on government securities, term deposit certificates and bank deposits	(260,742)	(297,612)
Finance cost	1,039,332	798,966
Provision for trade debts	-	16,355
Provision for slow moving stores and spares	12,689	-
Working capital changes (note 10.1)	681,494	3,465,641
	<u>4,108,836</u>	<u>10,148,980</u>
<b>10.1 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(464,592)	(112,783)
- Stock-in-trade	(6,081,288)	(46,921)
- Trade debts	7,985,310	3,445,261
- Loans, advances, deposits and prepayments	(29,782)	251,730
- Other receivables	(807,277)	(481,886)
	<u>602,371</u>	<u>3,055,401</u>
Increase in current liabilities		
- Trade and other payables	79,123	410,240
	<u>681,494</u>	<u>3,465,641</u>
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,352,360	2,038,072
Short-term investments	3,630,511	13,491,507
Short-term borrowings	(1,425,082)	(65,077)
	<u>3,557,789</u>	<u>15,464,502</u>

(Amounts in thousand)

## 12. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 12.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: 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 these consolidated condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

### 12.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
<b>Assets</b>	----- Rupees -----			
<b>Short-term investments</b>				
Fair value through other comprehensive income	-	6,772,681	-	6,772,681

Level 2 - The fair valued financial instruments comprise Government Securities which are valued using discounted cash flow model. There were no transfers amongst the levels during the period.

### 12.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these consolidated condensed interim financial statements approximate their fair value.

(Amounts in thousand)

### 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Parent Company, associated companies, 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 these consolidated condensed interim financial statements, are as follows:

	Unaudited Quarter ended	
	March 31, 2020	March 31, 2019
-----Rupees-----		
<b>Parent Company</b>		
Purchases and services received	127,837	105,500
Services provided	13,543	1,666
Royalty charged to the Company	112,852	245,418
Reimbursements made:		
- to the Company	13,829	17,974
- by the Company	5,778	40,107
<b>Associated companies</b>		
Purchases and services received	31,409	39,903
Sale of Product by the Company	-	1,020
Sale of land to associated company	-	705,600
Services provided by the Company	21,591	3,696
Reimbursements		
- by the Company	4,210	14,587
- to the Company	-	1,106
Donations	-	14,500
<b>Contribution to staff retirement benefits</b>		
Pension fund	1,985	2,689
Gratuity fund	35,578	29,148
Provident fund	39,167	33,010
<b>Others</b>		
Remuneration of key management personnel	67,089	70,517
Director's fee	-	200

(Amounts in thousand)

#### 14. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees -----									
Sales	6,368,289	14,761,634	2,170,492	6,211,332	2,204,848	2,987,666	264,266	171,319	11,007,895	24,131,951
Intersegment sales	198,038	177,795	-	-	-	-	144,165	-	342,203	177,795
less: sales tax	(125,071)	(289,476)	(44,400)	(123,280)	(46,166)	(65,038)	(719)	(1,705)	(216,356)	(479,499)
	6,441,256	14,649,953	2,126,092	6,088,052	2,158,682	2,922,628	407,712	169,614	11,133,742	23,830,247
<b>Profit / (loss) before taxation</b>	1,523,896	4,904,859	(380,891)	387,164	90,547	311,799	(111,941)	(115,536)	1,121,611	5,488,286
<b>Depreciation and amortisation</b>	1,236,393	1,285,899	-	-	8,516	9,357	80,126	30,403	1,325,035	1,325,659
<b>Capital expenditure</b>	96,494	242,488	-	-	5,461	8,254	142,731	67,392	244,686	318,134

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	----- Rupees -----									
<b>Segment assets</b>	99,510,478	98,547,727	7,420,356	12,408,537	5,798,780	4,942,794	3,466,946	2,116,826	116,196,560	118,015,884
<b>Unallocated assets</b>	-	-	-	-	-	-	-	-	8,531,227	9,030,927
<b>Total assets</b>	99,510,478	98,547,727	7,420,356	12,408,537	5,798,780	4,942,794	3,466,946	2,116,826	124,727,787	127,046,811

	Unaudited	
	March 31, 2020	March 31, 2019
	----- Rupees -----	
<b>Reconciliation of reportable segment net sales</b>		
Total net sales for reportable segment	11,133,742	23,830,247
Elimination of intersegment net sales	(342,203)	(177,795)
<b>Total net sales</b>	10,791,539	23,652,452

	Unaudited	Audited
	March 31, 2020	December 31, 2019
	----- Rupees -----	
<b>Reconciliation of reportable segment total assets</b>		
Total assets for reportable segments	116,196,560	118,015,884
- Accrued income	199,979	105,910
- Short term investments	6,978,888	5,511,544
- Cash and bank balances	1,352,360	3,413,473
<b>Unallocated assets</b>	8,531,227	9,030,927
<b>Total assets</b>	124,727,787	127,046,811

(Amounts in thousand)

## 15. SEASONALITY

The Group'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 Group manages seasonality in the business through appropriate inventory management.

## 16. ADDITIONAL DISCLOSURES

- 16.1 The World Health Organization declared Corona Virus (COVID-19) as a global pandemic on January 30, 2020. COVID – 19 has spread throughout the country and measures taken by the Government of Pakistan to reduce the spread of the COVID-19 include lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc.

Manufacturing, transportation, distribution and selling of Seeds, Fertilizers and Pesticides, being essential commodities, have been permitted by the Government. Consequently, the Holding Company's Urea plant located at Daharki, District Ghotki, Sindh has continued to operate. Zarkhez plant located at Port Qasim, Karachi was however temporarily closed due to non-availability of steam.

With the growing number of cases in Pakistan and overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. The management continues to monitor the developing situation and would proactively manage any risk arising thereof.

- 16.2 The Board of Directors in its meeting held on February 17, 2020 proposed a final cash dividend of Rs. 2 per share for the year ended December 31, 2019 amounting to Rs. 2,670,599 for approval of the members at the Annual General Meeting (AGM) to be held on March 31, 2020. However, owing to lockdown due to COVID-19, the AGM of the Holding Company has been deferred. Accordingly, these consolidated condensed interim financial statements do not include the effect of the said final dividend.

## 17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year, whereas the consolidated condensed interim statement of profit or loss, 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.

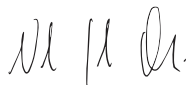
Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

## 18. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 20, 2020 by the Board of Directors of the Holding Company.



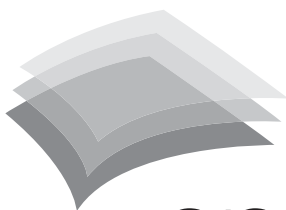
Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman



# engro fertilizers

condensed interim financial  
statements (unaudited)  
for the quarter ended  
march 31, 2020

# condensed interim statement of financial position as at march 31, 2020

(Amounts in thousand)

	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	64,928,753	65,924,426
Intangible assets		5,044,653	5,071,003
Investment in subsidiary		100	100
Long-term loans and advances		103,574	162,852
		<u>70,077,080</u>	<u>71,158,381</u>
<b>Current assets</b>			
Stores, spares and loose tools		5,752,995	5,301,092
Stock-in-trade		10,931,820	3,568,895
Trade debts		4,974,504	10,009,934
Working capital loan to subsidiary	4	8,018,617	16,245,774
Loans, advances, deposits and prepayments		1,885,734	1,735,337
Other receivables		9,994,832	8,639,451
Accrued income		595,282	779,897
Taxation - net		2,723,731	2,757,547
Short-term investments	5	6,969,288	5,501,944
Cash and bank balances		1,339,480	3,409,674
		<u>53,186,283</u>	<u>57,949,545</u>
<b>TOTAL ASSETS</b>		<u><u>123,263,363</u></u>	<u><u>129,107,926</u></u>



(Amounts in thousand)

	Note	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees-----			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		13,352,993	13,352,993
<b>Reserves</b>			
Share premium		3,384,904	3,384,904
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(56,993)	(56,993)
Unappropriated profit		27,863,428	26,475,684
		30,887,312	29,499,568
<b>TOTAL EQUITY</b>		44,240,305	42,852,561
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	6	19,826,783	22,192,098
Deferred taxation		12,027,069	12,182,426
Deferred liabilities		227,869	254,538
		32,081,721	34,629,062
<b>Current liabilities</b>			
Trade and other payables		36,015,415	40,648,651
Accrued interest / mark-up		696,386	554,985
Current portion of:			
- borrowings	6	8,798,251	8,760,351
- deferred liabilities		48,311	55,585
Short-term borrowings	7	1,325,467	1,546,685
Unclaimed dividend		57,507	60,046
		46,941,337	51,626,303
<b>TOTAL LIABILITIES</b>		79,023,058	86,255,365
Contingencies and Commitments	8		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		123,263,363	129,107,926

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# condensed interim statement of profit or loss and other comprehensive income (unaudited) for the quarter ended march 31, 2020

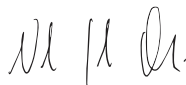
(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2020	March 31, 2019
		-----Rupees-----	
Net sales	9	8,058,258	16,639,830
Cost of sales		(4,750,666)	(10,167,231)
<b>Gross profit</b>		3,307,592	6,472,599
Selling and distribution expenses		(900,360)	(1,386,353)
Administrative expenses		(348,671)	(266,271)
		2,058,561	4,819,975
Other income	10	1,127,800	1,418,394
Other operating expenses		(148,221)	(405,065)
Finance cost		(1,223,650)	(816,287)
		(1,371,871)	(1,221,352)
<b>Profit before taxation</b>		1,814,490	5,017,017
Taxation		(426,746)	(1,189,216)
<b>Profit for the period</b>		1,387,744	3,827,801
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		1,387,744	3,827,801
<b>Earnings per share</b> - basic and diluted		1.04	2.87

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# condensed interim statement of changes in equity for the quarter ended march 31, 2020

(Amounts in thousand)

	RESERVES					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Reserve on amalgamation	Remeasurement of post employment benefits	Unappropriated profit	
	-----Rupees-----					
<b>Balance as at January 1, 2020 (Audited)</b>	13,352,993	3,384,904	(304,027)	(56,993)	26,475,684	42,852,561
<b>Total comprehensive income for the quarter ended March 31, 2020</b>						
Profit for the period	-	-	-	-	1,387,744	1,387,744
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	1,387,744	1,387,744
<b>Balance as at March 31, 2020 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(56,993)</b>	<b>27,863,428</b>	<b>44,240,305</b>
<b>Balance as at January 1, 2019 (Audited)</b>	13,352,993	3,384,904	(304,027)	(45,083)	26,606,961	42,995,748
<b>Transaction with owners</b>						
Final dividend for the year ended December 31, 2018 @ Rs. 3.00 per share	-	-	-	-	(4,005,898)	(4,005,898)
<b>Total comprehensive income for the quarter ended March 31, 2019</b>						
Profit for the period	-	-	-	-	3,827,801	3,827,801
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	3,827,801	3,827,801
<b>Balance as at March 31, 2019 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(45,083)</b>	<b>26,428,864</b>	<b>42,817,651</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# condensed interim statement of cash flows (unaudited) for the quarter ended march 31, 2020


(Amounts in thousand)

Note	Quarter ended	
	March 31, 2020	March 31, 2019
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	Cash generated from operations	6,965,174
11	Retirement and other service benefits paid	(50,626)
	Taxes paid	(1,177,051)
	Long term loans and advances - net	(50,080)
	Net cash (utilised in) / generated from operating activities	5,687,417
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	Purchases of property, plant and equipment and intangibles	(445,427)
	Proceeds from disposal of property, plant and equipment	723,966
	Disbursement of working capital loan to subsidiary	(4,964,300)
	Payment received against working capital loan to subsidiary	7,186,940
	Purchase of short-term investments	(3,119,718)
	Proceeds from sale of short term investments	9,364,331
	Dividend received	-
	Income on government securities, term deposit certificates and bank deposits	654,130
	Net cash generated from investing activities	9,399,922
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	Dividends paid	(354)
	Finance cost paid	(582,394)
	Repayments of long-term borrowings	(660,000)
	Net cash utilised in financing activities	(1,242,748)
	Net (decrease) / increase in cash and cash equivalents	13,844,591
	Cash and cash equivalents at beginning of the period	95,182
12	Cash and cash equivalents at end of the period	13,939,773

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

# notes to the condensed interim financial statements (unaudited) for the quarter ended march 31, 2020

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Fertilizers Limited ('the Company') is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The Company is listed on Pakistan Stock Exchange Limited (PSX).

The Company is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The registered head office of the Company is situated at 7th and 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary are presented separately. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2019.

- 2.3 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Company for the year ended December 31, 2019.

### 2.4 Initial application of standards, amendments or an interpretation to existing standards

#### a) Standards, amendments and interpretations to accounting and reporting standards that became effective during the period

The following standards, amendments and interpretations to accounting and reporting standards became effective during the period and are relevant to the Company:

- Amendment to International Accounting Standard 1 - 'Presentation of Financial Statements' (IAS 1) on the definition of material; and
- Amendment to International Accounting Standard 8 - 'Accounting policies, changes in accounting estimates and errors' (IAS 8) on the definition of material

The adoption of the above amendments to accounting and reporting standards did not have any material effect on these condensed interim financial statements.

(Amounts in thousand)

**b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following standards, amendments and interpretations to accounting and reporting standards are relevant to the Company:

<b>Standards, amendments and interpretations</b>	<b>Effective date (annual periods beginning on or after)</b>
--	--

Amendments to International Accounting Standard 1 - 'Presentation of Financial Statements' (IAS 1) on classification of liabilities	January 01, 2022
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- 2.5 The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement 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 these condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Company for the year ended December 31, 2019.

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

	<b>Unaudited March 31, 2020</b>	<b>Audited December 31, 2019</b>
-----Rupees-----		

**3. PROPERTY, PLANT AND EQUIPMENT**

Operating assets at net book value (note 3.1)	61,546,453	62,586,001
Capital work-in-progress (note 3.2)	2,558,027	2,572,476
Major spare parts and stand-by equipment	824,273	765,949
	<u>64,928,753</u>	<u>65,924,426</u>

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

	<b>Additions (Unaudited) (at cost)</b>		<b>Disposals (Unaudited) (at net book value)</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
-----Rupees-----				
Building on freehold land	29,959	208	-	-
Leasehold land	-	-	-	28,238
Plant and machinery	160,117	35,928	-	-
Office equipment	69,059	4,569	-	-
Vehicles	-	33,222	-	1,591
	<u>259,135</u>	<u>73,927</u>	<u>-</u>	<u>29,829</u>

The above disposals represent assets having a cost of Nil (March 31, 2019: Rs. 68,485) and net book value of Nil (March 31, 2019: Rs. 29,829), which were disposed off for Nil (March 31, 2019: Rs. 723,966).

(Amounts in thousand)

	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees-----		
<b>3.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	2,572,476	3,159,249
Add: Additions during the period / year	244,686	3,825,592
Transferred to:		
- operating assets	(259,135)	(3,753,003)
- intangible assets	-	(659,362)
Balance at end of the period / year	<u>2,558,027</u>	<u>2,572,476</u>

#### 4. WORKING CAPITAL LOAN TO SUBSIDIARY

Represents unsecured loan given to EFERT Agritrade (Private) Limited (EAPL) amounting to Rs. 8,018,617 (December 31, 2019: Rs. 16,245,774). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%. The amount is received on annual basis.

	Unaudited March 31, 2020	Audited December 31, 2019
-----Rupees-----		
<b>5. SHORT-TERM INVESTMENTS</b>		
Government Securities	6,772,681	5,305,337
Term Deposit Receipts	196,607	196,607
	<u>6,969,288</u>	<u>5,501,944</u>
<b>6. BORROWINGS - Secured</b>		
Long-term finance utilised under mark-up arrangements (notes 6.1 and 6.2)	28,625,034	30,952,449
Less: Current portion shown under current liabilities	8,798,251	8,760,351
Balance at end of the period / year	<u>19,826,783</u>	<u>22,192,098</u>

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

6.2 During the period, principal repayments of long-term finances were made to MCB Bank Limited, Allied Bank Limited, and United Bank limited amounting to Rs. 1,000,000, Rs.500,000 and Rs. 1,000,000 respectively.

(Amounts in thousand)

## 7. SHORT-TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 16,350,000 (December 31, 2019: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2019: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 1,325,467 (December 31, 2019: Rs. 1,546,685) from funded facilities and Rs. 2,610,188 (December 31, 2019: 2,610,188) from the non-funded facilities as at the reporting date.

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 8.1 As at March 31, 2020, bank guarantees of Rs. 2,610,188 (December 31, 2019: Rs. 2,610,188) have been issued in favour of third parties.
- 8.2 As at March 31, 2020, claims, including pending lawsuits, against the Company, not acknowledged as debts amount to Rs. 61,914 (December 31, 2019: Rs. 61,914).
- 8.3 As at March 31, 2020, there is no material change in the status of matters reported as contingencies in the audited financial statements of the Company for the year ended December 31, 2019.

### 8.4 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited March 31, 2020	Audited December 31, 2019
	-----Rupees-----	
	8,332,035	6,565,922

## 9. NET SALES

Gross sales:

- manufactured product
- purchased and packaged product
- services

Less: sales tax

	Unaudited Quarter ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
	7,917,220	16,816,445
	104,431	154,488
	194,246	-
	8,215,897	16,970,933
	157,639	331,103
	8,058,258	16,639,830



(Amounts in thousand)

Unaudited	
Quarter ended	
March 31, 2020	March 31, 2019

## 10. OTHER INCOME

### On financial assets

Dividend income from EAPL  
Income from working capital loan to EAPL  
Income on government securities, term deposit  
certificates and bank deposits

426,470	-
395,823	319,561
260,730	285,459
<b>1,083,023</b>	<b>605,020</b>

### On non-financial assets

Commission income from EAPL  
Sub-licensing income from EAPL  
Gain on disposal of property, plant and equipment  
Rental income  
Gain on disposal of spares / scrap  
Others

37,448	99,357
6,858	-
-	694,137
-	2,899
-	1,314
471	15,667
<b>44,777</b>	<b>813,374</b>
<b>1,127,800</b>	<b>1,418,394</b>

## 11. CASH GENERATED FROM OPERATIONS

### Profit before taxation

Adjustment for non-cash charges and other items:

Depreciation  
Amortisation of intangibles  
Amortisation of deferred income  
Gain on disposal of property, plant and equipment  
Provision for retirement and other service benefits  
Income on government securities, term deposit  
certificates and bank deposits  
Finance cost  
Exchange loss on revaluation of long-term borrowings  
Amortisation of transaction cost  
Dividend received  
Provision for trade debts  
Provision for slow moving stores and spares  
Working capital changes (note 11.1)

1,814,490	5,017,017
1,298,683	1,317,346
26,352	8,313
(966)	(966)
-	(694,137)
17,648	16,578
(260,730)	(605,020)
1,051,065	786,230
171,000	29,100
1,585	957
(426,470)	-
-	16,355
12,689	-
(8,931,101)	1,073,401
<b>(5,225,755)</b>	<b>6,965,174</b>

(Amounts in thousand)

	Unaudited Quarter ended			
	March 31, 2020	March 31, 2019		
<b>11.1 Working capital changes</b>				
Decrease / (Increase) in current assets				
- Stores, spares and loose tools	(464,592)	(112,783)		
- Stock-in-trade	(7,362,925)	(73,626)		
- Trade debts	5,035,430	310,589		
- Loans, advances, deposits and prepayments	(150,397)	173,850		
- Other receivables	(1,355,381)	(490,142)		
	(4,297,865)	(192,112)		
Increase / (Decrease) in current liabilities				
- Trade and other payables	(4,633,236)	1,265,513		
	(8,931,101)	1,073,401		
<b>12. CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances	1,339,480	1,944,922		
Short-term investments	3,630,511	12,049,996		
Short-term borrowings	(1,325,467)	(55,145)		
	3,644,524	13,939,773		
<b>13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS</b>				
<b>13.1 Financial risk factors</b>				
The Company's activities expose it to a variety of financial risks: 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 these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.				
<b>13.2 Fair value estimation</b>				
The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:				
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);				
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and				
- Inputs for the asset or liability that are not based on observable market data (level 3).				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	-----Rupees-----			
<b>Assets</b>				
<b>Short-term investments</b>				
Fair value through other comprehensive income	-	6,772,681	-	6,772,681

Level 2 - The fair valued financial instruments comprise Government Securities which are valued using discounted cash flow model. There were no transfers amongst the levels during the period.

(Amounts in thousand)

### 13.3 Fair value of financial assets and liabilities

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

## 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Parent Company, associated companies, 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 these condensed interim financial statements, are as follows:

	Unaudited Quarter ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
<b>Holding company</b>		
Purchases and services received	127,837	105,500
Services provided	13,543	1,666
Reimbursements made:		
- to the Company	13,829	10,184
- by the Company	5,778	40,107
Royalty charged to the Company	112,852	245,418
<b>Subsidiary company</b>		
Services provided	24,599	-
Reimbursements made:		
- by the Company	13,250	15,604
- to the Company	47	89
Payment of funds collected against sales made on behalf of subsidiary	10,723,874	8,830,150
Disbursements of working capital loan to subsidiary	1,325,970	4,964,300
Repayment received against working capital loan to subsidiary	9,553,127	7,186,940
<b>Associated companies</b>		
Purchases and services received	31,409	39,903
Services provided by the Company	21,591	3,696
Reimbursements made:		
- by the Company	4,210	14,587
- to the Company	-	1,106
Proceeds against sale of products	-	1,020
Proceeds against sale of land	-	705,600
Donation to Engro Foundation under Corporate Social Responsibility	-	14,500
<b>Contribution to staff retirement benefits</b>		
Pension fund	1,985	2,689
Gratuity fund	35,219	28,832
Provident fund	38,736	32,631
<b>Others</b>		
Remuneration of key management personnel	60,712	65,095

(Amounts in thousand)

## 15. OPERATING SEGMENT RESULTS

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees							
Sales	6,368,289	14,761,634	1,558,743	2,038,005	288,865	171,294	8,215,897	16,970,933
Intersegment sales	198,038	177,795	-	-	122,395	-	320,433	177,795
Sales tax	(125,071)	(289,476)	(31,849)	(39,922)	(719)	(1,705)	(157,639)	(331,103)
	6,441,256	14,649,953	1,526,894	1,998,083	410,541	169,589	8,378,691	16,817,625
<b>Profit / (loss) before taxation</b>	1,920,513	4,904,859	34,464	225,144	(140,487)	(112,986)	1,814,490	5,017,017
Depreciation and amortisation	1,236,393	1,285,899	8,516	9,357	80,126	30,403	1,325,035	1,325,659
Capital expenditure	96,494	242,488	5,461	8,254	142,731	67,392	244,686	318,134

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	Rupees							
Segment assets	98,496,961	96,776,648	4,353,089	4,205,999	11,509,263	18,433,764	114,359,313	119,416,411
Unallocated assets	-	-	-	-	-	-	8,904,050	9,691,515
<b>Total assets</b>	98,496,961	96,776,648	4,353,089	4,205,999	11,509,263	18,433,764	123,263,363	129,107,926

	Unaudited	
	March 31, 2020	March 31, 2019
Reconciliation of reportable segment net sales:	Rupees	
Total net sales for reportable segment	8,378,691	16,817,625
Elimination of intersegment net sales	(320,433)	(177,795)
<b>Total net sales</b>	8,058,258	16,639,830

	Unaudited	Audited
	March 31, 2020	December 31, 2019
Reconciliation of reportable segment total assets	Rupees	
Total assets for reportable segments	114,359,313	119,416,411
Accrued income	596,282	779,897
Short term investments	6,969,288	5,501,944
Cash and bank balances	1,339,480	3,409,674
Unallocated assets	8,904,050	9,691,515
<b>Total assets</b>	123,263,363	129,107,926

(Amounts in thousand)

## 16. 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.

## 17. ADDITIONAL DISCLOSURES

17.1 The World Health Organization declared Corona Virus (COVID-19) as a global pandemic on January 30, 2020. COVID – 19 has spread throughout the country and measures taken by the Government of Pakistan to reduce the spread of the COVID-19 include lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc.

Manufacturing, transportation, distribution and selling of Seeds, Fertilizers and Pesticides, being essential commodities, have been permitted by the Government. Consequently, the Company's Urea plant located at Daharki, District Ghotki, Sindh has continued to operate. Zarkhez plant located at Port Qasim, Karachi was however temporarily closed due to non-availability of steam.

With the growing number of cases in Pakistan and overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. The management continues to monitor the developing situation and would proactively manage any risk arising thereof.

17.2 The Board of Directors in its meeting held on February 17, 2020 proposed a final cash dividend of Rs. 2 per share for the year ended December 31, 2019 amounting to Rs. 2,670,599 for approval of the members at the Annual General Meeting (AGM) to be held on March 31, 2020. However, owing to lockdown due to COVID-19, the AGM of the Company has been deferred. Accordingly, these condensed interim financial statements do not include the effect of the said final dividend.

## 18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim statement of profit or loss and other 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.

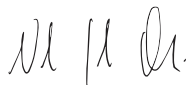
Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

## 19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 20, 2020 by the Board of Directors of the Company.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive



Ghias Khan  
Chairman

## دیگر نمایاں امور

کمپنی کو صنعتی شعبے میں پاکستان کی بہترین کمپنی کے طور پر بینجمنٹ ایسوسی ایشن آف پاکستان (MAP) عام ایس چنائے ٹرائی سے نوازا گیا۔ یہ کارنامہ 26 سال بعد ہمارے اس منصب کی طرف واپسی کا ثبوت ہے۔ کمپنی کو مپ کی جانب سے منعقد کردہ 35 ویں کارپوریٹ ایکسی لینس ایوارڈز کی تقریب میں اس شاندار اعزاز سے نوازا گیا جو کہ کمپنی کی جانب سے غیر معمولی کارکردگی، ترقی کے اظہار اور واضح بینجمنٹ تجربات کی بدولت حاصل ہوا۔ یہ ایوارڈز ان کمپنیوں کی نشاندہی کرتے ہیں جو کہ غیر معمولی مالیاتی کارکردگی کے ساتھ بہترین انتظام، رہنمائی اور کام کو انجام دینے کے شاندار تجربات کی مثالیں قائم کرتی ہیں۔

کمپنی کے ہیڈ آفس اور مینوفیکچرنگ مقامات کو مختلف اقسام میں 8 گرین آفس ایوارڈز سے نوازا گیا جن میں یہ بھی شامل ہیں:

- کاربن کے اخراج میں کمی، توانائی کے تحفظ، کاغذ کے استعمال اور کچرے میں کمی
- شاندار معاون، جدید ترین سی ایچ ٹی، آڈٹ کاسٹ سے زیادہ اسکور، کاربن کے استعمال، بہت بڑی شجر کاری مہم اور سب سے بہترین توانائی اور پانی کے استعمال کے پروجیکٹس

## مستقبل قریب کا جائزہ

آنے والے مستقبل قریب میں یورپا کی مقامی طلب زبرد باؤرتنے کا امکان ہے۔ اس لیے خالصتاً گیس پر چلنے والے پلانٹس کی یورپا پیداوار سے مقامی طلب پورا ہونے کی توقع ہے جبکہ ای سے دوران سال کے لئے محفوظ اسٹاک کی مناسب سطح برقرار رکھی جائے گی۔ اگر گیس کی فراہمی باقاعدہ طور پر جاری رہی تو کمپنی اس قابل ہو جائے گی کہ 300 Kt اضافی یورپا کی پیداوار سے ملنے والی اسٹاک کی پیداوار کی جائے۔ ڈی اے پی کے حوالے سے، عالمی قیمتوں میں استحکام کی امید کی جارہی ہے اور 2020 کی دوسری سہ ماہی میں عالمی پیداواری صنعتوں کے آپریشن دوبارہ شروع ہونے سے اس کی قیمتیں (امریکی ڈالر 340-330) کے اندر رہنے کے امکانات ہیں۔ فاسفیٹ اور دیگر امپورٹڈ فریٹ لارز کی طلب میں 2020 کی پہلی سہ ماہی میں سستی روی کے بعد بہتری کا امکان ہے۔

مزید برآں، کمپنی پاکستان کے زرعی شعبے میں بہتری لانے میں اپنا کردار ادا کرنے کے لیے پرعزم ہے اور ان مشکل حالات میں اپنی قوم کے شانہ بشانہ کھڑی ہے۔ بورڈ کی جانب سے، کمپنی اپنے تمام اسٹیک ہولڈرز کا ان کے اعتماد اور تعاون کے لیے شکریہ ادا کرتی ہے۔



نادر سالاری قریشی  
چیف ایگزیکٹو آفیسر



غیاث خان  
چیئرمین

## COVID-19 سے بچاؤ کے لیے ہمارے سماجی بہبود کے اقدامات

کمپنی اس عالمی وبا کو پھیلنے سے روکنے اور اس سے بچاؤ کی کوششوں میں پیش پیش ہے اور اس ضمن میں متعلقہ کمیونٹیز کے تحفظ اور تعاون کے لیے کئی قسم کے اقدامات اٹھائے گئے ہیں۔ ان میں درج ذیل شامل ہیں:

- ڈہری، جھنگ اور اس کے مضافاتی دیہات میں لاک ڈاؤن کے دوران 1,500 خاندانوں میں دو ہفتے راشن کی تقسیم
- ڈہری اور گردنواح کے لیے اپنے ٹیکنیکل ٹریننگ سینٹر کی 60 بستروں پر مشتمل قرنطینہ سہولت میں تبدیلی
- COVID-19 سے متعلق ریڈیو پیغامات اور کتاچوں کی تقسیم سے آگہی مہم کا انتظام
- ڈہری اور گردنواح کے مختلف مقامات پر ہاتھ دھونے کے اسٹیشنز کی تنصیب
- گردنواح کے دیہات میں عوامی مقامات پر جراثیم کش اسپرے کا روزانہ اہتمام
- ضلعی ہیلتھ آفیسرز کو ماسک اور ہیلتھ سوٹس کی فراہمی

## کمپنی کی کاروباری کارکردگی

کمپنی کی یورپی پیداوار گزشتہ سال کی پہلی سہ ماہی میں 446 KT کے مقابلے میں 2020 کی پہلی سہ ماہی کے دوران 572 KT رہی۔ یہ کمپنی کی تاریخ میں کسی بھی سہ ماہی کے دوران سب سے زیادہ ریکارڈ پیداوار ہے، یہ شاندار نتیجہ بلائٹ کی فعالیت پر بھرپور اور مسلسل توجہ کے ساتھ انجینئرنگ مہارتوں کی مرہون منت ہے۔ حالیہ مدت کے دوران سبز 169 KT تک پہنچی جو کہ گزشتہ سال کی اسی مدت کے دوران 435 KT تھی۔ سہ ماہی بنیادوں پر 61 فیصد کی شدید کمی کا سبب متعلقہ سہ ماہی کے دوران مارکیٹ میں قیمتوں سے متعلق پیدا ہونے والا عدم توازن رہا۔ تاہم یہ عدم توازن اس سہ ماہی کے اختتام پر ختم ہو گیا۔

زیر جائزہ مدت کے دوران کمپنی کی ڈی اے پی اور وراور کی سبز گزشتہ سال کے 85 KT کے مقابلے میں 34 KT رہی۔

کمپنی کا مجموعی منافع 2020 Q1 کے لیے 3.6 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 7.6 بلین روپے تھا، اس طرح 53 فیصد کی شدید کمی فراہمی نہ ہونے کے سبب ہے۔ اس دوران زائد پالیسی ریٹس اور بیرونی قرضہ جات پر مزید ایکسچینج نقصانات کے سبب مالی اخراجات 1.2 بلین روپے (گزشتہ سال 0.8 بلین روپے کے مقابلے میں) رہے۔

انفرادی طور پر خالص منافع برائے پہلی سہ ماہی 2020 گزشتہ سال کے 3.8 بلین روپے کے مقابلے میں 1.4 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 1.04 روپے بنتا ہے جو کہ سال 2019 کی پہلی سہ ماہی میں 2.87 روپے تھا۔ کمپنی کا مجموعی منافع گزشتہ سال کے 4.0 بلین روپے کے مقابلے میں 0.6 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 0.43 روپے بنتا ہے۔ گزشتہ سال کا ہر ایک شیئر پر منافع 3.00 روپے تھا۔

انڈسٹری کے طرز عمل کے مطابق، کمپنی نے تمام غیر رعایتی گیسز پر GIDC کے رعایتی نرخ حاصل کرنے کا سلسلہ جاری رکھا ہوا ہے۔

## یوریا کی قیمتیں

جنوری 2020 کے اختتام پر، حکومت پاکستان نے وزارت صنعت اور پیداوار کی تجویز پر گیس پر چلنے والے فریٹلائزر مینوفیکچررز کو 5 روپے فی MMBTU کے حساب سے GIDC کم کرنے کی منظوری دی تاکہ یوریا کی قیمتیں کم ہوں اور زرعی اقتصادیات کو تقویت ملے۔ GIDC کو کم کرنے کے حکومتی فیصلے کا خیر مقدم کرتے ہوئے، اینگرو فریٹلائزر لمیٹڈ پہلی کمپنی تھی جس نے اس سہولت کو مکمل طور پر منتقل کرتے ہوئے یوریا کی فی بوری قیمت میں 160 روپے کی کمی کی۔ GIDC میں کمی کے اثرات مختلف فریٹلائزر مینوفیکچررز پر مختلف تھے اور کمپنی نے حکومتی فیصلے پر مکمل طور پر عمل کیا کیونکہ کمپنی کی جانب سے مختلف گیس وصولی کی جارہی تھیں۔

COVID-19 کے پھیلاؤ سے، پاکستان کی کسان برادری کو بے مثال مشکلات کا سامنا ہے۔ اس عالمی وبا کے نقصان کو کم کرنے کے لیے، کمپنی نے مارچ 2020 میں رضا کارانہ طور پر اپنی قیمتوں میں 240 روپے فی بوری مزید کمی کا اعلان کیا ہے۔ اس اضافی کمی سے اس سال کے آغاز سے لیکر اب تک مجموعی طور پر 400 روپے فی بوری کمی ہو چکی ہے۔ اس طرح کمپنی نے یوریا کی قیمتوں میں کمی کرتے ہوئے 2,004 روپے فی بوری سے 1,604 روپے فی بوری کر دی ہے۔

کمپنی کی جانب سے قیمتوں میں کمی سے ادارے کے منافع پر منفی اثرات مرتب ہوئے ہیں لیکن کمپنی کے مرکزی خیال کے عین مطابق موجودہ مشکل حالات پر قابو پانے کا مقصد پیش نظر ہے۔ COVID-19 ایک قومی مسئلہ ہے اور اینگرو فریٹلائزر لمیٹڈ ان مشکل حالات میں حکومت کے شانہ بشانہ کھڑی ہے تاکہ پاکستان کے زرعی شعبہ کے استحکام کو یقینی بنایا جائے۔

## COVID-19 سے بچاؤ اور کاروباری تسلسل کی منصوبہ بندی

کمپنی پاکستان میں زراعت سے منسلک تمام شعبہ جات میں اپنی حیثیت سے بخوبی واقف ہے اور پاکستان کی زرعی پیداوار کے ایک تہائی حصہ کا ذریعہ ہونے کی اپنی پوزیشن سے باخبر ہے۔ اس لئے، کاروبار کو جاری رکھنے اور مراعات کا اجرا کمپنی کی اولین ترجیح ہے، تاہم اپنے ملازمین کی صحت اور تحفظ کو یقینی بنانا ہمارا فرض ہے۔ ہماری COVID-19 سے بچاؤ کی منصوبہ بندی میں بروقت اور ثانوی درجہ کے خطرات پر قابو پانے کے لیے حفاظتی اور ہنگامی بنیادوں پر مشتمل اقدامات شامل ہیں جبکہ طویل مدتی کاروباری تسلسل کے لیے تمام حفاظتی امور پر عمل درآمد کو بھی یقینی بنایا جا رہا ہے۔ اس کے ساتھ ہمارے آپریشنز، بزنس پارٹنرز اور اسٹیک ہولڈرز سے متعلق ہر شعبہ کی حفاظت کے لیے منصوبہ بندی کی گئی ہے۔

سب سے قبل اور پیش تر گروپ کی سطح پر ایک کرائس میجمنٹ کمیٹی تشکیل دی گئی ہے جو کہ اس وبا سے متعلق پیدا ہونے والی ہر صورتحال کا بغور جائزہ لیتی ہے اس سے نیر آزا ہونے کی نگرانی کے امور انجام دیتی ہے۔ اس کے ساتھ ملازمین کی صحت اور تحفظ ہماری منصوبہ بندی کا خلاصہ ہے اس لئے سخت ترین حفاظتی اقدامات اٹھائے گئے ہیں۔ ہم نے اپنے ملازمین کی بڑی تعداد کو یقینا لوجی کا استعمال کرتے ہوئے گھر سے کام انجام دینے کی پالیسی مرتب کی ہے۔ اس کے علاوہ ملازمین کی سماجی بہبود کے مسائل کو حل کرنے کے لیے کئی اقدامات بھی اٹھائے گئے ہیں جن میں سماجی رابطوں کو برقرار رکھنے کے لیے لائن پلٹ فارم، روزانہ لائن مینٹنگ وغیرہ جیسے امور پر بھی عمل کیا جا رہا ہے۔ مزید برآں، کاروباری تسلسل کو برقرار رکھنے کے پیش نظر، تمام اہم اور پرخطر جگہوں پر ایک مربوط COVID-19 سے بچاؤ کے پلان پر عمل درآمد کی جارہی ہے۔ ملک میں پھیلی ہماری سیلز ٹیمیں اپنے کام کی نوعیت کے سبب زیادہ خطرے میں ہیں، اس لئے زیادہ خطرے کا شکار افراد اور مقامات کی نشاندہی کی جارہی ہے اور ان کی صحت اور تحفظ کو یقینی بنانے کے لیے خصوصی طور پر حفاظتی انتظامات کئے گئے ہیں۔

اپنے ڈہری مینوفیکچرنگ سائٹ پر، ہم نے COVID-19 آنسولیشن وارڈ کی تیاری کے ساتھ اس میں طبی سہولیات اور سامان بھی بخوبی فراہم کیا ہے۔ ہمارے پلانٹ سائٹ کی حدود کو روزانہ کی بنیاد پر جراثیم سے پاک کیا جاتا ہے اور داخلے کے تمام مقامات پر حفاظتی اقدامات اور اسکریننگ کے امور انجام دیے جا رہے ہیں۔



اینگرفرٹیلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے اختتام میعاد 31 مارچ، 2020

ہم، اینگرفرٹیلائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے غیر آڈٹ شدہ مالی گوشوارے برائے اختتام سہ ماہی 31 مارچ، 2020 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

## عالمی وبا اور فرٹیلائزرز کی مارکیٹس

COVID-19 کی وباء نے پوری دنیا کی معیشت کے ساتھ ملکی معیشت کو شدید خطرات سے دوچار کر دیا ہے۔ سماجی فاصلے کو برقرار رکھنے، سفر کو حتی الامکان کم کرنے، بارڈرز پر بڑھائی جانے والی سختیوں کے سبب عالمی طور پر پیداوار اور سپلائی چین شدید متاثر ہیں۔ بلکہ سوان کے طور پر یاد کی جانے والی اس وباء سے ملکی زرعی شعبہ کے متاثر ہونے کے بھی بہت زیادہ امکانات ہیں جو کہ ملکی جی ڈی پی میں 20 فیصد فراہم کرتا ہے۔ پاکستان، جہاں مارچ کے مہینے میں اس وباء سے متاثرہ افراد میں تیزی سے اضافہ دیکھنے میں آیا اور تجارتی بندش کے نتیجے میں گراس ڈومیسٹک پروڈکٹ (GDP) میں مندی کا رجحان دیکھا جا رہا ہے۔ حکومت پاکستان کی جانب اس وبا کو کم کرنے کے لیے لاک ڈاؤن سے کاروبار منجمد، فلائٹ آپریشن کی معطلی، شہروں کے درمیان سفر پر پابندی، بڑی تقریبات کی منسوخی وغیرہ جیسے اقدامات اٹھائے جا رہے ہیں۔ تاہم حکومت نے ضروری اشیاء ہونے کے باعث بیج، کھاد اور زرعی ادویات کی مینوفیکچرنگ، ٹرانسپورٹیشن، ڈسٹری بیوشن اور فروخت کی اجازت دی ہے۔

یوریا کی عالمی قیمتوں میں دسمبر 2019 کے دوران امریکی ڈالر 2,410/259/T روپے فی پوری کے مساوی پہنچے) سے امریکی ڈالر 2,710/274/T روپے فی پوری کے مساوی پہنچے) تک اضافہ دیکھنے میں آیا۔ بعد ازاں، ڈی اے پی کی قیمت 2019 کی آخری سہ ماہی کے امریکی ڈالر 300/T تک کم ہونے سے 2020 کی پہلی سہ ماہی کے اختتام تک امریکی ڈالر 325/T تک واپس بحال ہوتے دیکھی گئی کیونکہ 2020 کی پہلی سہ ماہی میں عالمی پلانٹ کی بندش اور مارکیٹ اکیٹیوٹی میں کمی کے سبب سپلائی میں عدم توازن دیکھنے میں آیا۔

دوسری جانب، پاکستان میں فرٹیلائزرز کی طلب میں استحکام رہنے کا امکان ہے، مارکیٹ کے نمائندے اس بات کی طرف توجہ دلا رہے ہیں کہ پروڈکٹ کی فراہمی زبرد باؤرہ کتنی ہے کیونکہ سپلائی چین اور لیبر کی عدم دستیابی کا خطرہ لاحق ہے۔

## پاکستان کی فرٹیلائزرز مارکیٹ

ملک میں مقامی یوریا کی طلب 25 فیصد کمی کے ساتھ 2019 کی پہلی سہ ماہی میں 1,348 KT کے مقابلے میں 1,017 KT رہی کیونکہ COVID-19 وباء کے پھیلنے سے قیمتوں میں عدم استحکام اور مسائل کا سامنا رہا۔ جاری سال کے آغاز پر زیادہ رسد کے سبب بھی اس سہ ماہی میں طلب متاثر رہی۔ یوریا کی مقامی پیداوار گزشتہ سال کی اسی مدت کے 1,335 KT کے مقابلے میں 7 فیصد اضافے کے ساتھ 1,427 KT رہی، اسی مدت میں اینگرفرٹیلائزرز لمیٹڈ نے سہ ماہی بنیادوں پر سب سے زیادہ ریکارڈ پیداوار حاصل کی۔ کمپنی نے پلانٹ کی بہتر کارکردگی اور بھرپور فعالیت کے سبب 2019 کی اسی مدت کے مقابلے میں 28 فیصد زیادہ پیداوار حاصل کی۔ مزید برآں، انڈسٹری کی انویسٹری گزشتہ سال کی پہلی سہ ماہی کے اختتام پر 169 KT کے مقابلے میں 2020 کی پہلی سہ ماہی کے دوران 600 KT رہی۔

مقامی مارکیٹ میں ڈی اے پی/ایم اے پی کی طلب میں 16 فیصد بڑھ گئی، جس کی بدولت انڈسٹری نیلز، گزشتہ سال کی اسی مدت کے 197 KT کے مقابلے میں رواں سال 229 KT رہی، اس کی وجہ یہ بھی کہ سہ ماہی میں قیمتوں میں کمی کے ساتھ گزشتہ سال کے آغاز کے مقابلے میں چینل انویسٹری کم رہی۔

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