



engro fertilizers

A PROMISE OF GROWTH

Third Quarter Report 2021





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. Mazhar Abbas Hasnani
Dr. Shamshad Akhtar

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed

COMPANY SECRETARY

Mr. Sunaib Barkat

BANKERS

Conventional Banks

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 Banks

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

Microfinance Banks

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
PABX: +92 (21) 111 211 211
Fax: +92 (21) 35810669
Website: www.engrofertilizers.com
www.engro.com

PLANT SITES

Daharki

Daharki, District Ghotki, Sindh
PABX: +92 723 641001 - 10
Fax: +92 723 641028 - 9

Zarkhez

EZ-1 P-I-II Eastern Industrial Zone Port Qasim, Karachi
PABX: 021-34740044-49
Fax: +9221-34740051

DISTRIBUTION HEAD OFFICE

Engro Fertilizers Limited
Plant Site Daharki

SALES & MARKETING HEAD OFFICE

7th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan

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

SPEAK-OUT, WHISTLEBLOWER HOTLINE

For complaints or concerns in relation to business
ethics and Compliance

Engro Fertilizers Limited

Tel: +9221-35296012
Email: speakout.fertilizers@engro.com
PO Box 3851, Clifton, Karachi

directors' report to the shareholders for the nine months ended september 30, 2021

On behalf of the Board of Directors of Engro Fertilizers Limited (the Company), we are pleased to present the unaudited financial statements for the nine months ended September 30, 2021.

Business Continuity Strategy during COVID 19

The Company remains committed to strict adherence with COVID-19 SOPs whilst ensuring safety of our employees. Approximately 88% of our employees have been vaccinated. People desk facility remains operational to ensure wellbeing of our employees.

Corporate Citizenship

The Company recognizes its role in supporting communities it operates in and has taken multiple steps to improve the lives of people in its surrounding communities. The following initiatives were taken during the quarter with respect to community engagement:

- A medical camp was set-up with ultrasound facility at Daharki in collaboration with Al-Khidmat. The facility has examined 250 women till date.
- Supported 6 livelihood projects (kiriyana & stationary shops etc.) and distributed 50 stitching machines to deserving beneficiaries at Daharki city, Goth Fateh Pur Meher, Goth Wahid Buksh and Meer Pur village.
- Conducted road safety drive in collaboration with motorway police. Motorbike helmets, first aid boxes, masks and sanitizers were distributed during the safety drive.
- Support extended for installation of solar lights at Jung and Baloch colony and for installation of benches at Daharki court, bus stops, Lahore Fort, Minar-e-Pakistan, Lahore Mosque, Sukkur Airport, ASF camp and Khawaja Fareed Post Graduate college Rahim Yar Khan.
- As part of the million-tree project & watan kay naam drive, the Company planted ~15,000 trees during the quarter around the plant and nearby villages. Overall, more than 300,000 trees have been planted to date.
- Free of cost anti-rabies treatment facility that was commissioned for the community in June'21 has attended around 86 cases until now.
- Engro Limbs Facility that started its operation in June 2021 to provide free of cost lower limbs replacement has received more than 300 lower limbs applications and out of these 132 have been catered to date.

Market Review

International urea prices have increased to USD 669/T (landed equivalent PKR 6,319/bag) by the end of Q3 2021 from USD 473/T (landed equivalent of PKR 4,546/bag) prevailing at the end of Q2 2021. The fertilizer industry has ensured that local farmers continue to benefit from lower urea prices in the midst of international commodity price escalations. Domestic urea prices are hovering around PKR 1,768/bag and are currently at a record discount of approximately 72% to international prices. Furthermore, the industry has enabled significant import substitution of approximately USD 2 Bn to date through sufficient domestic urea production.

DAP international prices have witnessed significant jump of 13% during the period with offers being quoted as high as USD 680/T by the end of Q3 2021 amidst seasonal demand resurgence. Consequently, local DAP prices, reflecting a similar trend, have increased from PKR 5,562/bag at the end of Q2 2021 to PKR 6,463/bag by the end of Q3 2021. Increasing DAP prices coupled with slow disbursement of subsidy on phosphatic fertilizers have led to contraction in DAP industry by 15% vs last year. This is expected to lead to unbalanced use of fertilizer, thus potentially impacting crop yields.

On the domestic front, 2021 witnessed strong agri sector performance. COVID'19 led lockdown during the quarter had no significant impact on the agri supply chain. Prices of agri commodities remained firm during the quarter resulting in improved earnings for farmers for spring maize of PKR 60,000/acre vs PKR 45,000/acre during the same period last year. Similarly, earnings from cotton are expected to improve to approximately PKR 50,000/acre vs PKR 16,700/acre during the same period last year.

Local urea market demand stood at 4,556 KT vs 4,173 KT in 9M 2020, translating into an increase of 9% versus same period last year. This was due to improved farm economics during current year coupled with continued availability of domestic urea. Domestic urea production remained almost at par with last year and stood at 4,516 KT vs 4,524 KT same period last year.

Other Key Developments

On August 24, 2021, the government passed the Pricing Control and Prevention of Profiteering and Hoarding Act, 2021. Previously, pursuant to the Price Control and Prevention of Profiteering and Hoarding Act, 1977, the Federal Government through the office of the Controller General may regulate and control prices of certain essential commodities. These include inter alia edibles, toiletries, fertilizers, pesticides, and raw material for manufacturing. However as per recent Act of 2021, authorized offices are now allowed to suo moto fix the price of essential commodities. Vide this regulatory development, the Government has been allowed direct intervention in pricing of fertilizers and pesticides.

There has been no progress on the lawsuits filed with respect to GIDC on concessionary gas, non-concessionary gas, and rectification request to correct installment period to 60 months.

On the matter of end of concessionary gas period, the Company has obtained a stay order from the High Court of Sindh (“SHC”). The SHC has ordered that till the decision of the competent authority i.e., ECC, status quo should be maintained with regard to disconnection of gas supply and price of gas. Concurrently, the Company is in discussion with the Federal Government and Sui Northern Gas Pipeline Limited (“SNGPL”) to extend the concessionary gas period for the number of days for which 'Minimum Contract Quantity' i.e., committed volume of gas under the GSPA was not supplied. Without prejudice to our rights, following the principles of prudence, the Company has not been accruing the benefit of our rightful concessionary gas pricing since July'21 as the matter remains sub judice.

Awards & Recognitions

During the quarter, the Company has received the following awards:

1. **3 awards** at Pakistan Digital Awards in the categories of “**Most innovative Fintech Data Solution Provider**,” “**Best Banking Tech of the Year**” & “**Best Payment Technology**”
2. **2 awards** at the 7th International Awards on HSE Summit in the categories of “**Hazards & Controls Associated with Work Equipment**” & “**Transport Safety**”
3. Daharki Plant has been awarded with **Gold Award** whereas Zarkhez plant has been awarded with **Silver Award** at **Health and Safety Awards 2021** organized by the Royal Society for Prevention of Accidents
4. EFERT annual report has been awarded **3rd position** in the “**Chemical and Fertilizer Category**” in the ICAP & ICMAP “**Best Corporate and Sustainability Report Awards 2020**”
5. **3 awards** at the Annual Environment Excellence Award in the **Best Environment Performance Category** (Daharki Plant, Zarkhez Plant & Field Warehousing)
6. EFERT Finance digitization initiatives were featured in **Global Finance Innovation and Excellence (FinEx) Summit 2021**, where the Company was the only entry from Pakistan.

Company's Operating Performance

The Company's urea production stood at 1,560 KT vs 1,694 KT in 9M FY20 mainly because of outages in both plants. Sales during the period stood at 1,644 KT vs 1,451 KT during the same period last year.

The Company phosphates (DAP, Zorawar & NP) sales during 9M 2021 stood at 242 KT vs 366 KT during the same period last year. The fall in demand is primarily due to unprecedented increase in DAP prices witnessed during the year.

Gross Profit of the Company was recorded at PKR 31 Bn for 9M 2021 as compared to PKR 24 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 15.1 Bn compared to PKR 12.03 Bn same period last year. Company's consolidated profit stood at PKR 14.9 Bn vs PKR 11.5 Bn in the corresponding period last year, resulting in an EPS of PKR 11.17 vs. PKR 8.61 in the same period last year.

The Board is pleased to announce a cash dividend of PKR 3.5 per share for the period ended September 30, 2021.

Near Term Outlook

The agricultural sector in Pakistan is expected to maintain its growth trajectory owing to continued government support, improved farm economics and availability of urea at significantly discounted prices compared to global levels. The government has also announced to set up the National Agricultural Commission of Pakistan for promotion of agricultural education and research. However, increasing DAP prices coupled with challenges in the subsidy disbursement mechanism may lead to demand destruction for DAP that would have an adverse impact on the yields of the farmers. This is because around 60% of DAP is imported unlike urea which suffices almost all the demand through local production.

The Company continues to bear the financial burden of unpaid subsidy and sales tax refunds that now accumulates to ~PKR 14.3 Bn.

The Company remains committed to continue to play its role in transforming the agricultural landscape of Pakistan. On behalf of the Board, the Company would like to thank all 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 nine months ended
september 30, 2021

consolidated condensed interim statement of financial position as at september 30, 2021

(Amounts in thousand)

	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	69,129,736	65,734,124
Intangible assets		5,296,897	5,164,817
Long-term loans, advances and deposits		144,946	81,872
		74,571,579	70,980,813
Current assets			
Stores, spares and loose tools		6,566,070	6,410,785
Stock-in-trade	4	10,554,732	7,533,174
Trade debts		3,548,508	2,906,353
Loans, advances, deposits and prepayments		7,822,441	2,188,549
Other receivables		12,115,353	8,303,566
Short-term investments	5	11,075,353	26,762,992
Accrued income		62,698	157,805
Taxation - net		-	2,857,897
Cash and bank balances		818,868	3,611,441
		52,564,023	60,732,562
TOTAL ASSETS		127,135,602	131,713,375

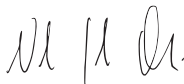
(Amounts in thousand)

		Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees-----			
EQUITY & LIABILITIES			
Equity			
Share capital		13,352,993	13,352,993
Reserves			
Share premium		3,384,904	3,384,904
Remeasurement of post employment benefits		(50,411)	(50,411)
Unappropriated profit		28,940,420	30,043,254
		32,274,913	33,377,747
TOTAL EQUITY		45,627,906	46,730,740
Liabilities			
Non-current liabilities			
Borrowings	6	13,248,500	13,514,080
Deferred taxation		11,184,174	11,677,783
Deferred liabilities		238,616	273,034
Provision for Gas Infrastructure Development Cess (GIDC)		8,285,552	10,510,379
		32,956,842	35,975,276
Current liabilities			
Trade and other payables	7	28,452,505	30,218,988
Current portion of:			
- borrowings	6	5,424,908	10,061,614
- deferred liabilities		70,761	54,439
- provision for GIDC		9,937,750	6,926,824
Short-term borrowings	8	735,731	425,120
Loan from Parent Company		1,000,000	1,000,000
Accrued interest / mark-up		337,846	263,054
Taxation - net		2,541,797	-
Unclaimed dividend		49,556	57,320
		48,550,854	49,007,359
TOTAL LIABILITIES		81,507,696	84,982,635
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		127,135,602	131,713,375

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2021

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
-----Rupees-----					
Net sales	10	37,382,857	37,435,226	92,742,114	78,138,036
Cost of sales		(27,767,557)	(26,592,361)	(61,718,437)	(53,900,431)
Gross profit		9,615,300	10,842,865	31,023,677	24,237,605
Selling and distribution expenses		(2,132,618)	(2,562,623)	(5,996,344)	(5,990,180)
Administrative expenses		(453,376)	(514,676)	(1,359,623)	(1,234,810)
		7,029,306	7,765,566	23,667,710	17,012,615
Other income	11	458,134	501,153	1,428,778	1,005,870
Other operating expenses		(561,062)	(408,303)	(1,685,296)	(1,148,896)
Finance cost		(426,026)	(655,214)	(1,265,572)	(2,762,935)
Other gains / (losses):					
- Loss on remeasurement of GIDC provision		(269,838)	-	(786,114)	-
- Reversal of ECL on subsidy receivable from GoP		108,293	-	272,710	-
		(161,545)	-	(513,404)	-
Profit before taxation		6,338,807	7,203,202	21,632,216	14,106,654
Taxation	12	(1,927,180)	(169,360)	(6,711,462)	(2,615,972)
Profit for the period		4,411,627	7,033,842	14,920,754	11,490,682
Earnings per share - basic and diluted		3.30	5.27	11.17	8.61

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2021

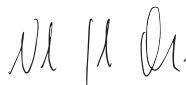
(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Profit for the period	4,411,627	7,033,842	14,920,754	11,490,682
Other comprehensive income:				
Items potentially re-classifiable to profit or loss				
Unrealised loss on remeasurement of investment classified as fair value through other comprehensive income (FVOCI) - net of tax	-	(44,802)	-	-
Total comprehensive income for the period	4,411,627	6,989,040	14,920,754	11,490,682

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of changes in equity for the nine months ended september 30, 2021


(Amounts in thousand)

	RESERVES				Total
	CAPITAL	REVENUE			
	Share capital	Share premium	Remeasurement of post employment benefits	Unappropriated profit	
-----Rupees-----					
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(50,411)	30,043,254	46,730,740
Transactions with owners					
Dividends					
- Final 2020: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 1st Interim 2021: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 2nd Interim 2021: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
Total comprehensive income for the nine months ended September 30, 2021				(16,023,588)	(16,023,588)
Profit for the period	-	-	-	14,920,754	14,920,754
Balance as at September 30, 2021 (Unaudited)	13,352,993	3,384,904	(50,411)	28,940,420	45,627,906
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	(56,639)	26,598,202	43,279,460
Transaction with owners:					
Dividend:					
- Final 2019: Rs. 2.00 per share	-	-	-	(2,670,599)	(2,670,599)
- 1st interim 2020: Rs. 4.00 per share	-	-	-	(5,341,198)	(5,341,198)
	-	-	-	(8,011,797)	(8,011,797)
Total comprehensive income for the nine months ended September 30, 2020					
Profit for the period	-	-	-	11,490,682	11,490,682
Balance as at September 30, 2020 (Unaudited)	13,352,993	3,384,904	(56,639)	30,077,087	46,758,345

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2021

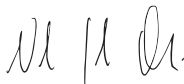
(Amounts in thousand)

Note	Nine months ended	
	September 30, 2021	September 30, 2020
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
	13	
Cash generated from operations	11,520,177	34,322,276
Retirement and other service benefits paid	(64,514)	(56,795)
Taxes paid	(1,805,377)	(1,591,230)
Long-term loans, advances and deposits - net	(63,074)	48,634
Net cash generated from operating activities	9,587,212	32,722,885
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangibles	(7,679,152)	(2,571,604)
Proceeds from disposal of property, plant and equipment	68	22,104
Purchase of short-term investments	(109,998)	(11,206,174)
Proceeds from sale of short-term investments	24,813,334	4,726,257
Income on government securities, term deposit certificates and bank deposits	1,425,467	874,841
Net cash generated from / (utilised in) investing activities	18,449,719	(8,154,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(16,031,352)	(8,014,335)
Finance cost paid	(1,022,730)	(2,814,919)
Proceeds from long-term borrowings	2,462,406	-
Repayments of long-term borrowings	(7,532,742)	(7,000,289)
Net cash utilised in financing activities	(22,124,418)	(17,829,543)
Net increase in cash and cash equivalents	5,912,513	6,738,766
Cash and cash equivalents at beginning of the period	5,126,379	4,029,957
Cash and cash equivalents at end of the period	11,038,892	10,768,723

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

notes to the consolidated condensed interim financial statements (unaudited) for the nine months ended september 30, 2021

(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 Holding 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 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 The 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, 2020.
- 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, 2020.

(Amounts in thousand)

- 2.4 The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting 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, 2020.

- 2.5 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

Operating assets at net book value (note 3.1)
Capital work-in-progress (note 3.2)
Major spare parts and stand-by equipment (note 3.2.1)

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
	56,133,890	59,666,961
	12,130,256	5,171,126
	865,590	896,037
	69,129,736	65,734,124

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

	Unaudited (Additions at cost)		Unaudited (Disposals / write-offs at net book value)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Building on freehold land	63,159	34,477	-	-
Building on leasehold land	8,862	-	-	-
Plant and machinery	171,195	276,686	20,153	-
Office equipment	64,573	138,233	212	25,884
Vehicles	207,136	717,023	9,317	-
	514,925	1,166,419	29,682	25,884

The above disposals / write-offs represent assets having a cost of Rs. 51,124 (September 30, 2020: Rs. 38,918) and net book value of Rs. 29,682 (September 30, 2020: Rs. 25,884), which were disposed off for Rs. 68 (September 30, 2020: Rs. 22,104).

(Amounts in thousand)

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
3.2 Capital work-in-progress		
Balance at beginning of the period / year	5,171,126	2,588,146
Add: Additions during the period / year (note 3.2.1)	7,774,238	5,045,288
Transferred to:		
- Operating assets	(514,925)	(2,261,237)
- Intangible assets	(300,183)	(201,071)
Balance at end of the period / year	<u>12,130,256</u>	<u>5,171,126</u>
3.2.1 This includes Rs. 30,447 transferred from major spare parts and stand-by equipment		
	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
4. STOCK-IN-TRADE		
Raw materials	2,470,613	1,138,434
Packing materials	412,064	273,143
Work-in-process	132,546	107,333
	<u>3,015,223</u>	<u>1,518,910</u>
Finished goods:		
- manufactured products	2,029,920	5,020,255
- purchased and packaged products	5,625,581	1,225,670
	<u>7,655,501</u>	<u>6,245,925</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	115,992	231,661
	<u>10,554,732</u>	<u>7,533,174</u>
4.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	231,661	28,785
Charge for the period / year	80,927	403,276
Written-off during the period / year	(196,596)	(200,400)
Balance at end of the period / year	<u>115,992</u>	<u>231,661</u>
5. SHORT-TERM INVESTMENTS		
Term deposit certificates	255,050	257,714
Treasury bills	7,390,316	2,588,970
Pakistan investment bonds	429,987	23,916,308
Mutual funds	3,000,000	-
	<u>11,075,353</u>	<u>26,762,992</u>

(Amounts in thousand)

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
6. BORROWINGS - Secured		
Long term finance utilised under mark-up arrangements (notes 6.1, 6.2 and 6.3)	18,673,408	23,575,694
Less: Current portion shown under current liabilities	5,424,908	10,061,614
Balance at end of the period / year	<u>13,248,500</u>	<u>13,514,080</u>

6.1 During the period, the Holding Company obtained long-term finances from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 676,321, Rs. 18,211 and Rs. 1,767,874 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

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

6.3 During the period, principal repayments of long-term finances were made to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 1,522,042, Rs. 2,750,000, Rs. 2,000,000, Rs. 1,000,000 and Rs. 260,700 respectively.

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
7. TRADE AND OTHER PAYABLES		
Creditors	10,674,171	6,945,304
Accrued liabilities (note 7.1)	11,472,951	10,700,165
Advances from customers	3,289,413	10,191,882
Payable to Parent Company	62,475	650
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,611	-
- Engro Energy Limited	746	187
- Engro Elengy Terminal (Private) Limited	1,029	1,650
- Defined Contribution Provident Fund	278	24,269
- Defined Contribution Provident Fund NMPT	26	7,677
- Defined Contribution Gratuity Fund MPT	4,091	15,596
- Defined Contribution Pension Fund	-	616
- Defined Benefit Gratuity Fund NMPT	46,148	16,522
Deposits / Retention from dealers and contractors	260,247	214,461
Workers' welfare fund	988,500	1,448,615
Workers' profits participation fund	1,103,172	-
Withholding tax payable	57,051	160,860
Others	490,596	490,534
	<u>28,452,505</u>	<u>30,218,988</u>

(Amounts in thousand)

- 7.1 On June 4, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Holding Company maintains adequate provision in these consolidated condensed interim financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before Supreme Court of Pakistan (“SCP”) to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. As of September 30, 2021, the Holding Company carries a provision of Rs. 2,314,197 (December 31, 2020: Rs. 2,057,360) in this respect.

8. SHORT-TERM BORROWINGS

Holding Company

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 15,125,000 (December 31, 2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2020: 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. 612,488 (December 31, 2020: Rs. 250,331) from funded facilities and Rs. 3,661,830 (December 31, 2020: Rs. 3,569,428) 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. 12,725,000 (December 31, 2020: 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. 123,243 (December 31, 2020: Rs. 174,789) out of the aforementioned facilities as at the reporting date.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- 9.1 As at September 30, 2021, bank guarantees of Rs. 4,411,731 (December 31, 2020: Rs. 4,474,555) have been issued in favour of third parties.
- 9.2 As at September 30, 2021, there is no material change in the status of matters reported as contingencies in note 23 of the audited consolidated financial statements of the Group for the year ended December 31, 2020. Update in respect of taxation matter is disclosed in note 12.

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
9.3 Commitments		
Commitments in respect of capital expenditure and other operational items	14,941,209	8,416,193

(Amounts in thousand)

10. NET SALES

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Gross sales:				
- manufactured product	23,333,749	22,484,141	66,899,383	53,811,738
- purchased and packaged product	14,808,661	15,856,864	27,738,757	26,209,820
- services	202,188	19,979	555,166	352,823
	<u>38,344,598</u>	<u>38,360,984</u>	<u>95,193,306</u>	<u>80,374,381</u>
Less: Trade discount	156,819	193,724	506,773	574,101
Less: Sales tax	804,922	732,034	1,944,419	1,662,244
	<u><u>37,382,857</u></u>	<u><u>37,435,226</u></u>	<u><u>92,742,114</u></u>	<u><u>78,138,036</u></u>

11. OTHER INCOME

On financial assets

Income on government securities, term deposit certificates and bank deposits

411,644	500,523	1,330,360	1,001,841
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On non-financial assets

Gain on disposal of spares / scrap
Others

19,696	-	24,450	1,347
26,794	630	73,968	2,682
<u>46,490</u>	<u>630</u>	<u>98,418</u>	<u>4,029</u>
<u><u>458,134</u></u>	<u><u>501,153</u></u>	<u><u>1,428,778</u></u>	<u><u>1,005,870</u></u>

12. TAXATION

- 12.1 During the period, Appellate Tribunal Inland Revenue (ATIR) confirmed the Commissioner Inland Revenue (Appeals) [CIR(A)] order in respect of sales tax audit for the period from July 2016 to June 2017 having demand of Rs 1,006,000. The ATIR maintained the levy of further tax on fertilizer sales to unregistered persons. Consequently, the stay order from SHC, directing the department not to enforce recovery of the demand until the appeal before ATIR is decided, is no longer enforceable. Subsequent to the period end, the Holding Company has filed a reference application before SHC against the ATIR Order and the SHC has granted an ad-interim order in favor of the Holding Company. The Holding Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in the consolidated condensed interim financial statements.
- 12.2 During the period ended September 30, 2021, the income tax department conducted audit u/s 177 for the tax years 2015, 2016 and 2018. The Holding Company has filed appeals in respect of tax years 2015 and 2016 and is in the process of filing an appeal for the tax year 2018 before the CIR(A) against the disallowances made which mainly include certain transactions treated as revenue, inadmissibility of expenses, proration of expenses to exempt subsidy income and chargeability of WWF and Super Tax on the revised taxable income based on which department has raised a demand of Rs. 3,056,084 for tax year 2015, Rs. 3,643,000 for tax year 2016 and Rs. 4,856,224 for tax year 2018. The Holding Company is confident of a favorable outcome and hence no further provision in respect of the above-mentioned tax years has been recognized in these consolidated condensed interim financial statements.
- 12.3 Except as mentioned above, as at September 30, 2021, there is no other material change in the tax related matters reported in note 34 of the audited financial statements of the Group for the year ended December 31, 2020.

(Amounts in thousand)

13. CASH GENERATED FROM OPERATIONS

	Unaudited	
	Nine months ended	
	September 30, 2021	September 30, 2020
	-----Rupees-----	
Profit before taxation	21,632,216	14,106,654
Adjustment for non-cash charges and other items:		
Depreciation	4,018,315	3,910,945
Amortisation of intangibles	103,463	78,976
Amortisation deferred income	(2,899)	(2,899)
Loss on disposal of property, plant and equipment	29,614	3,780
Provision for retirement and other service benefits	49,317	56,296
Income on government securities, term deposit certificates and bank deposits	(1,330,360)	(1,001,841)
Finance cost	1,097,522	2,599,477
Exchange loss on revaluation of long-term borrowings	166,100	159,345
Amortisation of transaction cost	1,950	4,113
Provision for impairment against receivables	3,200	3,294
Loss on remeasurement of GIDC provision	786,114	-
Reversal of ECL on subsidy receivable from GoP	(272,710)	-
Provision for impairment against stock-in-trade	80,927	55,983
Provision for surplus and slow moving stores and spares	39,793	20,295
Provision for further sales tax	63,000	-
Provision against input tax disallowance	-	1,098,443
Working capital changes (note 13.1)	(14,945,385)	13,229,415
	11,520,177	34,322,276
13.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(195,078)	(2,040,641)
- Stock-in-trade	(3,102,485)	2,449,784
- Trade debts	(645,355)	7,495,082
- Loans, advances, deposits and prepayments	(5,633,892)	935,130
- Other receivables	(3,602,077)	(28,902)
	(13,178,887)	8,810,453
(Decrease) / increase in current liabilities		
- Trade and other payables	(1,766,498)	4,418,962
	(14,945,385)	13,229,415
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	818,868	1,548,898
Short-term investments	10,955,755	9,823,842
Short-term borrowings	(735,731)	(604,017)
	11,038,892	10,768,723

(Amounts in thousand)

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 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.

15.2 Fair value estimation

The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. 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)

Assets	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Short-term investments				
Fair value through other comprehensive income	-	7,820,303	-	7,820,303

Represents Government Securities which are measured at fair value using yield to maturity of similar government securities traded in the secondary market. There were no transfers amongst the levels during the period.

15.3 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)

16. 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	
	Nine months ended	
	September 30, 2021	September 30, 2020
	-----Rupees-----	
Parent Company		
Royalty charged to the Company	960,423	790,891
Reimbursements made:		
- to the Company	889,442	657,423
- by the Company	35,551	79,396
Mark-up on sub-ordinated loan	55,722	-
Dividend Paid	9,015,745	4,507,872
Associated companies		
Purchases and services received	175,213	120,426
Services provided by the Company	95,918	79,108
Reimbursements		
- by the Company	40,123	38,030
- to the Company	613	9,295
Dividend Paid to Trustees of Engro Foods Limited Gratuity Fund	663	434
Contribution to Engro Foundation under Corporate Social Responsibility	11,000	68,800
Contribution to staff retirement benefits		
Pension fund	5,420	5,672
Gratuity fund	115,065	106,385
Provident fund	129,498	117,283
Dividend paid to staff retirement benefits		
Pension fund	79	101
Gratuity fund	2,049	1,420
Provident fund	-	2,078
Others		
Remuneration of key management personnel	168,391	185,613
Director's fee	10,163	9,944

(Amounts in thousand)

17. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees -----									
Sales	54,851,555	46,508,215	25,430,939	22,095,223	13,221,326	9,843,543	1,230,858	1,353,299	94,734,678	79,800,280
Intersegment sales	3,505,947	1,350,517	-	-	-	-	996,513	689,495	4,502,460	2,040,012
Sales tax	(1,101,442)	(926,813)	(511,361)	(433,101)	(316,570)	(296,441)	(15,046)	(5,889)	(1,944,419)	(1,662,244)
	57,256,060	46,931,919	24,919,578	21,662,122	12,904,756	9,547,102	2,212,325	2,036,905	97,292,719	80,178,048
Profit / (Loss) before tax	16,468,801	13,223,139	4,035,159	653,245	1,236,250	387,397	(107,994)	(157,127)	21,632,216	14,106,654
Depreciation & Amortization	3,675,620	3,694,370	-	-	20,315	28,612	425,843	266,939	4,121,778	3,989,921
Capital Expenditure	4,712,325	790,102	-	-	84,573	10,647	2,977,340	1,683,975	7,774,238	2,484,724

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 30, 2020
	----- Rupees -----									
Segment Assets	85,321,287	87,262,840	12,154,448	1,532,525	5,347,005	4,025,018	12,355,943	8,360,754	115,178,683	101,181,137
Unallocated assets	-	-	-	-	-	-	-	-	11,956,919	30,532,238
Total Assets	85,321,287	87,262,840	12,154,448	1,532,525	5,347,005	4,025,018	12,355,943	8,360,754	127,135,602	131,713,375

Reconciliation of reportable segment net sales

Net Sales

Total net sales for reportable segment
Elimination of intersegment net sales
Elimination of net sales to subsidiary
Total net sales

Unaudited	
September 30, 2021	September 30, 2020
----- Rupees -----	
97,292,719	80,178,048
(4,502,460)	(2,040,012)
(48,143)	-
92,742,116	78,138,036

Reconciliation of reportable segment total assets

Total Assets

Total assets for reportable segments
Add : Unallocated assets
- Accrued income
- Short term investments
- Cash and Bank balances
Total assets

Unaudited	
September 30, 2021	December 30, 2020
----- Rupees -----	
115,178,683	101,181,137
62,698	157,805
11,075,353	26,762,992
818,668	3,611,441
11,956,919	30,532,238
127,135,602	131,713,375

(Amounts in thousand)

18. AGREEMENT FOR SUPPLY OF GAS

On June 10, 2021, the Holding Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipeline Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale & Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC granted an ad-interim stay order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Holding Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis adequately provided for in these consolidated condensed interim financial statements.

19. 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.

20. 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.

21. NON-ADJUSTING EVENT AFTER REPORTING DATE

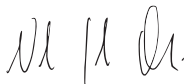
The Board of Directors in its meeting held on October 13, 2021 has approved an interim cash dividend of Rs. 3.5 per share for the year ending December 31, 2021, amounting to Rs. 4,673,548. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 13, 2021 by the Board of Directors of the Holding Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman



engro fertilizers

condensed interim financial
statements (unaudited)
for the nine months ended
september 30, 2021

condensed interim statement of financial position as at september 30, 2021

(Amounts in thousand)

	Note	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	69,129,736	65,734,124
Intangible assets		5,296,897	5,164,817
Investment in subsidiary		100	100
Long-term loans, advances and deposits		144,779	80,129
		74,571,512	70,979,170
Current assets			
Stores, spares and loose tools		6,566,070	6,410,785
Stock-in-trade	4	5,299,914	6,720,201
Trade debts		2,642,115	2,028,071
Working capital loan to subsidiary	5	14,084,394	-
Loans, advances, deposits and prepayments		2,237,721	1,761,817
Other receivables		11,059,639	8,586,014
Accrued income		213,061	203,437
Taxation - net		-	3,118,949
Short-term investments	6	10,955,755	25,074,560
Cash and bank balances		803,499	3,382,228
		53,862,168	57,286,062
TOTAL ASSETS		128,433,680	128,265,232

(Amounts in thousand)

	Unaudited September 30, 2021	Audited December 31, 2020
Note	-----Rupees-----	
EQUITY & LIABILITIES		
Equity		
Share capital	13,352,993	13,352,993
Reserves		
Share premium	3,384,904	3,384,904
Reserve on amalgamation	(304,027)	(304,027)
Re-measurement of post employment benefits	(50,765)	(50,765)
Unappropriated profit	27,678,155	28,602,702
	<u>30,708,267</u>	<u>31,632,814</u>
TOTAL EQUITY	44,061,260	44,985,807
Liabilities		
Non-current liabilities		
Borrowings	7 13,248,500	13,514,080
Deferred taxation	11,184,174	11,677,783
Deferred liabilities	234,859	270,296
Provision for Gas Infrastructure Development Cess (GIDC)	8,285,552	10,510,379
	<u>32,953,085</u>	<u>35,972,538</u>
Current liabilities		
Trade and other payables	8 32,411,719	28,696,843
Accrued interest / mark-up	334,428	260,229
Current portion of:		
- borrowings	7 5,424,908	10,061,614
- deferred liabilities	69,947	53,726
- provision for GIDC	9,937,750	6,926,824
Short-term borrowings	9 612,488	250,331
Loan from Holding Company	1,000,000	1,000,000
Taxation - net	1,578,539	-
Unclaimed dividend	49,556	57,320
	<u>51,419,335</u>	<u>47,306,887</u>
TOTAL LIABILITIES	84,372,420	83,279,425
Contingencies and Commitments	10	
TOTAL EQUITY & LIABILITIES	<u>128,433,680</u>	<u>128,265,232</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2021


(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
-----Rupees-----					
Net sales	11	23,269,818	22,421,084	66,794,952	53,832,974
Cost of sales		(16,362,605)	(13,342,231)	(41,062,987)	(32,463,924)
Gross profit		6,907,213	9,078,853	25,731,965	21,369,050
Selling and distribution expenses		(1,929,764)	(2,025,947)	(5,522,857)	(5,063,039)
Administrative expenses		(435,199)	(510,531)	(1,321,796)	(1,211,490)
		4,542,250	6,542,375	18,887,312	15,094,521
Other income	12	2,329,304	869,163	5,242,691	2,521,476
Other operating expenses		(561,000)	(451,672)	(1,684,236)	(1,145,309)
Finance cost		(438,582)	(674,230)	(1,323,708)	(2,786,855)
Other gains / (losses):					
- Loss on remeasurement of GIDC provision		(269,838)	-	(786,114)	-
- Reversal of ECL on subsidy provision from GoP		108,293	-	272,710	-
		(161,545)	-	(513,404)	-
Profit before taxation		5,710,427	6,285,636	20,608,655	13,683,833
Taxation	13	(1,353,462)	354,560	(5,509,614)	(1,652,493)
Profit for the period		4,356,965	6,640,196	15,099,041	12,031,340
Earnings per share - basic and diluted		3.26	4.97	11.31	9.01

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2021


(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Profit for the period	4,356,965	6,640,196	15,099,041	12,031,340
Other comprehensive income:				
Items potentially re-classifiable to profit or loss				
Unrealised loss on re-measurement of investment classified as fair value through other comprehensive income (FVOCI) - net of tax	-	(44,802)	-	-
Total comprehensive income for the period	<u>4,356,965</u>	<u>6,595,394</u>	<u>15,099,041</u>	<u>12,031,340</u>

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of changes in equity for the nine months ended september 30, 2021


(Amounts in thousand)

	RESERVES					Total
	CAPITAL	REVENUE				
	Share capital	Share premium	Reserve on amalgamation	Re-measurement of post employment benefits	Unappropriated profit	
-----Rupees-----						
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(304,027)	(50,765)	28,602,702	44,985,807
Transaction with owners:						
Dividends:						
- Final 2020: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
- 1st Interim 2021: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
- 2nd Interim 2021: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
Total comprehensive income for the nine months ended September 30, 2021					(16,023,588)	(16,023,588)
Profit for the period	-	-	-	-	15,099,041	15,099,041
Balance as at September 30, 2021 (Unaudited)	13,352,993	3,384,904	(304,027)	(50,765)	27,678,155	44,061,260
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	(304,027)	(56,993)	26,475,684	42,852,561
Transaction with owners:						
Dividend:						
- Final 2019: Rs. 2.00 per share	-	-	-	-	(2,670,599)	(2,670,599)
- 1st Interim 2020: Rs. 4.00 per share	-	-	-	-	(5,341,198)	(5,341,198)
Total comprehensive income for the nine months ended September 30, 2020					(8,011,797)	(8,011,797)
Profit for the period	-	-	-	-	12,031,340	12,031,340
Balance as at September 30, 2020 (Unaudited)	13,352,993	3,384,904	(304,027)	(56,993)	30,495,227	46,872,104

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2021


(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2021	September 30, 2020
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	23,585,102	21,300,097
Retirement and other service benefits paid		(64,615)	(56,254)
Taxes paid		(1,305,735)	(1,106,560)
Long-term loans, advances and deposits - net		(64,650)	50,346
Net cash generated from operating activities		22,150,102	20,187,629
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangibles		(7,679,152)	(2,571,604)
Proceeds from disposal of property, plant and equipment		68	22,104
Disbursement of working capital loan to subsidiary		(25,459,346)	(7,664,370)
Payment received against working capital loan to subsidiary		11,374,953	18,140,564
Purchase of short-term investments		-	(11,206,174)
Proceeds from sale of short-term investments		23,134,502	4,726,257
Dividend received		3,255,500	426,470
Income on government securities, term deposit certificates and bank deposits		1,481,331	2,123,757
Net cash generated from investing activities		6,107,856	3,997,004
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(16,031,352)	(8,014,335)
Finance cost paid		(1,081,459)	(2,808,752)
Proceeds from long-term borrowings		2,462,406	-
Repayments of long-term borrowings		(7,532,742)	(7,000,376)
Net cash utilised in financing activities		(22,183,147)	(17,823,463)
Net increase in cash and cash equivalents		6,074,811	6,361,170
Cash and cash equivalents at beginning of the period		5,071,955	4,465,383
Cash and cash equivalents at end of the period	15	11,146,766	10,826,553

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

notes to the condensed interim financial statements (unaudited) for the nine months ended september 30, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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 wholly owned subsidiary i.e. EFERT Agritrade Private Limited (EAPL) 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, 2020.

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, 2020.

2.4 The preparation of these condensed interim financial statements in conformity with the accounting and reporting 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, 2020.

2.5 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.

(Amounts in thousand)

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets at net book value (note 3.1)	56,133,890	59,666,961
Capital work-in-progress (note 3.2)	12,130,256	5,171,126
Major spare parts and stand-by equipment (note 3.2.1)	865,590	896,037
	<u>69,129,736</u>	<u>65,734,124</u>

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

	Unaudited (Additions at cost)		Unaudited (Disposals / write-offs at net book value)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
Building on freehold land	63,159	34,477	-	-
Building on leasehold land	8,862	-	-	-
Plant and machinery	171,195	276,686	20,153	-
Office equipment	64,573	138,233	212	25,884
Vehicles	207,136	717,023	9,317	-
	<u>514,925</u>	<u>1,166,419</u>	<u>29,682</u>	<u>25,884</u>

The above disposals / write-offs represent assets having a cost of Rs. 51,124 (September 30, 2020: Rs. 38,918) and net book value of Rs. 29,682 (September 30, 2020: Rs. 25,884), which were disposed off for Rs. 68 (September 30, 2020: Rs. 22,104).

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
3.2 Capital work-in-progress		
Balance at beginning of the period / year	5,171,126	2,588,146
Add: Additions during the period / year (note 3.2.1)	7,774,238	5,045,288
Transferred to:		
- operating assets	(514,925)	(2,261,237)
- intangible assets	(300,183)	(201,071)
Balance at end of the period / year	<u>12,130,256</u>	<u>5,171,126</u>

3.2.1 This includes Rs. 30,447 transferred from major spare parts and stand-by equipment.

(Amounts in thousand)

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
4. STOCK-IN-TRADE		
Raw materials	2,470,613	1,138,434
Packing materials	224,748	136,553
Work-in-process	132,546	107,333
	<u>2,827,907</u>	<u>1,382,320</u>
Finished goods:		
- manufactured products	2,029,920	5,020,255
- purchased and packaged products	558,079	549,287
	<u>2,587,999</u>	<u>5,569,542</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	115,992	231,661
	<u>5,299,914</u>	<u>6,720,201</u>
4.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	231,661	28,785
Charge for the period / year	80,927	403,276
Written-off during the period / year	(196,596)	(200,400)
Balance at end of the period / year	<u>115,992</u>	<u>231,661</u>
5. WORKING CAPITAL LOAN TO SUBSIDIARY		
Represents unsecured loan given to EAPL, amounting to Rs. 14,084,394 (December 31, 2020: Nil).The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%. The repayment of the loan is made at mutually agreed terms between the Company and EAPL.		
	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
6. SHORT-TERM INVESTMENTS		
Treasury bills	7,280,318	2,588,970
Pakistan investment bonds	429,987	22,237,476
Term deposit certificates	245,450	248,114
Mutual funds	3,000,000	-
	<u>10,955,755</u>	<u>25,074,560</u>
7. BORROWINGS - Secured		
Long-term finance utilised under mark-up arrangements (notes 7.1, 7.2 and 7.3)	18,673,408	23,575,694
Less: Current portion shown under current liabilities	5,424,908	10,061,614
Balance at end of the period / year	<u>13,248,500</u>	<u>13,514,080</u>

(Amounts in thousand)

- 7.1 During the period, the Company obtained long-term finances from Allied Bank Limited, Habib Bank Limited and MCB Bank Limited amounting to Rs. 676,321, Rs. 18,211 and Rs. 1,767,874 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.
- 7.2 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over present and future operating assets excluding immovable property of the Company.
- 7.3 During the period, principal repayments of long-term finances were made to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 1,522,042, Rs. 2,750,000, Rs. 2,000,000, Rs. 1,000,000 and Rs. 260,700 respectively.

	Unaudited September 30, 2021	Audited December 31, 2020
-----Rupees-----		
8. TRADE AND OTHER PAYABLES		
Creditors	10,645,760	6,943,675
Accrued liabilities (note 8.1)	9,761,071	9,493,840
Advances from customers	2,966,230	9,904,613
Payable to Holding Company	60,912	-
Payable to:		
- EFERT Agritrade (Private) Limited	6,050,720	-
- FrieslandCampina Engro Pakistan Limited	1,611	-
- Engro Elengy Terminal (Private) Limited	1,029	1,650
- Engro Energy Limited	746	187
- Defined Benefit Gratuity Fund NMPT	46,148	16,522
- Defined Contribution Gratuity Fund MPT	4,070	15,525
- Defined Contribution Provident Fund	278	24,084
- Defined Contribution Provident Fund NMPT	26	7,677
- Defined Contribution Pension Fund	-	616
Deposits / Retention from dealers and contractors	247,747	201,961
Workers' welfare fund	988,500	1,448,615
Workers' profits participation fund	1,103,172	-
Withholding tax payable	43,687	147,930
Others	490,012	489,948
	32,411,719	28,696,843

- 8.1 On June 4, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 promulgated retrospectively with effect from July 01, 1994 as valid and declaring it within the competence of provincial legislature. The Company maintains adequate provision in these condensed interim financial statements and has filed Civil Petition for Leave to Appeal (CPLA) before Supreme Court of Pakistan ("SCP") to challenge the SHC Judgement. On September 01, 2021, the SCP granted an interim relief in the appeals and suspended the SHC Judgement. As of September 30, 2021, the Company carries a provision of Rs. 1,396,514 (December 31, 2020: Rs. 1,325,486) in this respect.

(Amounts in thousand)

9. SHORT-TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 15,125,000 (December 31, 2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2020: 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. 612,488 (December 31, 2020: Rs. 250,331) from funded facilities and Rs. 3,661,830 (December 31, 2020: Rs. 3,569,428) from the non-funded facilities as at the reporting date.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

- 10.1 As at September 30, 2021, bank guarantees of Rs. 3,661,830 (December 31, 2020: Rs. 3,569,428) have been issued in favour of third parties.
- 10.2 As at September 30, 2021, there is no material change in the status of matters reported as contingencies in note 25 of the audited financial statements of the Company for the year ended December 31, 2020. Update in respect of taxation matter is disclosed in note 13.

	Unaudited September 30, 2021	Audited December 31, 2020
	-----Rupees-----	
10.3 Commitments		
Commitments in respect of capital expenditure and other operational items	5,785,443	8,222,098

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	-----Rupees-----			
11. NET SALES				
Gross sales:				
- manufactured product	23,333,749	22,457,607	66,899,383	53,811,738
- purchased and packaged product	371,098	411,464	1,204,958	1,093,744
- services	202,188	128,124	555,166	500,691
	23,907,035	22,997,195	68,659,507	55,406,173
Less: Trade discount	156,001	169,842	503,583	500,329
Less: Sales tax	481,216	406,269	1,360,972	1,072,870
	23,269,818	22,421,084	66,794,952	53,832,974

(Amounts in thousand)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
-----Rupees-----				
12. OTHER INCOME				
On financial assets				
Dividend income from EAPL	1,511,000	-	3,255,500	426,470
Income from working capital loan to EAPL	150,829	138,134	181,107	713,808
Income on government securities, term deposit certificates and bank deposits	410,521	500,320	1,309,849	1,000,917
	2,072,350	638,454	4,746,456	2,141,195
On non-financial assets				
Commission income from EAPL	198,582	211,973	367,028	343,634
Sub-licensing income from EAPL	13,469	18,107	32,718	32,620
Gain on disposal of spares / scrap	19,696	-	24,450	1,347
Others	25,207	629	72,039	2,680
	256,954	230,709	496,235	380,281
	2,329,304	869,163	5,242,691	2,521,476

13. TAXATION

- 13.1 During the period, Appellate Tribunal Inland Revenue (ATIR) confirmed the Commissioner Inland Revenue (Appeals) [CIR(A)] order in respect of sales tax audit for the period from July 2016 to June 2017 having demand of Rs 1,006,000. The ATIR maintained the levy of further tax on fertilizer sales to unregistered persons. Consequently, the stay order from SHC, directing the department not to enforce recovery of the demand until the appeal before ATIR is decided, is no longer enforceable. Subsequent to the period end, the Company has filed a reference application before SHC against the ATIR Order and the SHC has granted an ad-interim order in favor of the Company. The Company's management believes that the chances of ultimate success are good, hence, no provision has been made in this respect in the condensed interim financial statements.
- 13.2 During the period ended September 30, 2021, the income tax department conducted audit u/s 177 for the tax years 2015, 2016 and 2018. The Company has filed appeals in respect of tax years 2015 and 2016 and is in the process of filing an appeal for the tax year 2018 before the CIR(A) against the disallowances made which mainly include certain transactions treated as revenue, inadmissibility of expenses, proration of expenses to exempt subsidy income and chargeability of WWF and Super Tax on the revised taxable income based on which department has raised a demand of Rs. 3,056,084 for tax year 2015, Rs. 3,643,000 for tax year 2016 and Rs. 4,856,224 for tax year 2018. The Company is confident of a favorable outcome and hence no further provision in respect of the above-mentioned tax years has been recognized in these condensed interim financial statements.
- 13.3 Except as mentioned above, as at September 30, 2021, there is no other material change in the tax related matters reported in note 34 of the audited financial statements of the Company for the year ended December 31, 2020.

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2021	September 30, 2020
	-----Rupees-----	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	20,608,655	13,683,833
Adjustment for non-cash charges and other items:		
Depreciation	4,018,315	3,910,945
Amortisation of intangibles	103,463	78,976
Amortisation of deferred income	(2,899)	(2,899)
Loss on disposal of property, plant and equipment	29,614	3,780
Provision for retirement and other service benefits	48,298	55,889
Income on government securities, term deposit certificates and bank deposits	(1,490,956)	(1,714,724)
Finance cost	1,155,658	2,623,397
Exchange loss on revaluation of long-term borrowings	166,100	159,345
Amortisation of transaction cost	1,950	4,113
Provision of impairment against receivables	3,200	3,294
Dividend income	(3,255,500)	(426,470)
Loss on remeasurement of GIDC provision	786,114	-
Reversal of ECL on subsidy receivable from GoP	(272,710)	-
Provision for impairment against stock-in-trade	80,927	55,983
Provision for surplus and slow moving stores and spares	39,793	20,295
Provision for input tax disallowance	-	893,727
Working capital changes (note 14.1)	1,565,080	1,950,613
	23,585,102	21,300,097
14.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(195,078)	(2,040,641)
- Stock-in-trade	1,339,360	(3,160,415)
- Trade debts	(617,244)	5,904,164
- Loans, advances, deposits and prepayments	(475,904)	556,917
- Other receivables	(2,200,915)	(135,679)
	(2,149,781)	1,124,346
Decrease in current liabilities		
- Trade and other payables	3,714,861	826,267
	1,565,080	1,950,613

(Amounts in thousand)

Unaudited		
Nine months ended		
September 30, 2021	September 30, 2020	
-----Rupees-----		
	803,499	1,542,660
	10,955,755	9,823,842
	(612,488)	(539,949)
	<u>11,146,766</u>	<u>10,826,553</u>

15. CASH AND CASH EQUIVALENTS

Cash and bank balances	803,499	1,542,660
Short-term investments	10,955,755	9,823,842
Short-term borrowings	(612,488)	(539,949)
	<u>11,146,766</u>	<u>10,826,553</u>

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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.

16.2 Fair value estimation

The table below analyses financial instruments carried at fair value using the fair value measurement method in accordance with IFRS 13. The different levels have been defined as follows:

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Assets				
Short-term investments				
Fair value through other comprehensive income	-	7,710,305	-	7,710,305
	<u>-</u>	<u>7,710,305</u>	<u>-</u>	<u>7,710,305</u>

Represents Government Securities which are measured at fair value using yield to maturity of similar government securities traded in the secondary market. There were no transfers amongst the levels during the period.

16.3 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.

(Amounts in thousand)

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding 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	
	Nine months ended	
	September 30, 2021	September 30, 2020
-----Rupees-----		
Holding company		
Reimbursements made:		
- to the Company	889,442	657,423
- by the Company	35,551	79,396
Royalty charged to the Company	960,423	790,891
Mark-up on sub-ordinated loan	55,722	-
Dividend paid	9,015,745	4,507,872
Subsidiary company		
Payment of funds collected against sales made on behalf of subsidiary	20,013,708	28,952,735
Mark-up on working capital loan to subsidiary	181,107	713,807
Disbursements of working capital loan to subsidiary	25,459,346	7,664,370
Repayment received against working capital loan to subsidiary	11,374,953	18,140,564
Services provided by the Company	267,313	110,329
Reimbursements made:		
- by the Company	2,082	13,264
- to the Company	3,442	47
Dividend income from subsidiary	3,255,500	426,470
Commission income from subsidiary	367,028	343,634
Sub-licensing income from subsidiary	32,718	32,620
Purchase of product from subsidiary	2,747	30,649
Sale of product to the subsidiary	45,414	-

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2021	September 30, 2020
	-----Rupees-----	
Associated companies		
Purchases and services received	175,213	120,426
Services provided by the Company	95,918	79,108
Reimbursements made:		
- by the Company	40,123	38,030
- to the Company	613	9,295
Dividend paid to Trustees of Engro Foods Limited Gratuity Fund	663	434
Donation to Engro Foundation under Corporate Social Responsibility	11,000	68,800
Contribution to staff retirement benefits		
Pension fund	5,420	5,672
Gratuity fund	114,116	105,458
Provident fund	128,359	116,169
Dividend paid to staff retirement benefits		
Pension fund	79	101
Gratuity fund	2,049	1,420
Provident fund	-	2,078
Others		
Remuneration of key management personnel	163,874	171,524
Director's fee	10,013	9,794

(Amounts in thousand)

18. OPERATING SEGMENT RESULTS

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
----- Rupees -----								
Sales	54,851,555	46,508,215	9,958,818	6,896,463	3,345,551	1,501,166	68,155,924	54,905,844
Intersegment sales	3,505,947	1,350,517	-	-	744,726	541,627	4,250,673	1,892,144
Sales tax	(1,101,442)	(926,813)	(207,375)	(140,168)	(52,155)	(5,889)	(1,360,972)	(1,072,870)
	57,256,060	46,931,919	9,751,443	6,756,295	4,038,122	2,036,904	71,045,625	55,725,118
Profit before tax	19,659,103	13,649,607	681,910	125,328	267,642	(91,102)	20,608,655	13,683,833
Depreciation & Amortization	3,675,620	3,694,370	39,351	28,612	406,807	266,939	4,121,778	3,989,921
Capital Expenditure	4,712,325	790,102	84,573	10,647	2,977,340	1,683,975	7,774,238	2,484,724

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Segment Assets	99,405,681	87,262,840	4,603,006	3,024,004	12,452,678	9,318,163	116,461,365	99,605,007
Unallocated assets	-	-	-	-	-	-	11,972,315	28,660,225
Total Assets	99,405,681	87,262,840	4,603,006	3,024,004	12,452,678	9,318,163	128,433,680	128,265,232

	Unaudited	
	September 30, 2021	September 30, 2020
----- Rupees -----		
Reconciliation of reportable segment net sales		
Net Sales		
Total net sales for reportable segment	71,045,625	55,725,118
Elimination of intersegment net sales	(4,250,673)	(1,892,144)
Total net sales	66,794,952	53,832,974

	Unaudited	Audited
	September 30, 2021	December 31, 2020
----- Rupees -----		
Reconciliation of reportable segment total assets		
Total Assets		
Total assets for reportable segments	116,461,365	99,605,007
Add : Unallocated assets		
- Accrued income	213,061	203,437
- Short term investments	10,955,755	25,074,560
- Cash and Bank balances	803,499	3,382,228
	11,972,315	28,660,225
Total assets	128,433,680	128,265,232

(Amounts in thousand)

19. AGREEMENT FOR SUPPLY OF GAS

On June 10, 2021, the Company filed a Suit before the SHC in which it prayed that Sui Northern Gas Pipeline Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale & Purchase Agreement and in accordance with the Fertilizer Policy 2001, Instructions to Bidders and various Economic Coordination Committee decisions.

The SHC was pleased to grant an ad interim stay order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis adequately provided for in these condensed interim financial statements.

20. 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.

21. 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, 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.

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

22. NON-ADJUSTING EVENT AFTER THE REPORTING DATE


The Board of Directors in its meeting held on October 13, 2021 has approved an interim cash dividend of Rs. 3.5 per share for the year ending December 31, 2021, amounting to Rs. 4,673,548. These condensed interim financial statements do not include the effect of the said interim dividend.

23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 13, 2021 by the Board of Directors of the Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

مستقبل قریب کا جائزہ

پاکستان کا زرعی شعبہ حکومت کی مسلسل معاونت، زرعی معیشت میں بہتری اور عالمی قیمتوں کے مقابلے میں مقامی سطح پر یوریا کی رعایتی قیمت سے فراہمی کے سبب ترقی کی رفتار جاری رکھے گا۔ حکومت نے زرعی تعلیم اور تحقیق کے فروغ کے لیے نیشنل ایگری کلچرل کمیشن آف پاکستان قائم کرنے کا اعلان کیا ہے۔ تاہم، ڈی اے پی کی قیمتوں میں اضافہ اور سبسڈی کی فراہم کے طریقہ کار میں حائل مسائل ڈی اے پی کی طلب میں شدید کمی کا امکان ہے جس سے فصلوں کی پیداوار پر منفی اثرات مرتب ہوں گے۔ اس کی بنیادی وجہ 60 فیصد ڈی اے پی امپورٹ کیا جاتا ہے جبکہ یوریا کی طلب کو مقامی پیداوار کے ذریعے پورا کیا جا رہا ہے۔

کمپنی کو غیر ادا شدہ سبسڈی کی رقم اور سیلز ٹیکس ریفرنڈز کے مالیاتی بوجھ کا سامنا ہے جو اس وقت مل کر تقریباً 14.3 بلین روپے بنتا ہے۔

کمپنی پاکستان کے زرعی شعبے میں بہتری لانے والے اپنے کردار کے لیے پرعزم ہے۔ بورڈ کی جانب سے، کمپنی اپنے تمام اسٹیک ہولڈرز کا ان کے اعتماد اور تعاون کے لیے شکریہ ادا کرتی ہے۔



نادر سالار قریشی
چیف ایگزیکٹو آفیسر



غیاث خان
چیئرمین

ایوارڈز، اعزاز

سہ ماہی کے دوران، کمپنی نے درج ذیل ایوارڈز حاصل کئے:

- 1- پاکستان ڈیجیٹل ایوارڈز میں ”جدید ترین فن ٹیک ڈیٹا سلوشن پرووائیڈرز“ ”بیسٹ مینٹنگ ٹیک آف دی ایئر“ اور ”بیسٹ پے منٹ ٹیکنالوجی“ کیلنگرز میں تین ایوارڈز
- 2- ساتویں انٹرنیشنل ایوارڈز برائے ایچ ایس ای سمٹ میں ”ہیزرڈ اینڈ کنٹرول ایسوسی ایٹڈ وٹھ ورک انوائرنمنٹ، اورٹرانسپورٹ سیفٹی کی کیلنگرز میں دو ایوارڈ
- 3- کمپنی کے ڈی ہر کی پلانٹ کو ”دی رائل سوسائٹی فار پروفیشن آف ایکسپٹس کی جانب سے منعقدہ ہیلتھ اینڈ سیفٹی ایوارڈ 2021“ میں گولڈ ایوارڈ اور زرخیز پلانٹ کو سلور ایوارڈ سے نوازا گیا۔
- 4- اینگروفریٹلائزر کی سالانہ رپورٹ کو ICAP & ICMAP میں کیمیکل اینڈ فریٹلائزر کیلنگری میں ”بیسٹ کارپوریٹ اینڈ سسٹین ایبلٹی رپورٹ ایوارڈ 2020 میں تیسری پوزیشن سے نوازا گیا۔
- 5- سالانہ انوائرنمنٹ ایکسی لینس ایوارڈ میں بیسٹ انوائرنمنٹ پرفارمنس کیلنگری میں تین ایوارڈز (ڈی ہر کی پلانٹ، زرخیز پلانٹ اور فیملڈ ویئر ہاؤسنگ)
- 6- اینگروفریٹلائزر کے فنانس ڈیجیٹلائزیشن اقدامات کو گلوبل فنانس انوویشن اینڈ ایکسی لینس (finEx) سمٹ 2021 میں سراہا گیا جہاں پر پاکستان کی جانب سے کمپنی واحد کمپنی تھی۔

کمپنی کی کاروباری کارکردگی

کمپنی کی پوری یا پیداوار گزشتہ سال کے 9 ماہ کے 1,694 KT کے مقابلے میں 1,560 KT رہی کیونکہ ہمارے پلانٹس میں بندش رہی۔ کمپنی کی سیلز گزشتہ سال کی اسی مدت کے 1,451 KT کے مقابلے میں 1,644 KT رہی۔

2021 کے 9 ماہ کے دوران کمپنی کی فاسٹ ٹیس (ڈی اے پی، زور آورا اور این پی) کی سیلز گزشتہ سال کے 366 KT کے مقابلے میں 242 KT رہی۔ طلب میں کمی کی بنیادی وجہ غیر متوقع طور پر ڈی اے پی کی قیمتوں کا بڑھ جانا ہے۔

کمپنی کا مجموعی منافع 2021 9M کے لیے 31 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 24 بلین روپے رہا۔

انفرادی طور پر خالص منافع گزشتہ سال کے 12.03 بلین روپے کے مقابلے میں 15.1 بلین روپے رہا۔ کمپنی کا مجموعی منافع گزشتہ سال کے 11.5 بلین روپے کے مقابلے میں 14.9 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 11.17 روپے بنتا ہے، گزشتہ سال کا ہر ایک شیئر پر منافع 8.61 روپے تھا۔

بورڈ 30 ستمبر 2021 کو ختم ہونے والی مدت کے لیے فی شیئر 3.5 روپے کے نقد منافع منقسمہ (ڈیویڈنڈ) کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔

مقامی یوریا کی طلب 2020 کے 9 ماہ میں 4,173 KT کے مقابلے میں 4,556 KT رہی جس کے مطابق گزشتہ سال کی اسی مدت کے مقابلے میں 9 فیصد اضافہ ہوا۔ کیونکہ یوریا کی مقامی طلب پوری ہوتی رہی اور دوران سال زرعی معیشت میں بہتری دیکھی گئی۔ یوریا کی مقامی پیداوار گزشتہ سال کی پیداوار کے تقریباً برابر رہی جو 9 ماہ کے دوران 4,516 KT vs 4,524 KT ہے۔

دیگر نمایاں امور

حکومت نے 24 اگست 2021 کو قیمتوں پر کنٹرول اور منافع کے تحفظ اور ذخیرہ اندوزی سے متعلق ایکٹ 2021 پاس کیا۔ ماضی میں، 1977 کے اسی ایکٹ کے تحت وفاقی حکومت کنٹرولر جنرل کے آفس کے تحت اہم اجناس کی قیمتوں کو ریگولیٹ اور کنٹرول کر سکتی تھی۔ اس میں کھانے پینے کی چیزیں، صفائی والی اشیاء، فریٹلائزرز، کیڑے مارا دویات اور مینوفیکچرنگ کے لیے خام مال شامل ہوتا ہے۔ تاہم 2021 کے حالیہ ایکٹ کے مطابق مجاز حکام کو ضروری اشیاء کی قیمتوں کو خود متعین کرنے کی اجازت دی گئی ہے۔ اس ریگولیٹری اقدام سے حکومت کو فریٹلائزرز اور کیڑے مارا دویات کی قیمتوں میں براہ راست مداخلت کی اجازت دی گئی۔

رعایتی گیس پر GIDC، غیر رعایتی گیس، اور قسطوں کی رقم 60 مہینوں میں دینے کی درخواست کے حوالے سے درج عدالتی کارروائیوں پر کوئی پیش رفت نہیں ہوئی۔

رعایتی قیمت پر گیس فراہمی کی مدت کے معاملے پر، کمپنی نے سندھ ہائی کورٹ سے اسٹے آرڈر حاصل کر رکھا ہے۔ سندھ ہائی کورٹ نے حکم دیا ہے کہ جب تک مجاز اتھارٹی یعنی ای سی سی کا فیصلہ برقرار ہے اس وقت تک گیس فراہمی روکنے اور قیمت کے حوالے سے فیصلہ برقرار رکھا جائے۔ دوسری جانب کمپنی وفاقی حکومت اور سوئی نارڈن گیس پائپ لائن لمیٹڈ کے ساتھ رعایتی قیمت پر گیس کی فراہمی اتنے دنوں تک جاری رکھنے کے لیے تبادلہ خیال کر رہی ہے جب تک GSPA کے مطابق ”معاہدے کی کم از کم مقدار“ پر مبنی گیس فراہم نہیں ہو جاتی۔ اپنے حقوق سے قطع نظر، تعیل کے اصولوں کے مطابق، کمپنی جولائی 2021 سے رعایتی گیس قیمت کے اپنے حق کا فائدہ نہیں اٹھا رہی کیونکہ معاملہ ذیلی عدالت میں ہے۔

- ملین ٹری پروجیکٹ اور وطن کے نام ڈرائیو کے تحت، کمپنی نے سہ ماہی کے دوران پلانٹ کے قریب اور آس پاس کے گاؤں میں 15,000 درخت کاشت کئے۔ اس سلسلے میں اب تک 300,000 سے زائد پودے کاشت کئے جا چکے ہیں۔
- پاگل کتوں کے کاٹنے کے مفت علاج کی سہولت 21 جون 2021 سے شروع کی گئی جس کے تحت اب تک 86 کے قریب کیسز کا علاج کیا جا چکا ہے۔
- اینگرو مصنوعی اعضاء کی سہولت نے جون 2021 میں اپنے آپریشنز کا آغاز کیا تاکہ نچلے حصے کے اعضاء کی تبدیلی کا مفت علاج فراہم کیا جائے، اس سہولت نے اب تک 300 سے زائد اعضاء کی تبدیلی کی درخواستیں موصول کی ہیں جن میں سے 132 کیسز پر عمل درآمد سے مصنوعی اعضاء کی تبدیلی کامیابی سے مکمل کی گئی ہے۔

مارکیٹ کا جائزہ

یوریا کی عالمی قیمتیں 2020 کی تیسری سہ ماہی کے آخر میں 2021 کی دوسری سہ ماہی کے امریکی ڈالر 473/T (4,546 روپے فی بوری کے مساوی پہنچ) سے بڑھ کر امریکی ڈالر 669/T (6,319 روپے فی بوری کے مساوی پہنچ) تک پہنچ گئیں۔ فریٹلائزر کی صنعت نے عالمی سطح پر اجناس کی قیمتوں میں تیزی کے باوجود یوریا کی کم قیمت سے مقامی کسانوں کو فائدہ دینے کی سہولت برقرار رکھی۔ یوریا کی مقامی قیمت اس وقت 1,768 روپے فی بوری کے قریب قائم ہے اور یوریا کی عالمی قیمتوں کے مقابلے میں ریکارڈ طور پر 72 فیصد کی رعایت دی جا رہی ہے۔ مزید برآں، صنعت نے زبردست یوریا پروڈکشن کی بدولت اب تک تقریباً 2 بلین ڈالر کی کمپورٹ رعایت حاصل کرنے میں کامیابی حاصل کر لی ہے۔

اس مدت کے دوران ڈی اے پی کی عالمی قیمتوں میں 13 فیصد تک تیزی دیکھی گئی اور سیزنل طلب میں بحالی کے سبب قیمتیں 2021 کی تیسری سہ ماہی کے آخر تک امریکی ڈالر 680/T کی بلند سطح تک پہنچ گئیں۔ نتیجتاً ڈی اے پی کی مقامی قیمتوں میں وہی صورتحال دیکھی گئی اور 2021 کی دوسری سہ ماہی کی فی بوری قیمت 5,562/- روپے سے بڑھ کر 2021 کی تیسری سہ ماہی کے اختتام تک فی بوری قیمت 6,463/- روپے تک پہنچ گئی۔ ڈی اے پی کی بڑھتی ہوئی قیمتوں کے ساتھ فاسفیٹ والے فریٹلائزرز پر سبسڈی دینے میں تاخیر سے ڈی اے پی کی صنعت میں گزشتہ سال کے مقابلے میں 15 فیصد کی دیکھی جا رہی ہے۔ اس سے فریٹلائزر کے استعمال میں عدم توازن پیدا ہوگا اور نتیجے میں فصلوں کی پیداوار پر منفی اثرات مرتب ہوں گے۔

مقامی سطح پر 2021 کے دوران زرعی شعبے میں زبردست کارکردگی سامنے آئی۔ سہ ماہی کے دوران Covid-19 کے سبب لاک ڈاؤن نے ایگری سپلائی چین پر کوئی خاص اثرات مرتب نہیں کئے۔ اس سہ ماہی کے دوران زرعی اجناس کی قیمتوں مستحکم رہیں اور نتیجے میں کسانوں کی کمائی بڑھ گئی، جس کے مطابق کئی کی اسپرنگ کی فصل گزشتہ سال کے 45,000/- فی ایکڑ کے مقابلے میں 60,000/- فی ایکڑ تک پہنچ گئی۔ اسی طرح کپاس کی فصل کی پیداوار بھی گزشتہ سال کی اسی مدت کے دوران 16,700/- فی ایکڑ کے مقابلے میں اس سال 50,000/- فی ایکڑ تک پہنچنے کی توقع کی جا رہی ہے۔

اینٹروفریٹلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے 9 ماہ ختم شدہ 30 ستمبر، 2021

ہم، اینٹروفریٹلائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے غیر آڈٹ شدہ مالی گوشوارے برائے 9 ماہ ختم شدہ 30 ستمبر، 2021 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

COVID-19 کے دوران کاروبار جاری رکھنے کی منصوبہ بندی

کمپنی اپنے ملازمین کی حفاظت کو یقینی بناتے ہوئے Covid-19 کے SOPs پر سختی سے عمل درآمد کے لیے کوشاں ہے۔ ہمارے تقریباً 88 فیصد ملازمین کو ویکسین کی جا چکی ہے۔ اس کے علاوہ اپنے ملازمین کی صحت کو یقینی بنانے کے پیش نظر پیپل ڈیسک فیسلٹی کو ابھی تک فعال رکھا ہوا ہے۔

کارپوریٹ سٹیٹرز شپ

کمپنی اپنے قریبی علاقہ جات میں فلاحی خدمات کی اہمیت کو سمجھتی ہے اور اس سلسلے میں افراد کی زندگیوں میں بہتری لانے کے لیے مختلف اقدامات اٹھائے گئے ہیں۔ اس سہ ماہی کے دوران کمیونٹی میں درج ذیل اقدامات اٹھائے گئے:

- الخدمت کے ساتھ اشتراک عمل سے ڈہر کی میں الطراساؤنڈ کی سہولت کے ساتھ ایک میڈیکل کمپ کا انعقاد کیا گیا، اس سہولت سے اب تک 250 خواتین کا معائنہ کیا جا چکا ہے۔
- روزگار دینے کا 6 پروجیکٹس میں معاونت کی گئی (کریاناہ اور اسٹیٹنری شاپس وغیرہ) اور ڈہر کی شہر، گوٹھ فتح پور مہر، گوٹھ واحد بخش اور میر پور گاؤں کے مستحق خواتین میں 50 عدد سلائی مشینیں تقسیم کی گئیں۔
- موٹروے پولیس کے ساتھ مل کر روڈ سیفٹی ڈرائیو کا انعقاد کیا گیا۔ اس ڈرائیو میں موٹر سائیکل ہیلمٹ، فرسٹ ایڈ باکس، ماسک اور سینٹائزرز تقسیم کئے گئے۔
- جنگ اور بلوچ کالونی میں سولر لائٹس کی تنصیب اور ڈہر کی کورٹ، بس اسٹاپس، لاہور فورٹ، مینار پاکستان، لاہور مسجد، سکھرا ایئر پورٹ، اے ایس ایف کی کمپ اور خواجہ فرید پوسٹ گریجویٹ کالج رحیم یار خان میں بیچ لگانے کے لیے مالی معاونت فراہمی کی گئی۔

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