



engro fertilizers



کسان کا
ہمسفر
digitizing
agri-solutions

Third Quarter Accounts 2022





engro fertilizers

company information

BOARD OF DIRECTORS

Mr. Ghias Khan (Chairman)
Mr. Ahsan Zafar Syed (Chief Executive)
Mr. Khawaja Bilal Hussain
Mr. Asad Said Jafar
Mr. Asim Murtaza Khan
Mr. Javed Akbar
Mr. Ismail Mahmud
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)
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba 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
Faysal Bank Limited
NBP Islamic

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

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, 2022

On behalf of the Board of Directors of Engro Fertilizers Limited (the Company/Engro Fertilizers), we are pleased to present the unaudited condensed interim financial statements (consolidated and unconsolidated) for the nine months ended September 30, 2022.

Business Continuity Strategy during COVID 19

The Company remains committed to strict adherence with COVID-19 SOPs whilst ensuring safety of our employees and to prevent any breakouts.

CSR Initiatives

The Company is cognizant of its role in supporting the communities it operates in and uplifting the lives of people therein. With large parts of Pakistan affected by devastating floods, Engro Fertilizers immediately sought to play its role in addressing the plight of flood victims. To date, it has distributed **6,200+ cooked food packs, 1,000+ dry ration packs, and other relief goods including tents, mosquito nets and dewatering pumps.**

- **Education:** Construction work of Sahara school new block is in progress which will increase the capacity by **100** students. Apart from this, Noor Lakhin Katcha middle school was converted into secondary school. Furthermore, the Company provided **28** academic sponsorships to orphan children under the children's education program and arranged, in-house training workshops to improve teaching skills of all adopted and Katcha school teachers.
- **Healthcare:** The Company treated **4,933** snake bite and **847** dog bite patients at its facilities. Moreover, **330** lower limbs and **20** upper limbs patients were treated at our limb's facility. The Company has also successfully installed three solar operated RO plants (one at Ghotki Railway Station and two at Daharki city) for the provision of clean drinking water.
- **Community Engagements:** Engro Fertilizer has initiated **livestock treatment, vaccination and fumigation drive** in surrounding villages and Daharki where **15,000** livestock have been treated. Moreover, food baskets were distributed to the families of widows and orphans under the Company's Ehsaas program. **58** widows also received financial support under the Company's widow support program. Engro Fertilizers, in collaboration with Pakistan Rangers, also organized an inter-school cricket tournament.
- **Environment:** The Company carried out tree plantation drives, "Each One – Plant One" in which more than **20,000** trees have been planted across Pakistan so far this year. Apart from this, under our "Clean and Green Environment" campaign, Engro Fertilizers has signed an MOU with Pakistan Army under which **100,000** plants will be planted at Bahawalpur border area.

Market Overview

On the agriculture front domestically, following the momentum built over previous years, farm economics continued to improve driven by better farm output till 1H 2022. However, heavy monsoon spell observed in July/ August has resulted in inundation of areas in Sindh, Baluchistan and Southern Punjab damaging 4.5M acres of agricultural land.

On the international pricing front, urea witnessed a slight increase in the third quarter, increasing to USD 657/T (landed equivalent PKR 9,874/bag) by the end of Q3 2022 against USD 634/T (landed equivalent PKR 8,415/bag) at the end of 1H 2022. The fertilizer industry has ensured that local farmers continue to benefit from low prices of domestically produced urea. Domestic urea prices stood at PKR 2,250/bag as at September 30th, 2022 depicting a discount of 77% to international prices.

At the back of favorable farm economics and discounted urea prices, urea demand recorded a growth of 2% despite unprecedented floods in Q3 2022 and stood at 4,769 KT vs 4,655 KT in 9M 2021. Meeting this growing demand has been made possible with operation of all the urea plants as domestic urea production stood at 4,769 KT vs 4,655 KT same period last year. The government also imported 200KT of urea during 9M 2022 with further imports being planned for the Rabi season.

DAP international prices declined rapidly during the period due to high stocks in consuming countries coupled with declining crop prices globally, and stood at USD 760/T by end of Q3 2022 compared to USD 1,015/T at the start of the quarter. Domestic DAP prices stood at PKR 13,800/bag by the end of Q3 2022.

Key Developments

The growth trajectory maintained by the agricultural sector during the past few years is expected to see a dip due to huge losses to crops and livestock resulting from devastating floods. The Kharif crops rice, cotton and sugarcane have reportedly faced a loss of PKR 352B (rice: PKR 72B, cotton: PKR 259B, and sugarcane: PKR 20B). Farmers have suffered significant financial losses leading to liquidity challenges to invest in Rabi crops. The Government is planning various measures to rescue the farmers that include increasing support prices for wheat. Comprehensive support from Government and other national/ international donors is critical for affected farmers so that they can successfully sow wheat crop which is essential for our food security.

Amidst the severe political and economic crises faced by the country, the Government of Pakistan has curtailed the foreign exchange outflow from Pakistan. With the rules getting stringent, delays in opening LCs and contracts for import of critical spares and equipment is being faced posing business continuity risk.

The scheduled maintenance activity of Engro Fertilizers Base Plant (Plant – 1) commenced on September 27, 2022 and is estimated to continue for 60 days. It will ensure long-term reliability and sustainable safe operations of the base plant.

In Aug 2022, Urea's MRP was increased to PKR 2250/ bag, also increasing dealers' margin by PKR 50/bag due to rising urea prices and increasing cost of doing business for the dealers.

The Government of Pakistan is considering an increase in feed and fuel prices for the fertilizer sector in view of rising cost of gas. The new prices are expected to apply uniformly across the industry.

On suits filed for GIDC and end of concessionary gas period, the stay orders are in place. During the period, on the matter of GIDC on concessionary gas, the Government of Pakistan has filed a response setting out their stance on the matter. The Company has drafted a rejoinder to the stance submitted by the Government and is in the process of finalizing and submitting the same before the Sindh High Court.

Awards & Recognitions

During 9M 2022, the Company won the following awards:

- British Safety Council's, International Safety award in recognition of its world class HSE systems and outstanding HSE performance.
- "Amir S. Chinoy Corporate Excellence Award in Industrial Category Overall" at the Management Association of Pakistan's (MAP) 37th Corporate Excellence Awards for the third consecutive year.
- 3 awards at the Pakistan Digital Awards 2022 for its dealer management system, "Engro Humsafar".
- Third position in Employer of Choice - Gender Diversity Awards, jointly organized by Pakistan Business Council and International Finance Corporation.
- EFERT scored the highest number of awards at GDEIB platform 2021.
- Third position in both Best Corporate Report Award in the Chemical and Fertilizer Sector and Best Sustainability Report Award for 2021 by ICAP and ICMA
- ROSPA Fleet safety Gold Award in recognition of E-logistics successfully managing occupational road risk throughout the year

Company's Operating Performance

The Company's urea production stood at 1,568 KT vs 1,560 KT in 9M 2021. Sales during the period stood at 1,522 KT versus 1,744 KT during the same period last year due to higher opening inventory in 2021.

The Company's phosphates (DAP, Zorawar & NP) sales during 9M 2022 stood at 212 KT vs 242 KT during the same period last year.

Gross Profit of the Company was recorded at PKR 32.3 Bn for 9M 2022 as compared to PKR 31 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 10 Bn compared to PKR 15.1 Bn same period last year. Company's consolidated profit stood at PKR 9.6 Bn versus PKR 14.9 Bn in the corresponding period last year, resulting in an EPS of PKR 7.19 versus PKR 11.17 in the same period last year. Decline in profitability is primarily due to levy of super tax on the fertilizer sector. During the period, the company has recognized PKR 5.5 billion on account of super tax. The company is in the process of filing a stay order on the levy of super tax through Section 4C of the Income Tax Ordinance, 2001 in Sindh High Court.

The Board is pleased to announce a cash dividend of PKR ___ per share for the period ended September 30, 2022.

Near Term Outlook

The monsoon floods struck Pakistan amidst severe political uncertainty and high inflation. The country is heavily reliant on the Rabi season for its wheat crop. With flood water gradually receding, the Rabi season sowing is likely to pick up, however support would be required from the Government and donor agencies to ensure timely sowing.

The Company foresees significant challenges arising from potential demand destruction post recent floods, foreign exchange availability, imposition of super tax and other inflationary pressures. We continue to work closely with industry and the Government of Pakistan to overcome these challenges to ensure long term food security of the nation.

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.



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman



engro fertilizers

consolidated condensed
interim financial statements
(unaudited)
for the nine months ended
september 30, 2022

consolidated condensed interim statement of financial position as at september 30, 2022

(Amounts in thousand)

		Unaudited September 30, 2022	Audited December 31, 2021
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	76,824,321	73,031,490
Intangible assets		5,290,939	5,301,409
Long-term investments	4	705,833	-
Long-term loans, advances and deposits		66,251	60,798
		<u>82,887,344</u>	<u>78,393,697</u>
Current assets			
Stores, spares and loose tools	5	7,132,673	6,426,976
Stock-in-trade	6	24,775,859	13,489,961
Trade debts		2,610,669	3,069,812
Loans, advances, deposits and prepayments		5,290,348	2,237,144
Other receivables		16,281,357	12,677,009
Accrued income		95,262	19,310
Short-term investments	7	6,780,000	15,237,752
Cash and bank balances	8	2,396,101	1,266,722
		<u>65,362,269</u>	<u>54,424,686</u>
TOTAL ASSETS		<u><u>148,249,613</u></u>	<u><u>132,818,383</u></u>

(Amounts in thousand)

		Unaudited September 30, 2022	Audited December 31, 2021
	Note	-----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		(89,866)	(89,866)
Unappropriated profit		26,012,831	30,438,777
		29,307,869	33,733,815
TOTAL EQUITY		42,660,862	47,086,808
Liabilities			
Non-current liabilities			
Borrowings	9	8,230,028	11,459,534
Government grant		952,781	925,494
Deferred taxation		7,143,930	11,942,999
Deferred liabilities		222,223	232,137
Provision for Gas Infrastructure Development Cess (GIDC)		3,297,297	6,363,848
		19,846,259	30,924,012
Current liabilities			
Trade and other payables	10	46,296,787	26,026,519
Accrued interest / mark-up		636,878	262,571
Taxation - net		10,771,315	1,361,183
Current portion of:			
- borrowings	9	5,946,429	5,755,811
- government grant		259,204	154,209
- deferred liabilities		63,668	63,804
- provision for GIDC		15,483,458	11,816,337
Short-term borrowings	11	5,235,775	4,117,658
Loan from Parent Company	12	1,000,000	5,200,000
Unclaimed dividend		48,978	49,471
		85,742,492	54,807,563
TOTAL LIABILITIES		105,588,751	85,731,575
Contingencies and Commitments	13		
TOTAL EQUITY AND LIABILITIES		148,249,613	132,818,383

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
-----Rupees-----					
Net sales	14	35,739,302	37,382,857	110,875,573	92,742,114
Cost of sales		(25,987,272)	(27,767,557)	(78,571,864)	(61,718,437)
Gross profit		9,752,030	9,615,300	32,303,709	31,023,677
Selling and distribution expenses		(2,241,815)	(2,132,618)	(6,035,251)	(5,996,344)
Administrative expenses		(492,683)	(453,376)	(1,872,690)	(1,359,623)
		7,017,532	7,029,306	24,395,768	23,667,710
Other income	15	204,783	458,134	1,303,969	1,428,778
Other operating expenses		(151,190)	(561,062)	(2,003,661)	(1,685,296)
Finance cost		(582,286)	(426,026)	(1,639,738)	(1,265,572)
Other (losses) / gains:					
- Remeasurement loss on provision for GIDC		(243,085)	(269,838)	(599,690)	(786,114)
- (Loss allowance) / reversal of loss allowance on subsidy receivable from GoP		(26,808)	108,293	(415,981)	272,710
		(269,893)	(161,545)	(1,015,671)	(513,404)
Profit before taxation		6,218,946	6,338,807	21,040,667	21,632,216
Taxation	16	(2,037,255)	(1,927,180)	(11,445,970)	(6,711,462)
Profit for the period		4,181,691	4,411,627	9,594,697	14,920,754
Earnings per share - basic and diluted		3.13	3.30	7.19	11.17

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand)

	Quarter ended		Nine month ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	-----Rupees-----			
Profit for the period	4,181,691	4,411,627	9,594,697	14,920,754
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,181,691	4,411,627	9,594,697	14,920,754

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of changes in equity for the nine months ended september 30, 2022

(Amounts in thousand)

	CAPITAL		RESERVES		Total
	Share capital	Share premium	Remeasurement of post employment benefits	Unappropriated profit	
	-----Rupees-----				
Balance as at January 1, 2022 (Audited)	13,352,993	3,384,904	(89,866)	30,438,777	47,086,808
Transactions with owners:					
Dividends:					
- Final 2021: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2022: Rs. 5.5 per share	-	-	-	(7,344,146)	(7,344,146)
	-	-	-	(14,020,643)	(14,020,643)
Total comprehensive income for the nine months ended September 30, 2022					
Profit for the period	-	-	-	9,594,697	9,594,697
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	9,594,697	9,594,697
Balance as at September 30, 2022 (Unaudited)	13,352,993	3,384,904	(89,866)	26,012,831	42,660,862
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(50,411)	30,043,254	46,730,740
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)
	-	-	-	(16,023,588)	(16,023,588)
Total comprehensive income for the nine months ended September 30, 2021					
Profit for the period	-	-	-	14,920,754	14,920,754
Other comprehensive income 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

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand)

	Note	Nine month ended	
		September 30, 2022	September 30, 2021
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	26,739,699	11,520,177
Retirement and other service benefits paid		(69,776)	(64,514)
Taxes paid		(6,834,907)	(1,805,377)
Long-term loans, advances and deposits		(5,453)	(63,074)
Income on deposits / other financial assets		1,117,876	1,425,467
Net cash generated from operating activities		20,947,439	11,012,679
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangibles		(6,336,215)	(7,679,152)
Proceeds from disposal of operating assets		41,292	68
Purchase of short-term / long-term investments		(705,833)	(109,998)
Proceeds from sale of short-term investments		5,600	24,813,334
Net cash (utilised in) / generated from investing activities		(6,995,156)	17,024,252
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		993,993	2,462,406
Disbursement of loan from Parent Company		(14,500,000)	-
Repayments of loan from Parent Company		10,300,000	-
Repayment of long-term borrowings		(4,203,000)	(7,532,742)
Finance cost paid		(963,030)	(1,022,730)
Dividends paid		(14,021,136)	(16,031,352)
Net cash utilised in financing activities		(22,393,173)	(22,124,418)
Net (decrease) / increase in cash and cash equivalents		(8,440,890)	5,912,513
Cash and cash equivalents at beginning of the period		12,377,216	5,126,379
Cash and cash equivalents at end of the period	18	3,936,326	11,038,892

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

notes to the consolidated condensed interim financial statements (unaudited) for the nine months ended september 30, 2022

(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 Limited (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 06, 2017 as a wholly owned subsidiary of the Holding Company to carry out trading and distribution of imported fertilizer as part of the business reorganisation. The Holding Company 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 and 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 annual consolidated financial statements of the Group for the year ended December 31, 2021.
- 2.3 The significant 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 annual consolidated financial statements of the Group for the year ended December 31, 2021.

(Amounts in thousand)

- 2.4** The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting standards applicable in Pakistan 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.
- 2.5** 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 the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.
- 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.

Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----	

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets at net book value (note 3.1)	62,539,161	60,601,082
Capital work in progress (note 3.2)	12,759,365	11,031,660
Major spare parts and stand-by equipment	1,525,795	1,398,748
	<u>76,824,321</u>	<u>73,031,490</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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
-----Rupees-----				
Building on freehold land	29,246	63,159	-	-
Building on leasehold land	-	8,862	-	-
Plant and machinery	1,286,247	171,195	-	20,153
Office equipment	52,938	64,573	1,624	212
Vehicles	116,213	207,136	40,785	9,317
Aircraft	2,875,687	-	-	-
	<u>4,360,331</u>	<u>514,925</u>	<u>42,409</u>	<u>29,682</u>

The above disposals / write-offs represent assets having a cost of Rs. 68,480 (September 30, 2021: Rs. 51,124) and net book value of Rs. 42,409 (September 30, 2021: Rs. 29,682), which were disposed off for Rs. 41,292 (September 30, 2021: Rs. 68).

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
3.2 Capital work in progress		
Balance at beginning of the period / year	11,031,660	4,769,483
Add: Additions during the period / year	6,209,168	10,466,228
Transferred to:		
- operating assets (note 3.1)	(4,360,331)	(3,857,929)
- intangible assets	(121,132)	(346,122)
Balance at end of the period / year	<u>12,759,365</u>	<u>11,031,660</u>
4. LONG-TERM INVESTMENTS		
At amortised cost		
Pakistan Investment Bonds (note 4.1)	<u>705,833</u>	<u>-</u>
4.1 These bonds carry interest at the rates ranging between 13.04% to 14.19% and have maturity terms ranging between two to five years.		
	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
5. STORES, SPARES AND LOOSE TOOLS		
Consumable stores, spares and loose tools	8,094,780	7,284,899
Less: Provision for surplus and slow moving items (note 5.1)	(962,107)	(857,923)
	<u>7,132,673</u>	<u>6,426,976</u>
5.1 Provision for surplus and slow moving items		
Balance at beginning of the period / year	857,923	640,750
Charge for the period / year	247,087	241,970
Reversal / written-off during the period / year	(142,903)	(24,797)
Balance at the end of period / year	<u>962,107</u>	<u>857,923</u>

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
6. STOCK-IN-TRADE		
Raw materials	4,285,464	2,560,842
Packing materials	472,958	390,934
Work in process	1,638,432	121,854
	<u>6,396,854</u>	<u>3,073,630</u>
Finished goods:		
- manufactured products	5,459,117	1,893,084
- purchased and packaged products	13,120,183	8,669,441
	<u>18,579,300</u>	<u>10,562,525</u>
Less: Provision for impairment against stock-in-trade (note 6.1)	<u>(200,295)</u>	<u>(146,194)</u>
	<u><u>24,775,859</u></u>	<u><u>13,489,961</u></u>
6.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	158,979	111,129
Reversal / written-off during the period / year	(104,878)	(196,596)
Balance at end of the period / year	<u>200,295</u>	<u>146,194</u>
7. SHORT-TERM INVESTMENTS		
At fair value through profit or loss		
- Investment in units of mutual funds (note 7.1)	2,946,000	12,032,219
At amortised cost		
- Pakistan Investment Bonds	-	1,263,708
- Treasury Bills (note 7.2)	3,830,000	1,686,775
- Term Deposit Receipts (note 7.3)	4,000	255,050
	<u>3,834,000</u>	<u>3,205,533</u>
	<u>6,780,000</u>	<u>15,237,752</u>
7.1 The details of investments in mutual funds are as follows:		
	Number of units	Amount in Rupees
MCB Arif Habib Savings and Investments Limited	29,721,922	1,500,000,000
UBL Asset Management Company	14,014,942	1,446,000,000
	<u>43,736,864</u>	<u>2,946,000,000</u>
7.2 These represent Treasury Bills carrying interest at the rates ranging between 13.80% to 14.71% (December 31, 2021: ranging between 10.35% to 10.84%) per annum.		
7.3 These represent term deposit receipts carrying interest at the rate of 7.52% (December 31, 2021: 12.52%) per annum.		

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
8. CASH AND BANK BALANCES		
Cash at banks in:		
- deposit accounts (notes 8.1 and 8.2)	484,746	313,486
- current accounts	1,900,142	943,023
	2,384,888	1,256,509
Cash in hand	11,213	10,213
	<u>2,396,101</u>	<u>1,266,722</u>

8.1 Deposit accounts carry return at the rate of 8.25% (December 31, 2021: 5.75% to 7.25%) per annum.

8.2 Includes Rs. 484,746 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
9. BORROWINGS - Secured (Non-participatory)		
Long term finance utilised under mark-up arrangements (notes 9.1 and 9.2)	10,439,689	14,747,486
Temporary Economic Refinance Facility (TERF) loans (note 9.3)	4,948,753	3,547,562
Less: Fair value adjustment for below market rates (note 9.3)	(1,211,985)	(1,079,703)
	3,736,768	2,467,859
Less: Current portion shown under current liabilities	(5,946,429)	(5,755,811)
Balance at end of the period / year	<u>8,230,028</u>	<u>11,459,534</u>

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

9.2 During the period, the Holding Company made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs. 2,666,667, Rs. 941,667, Rs. 250,000 and Rs. 344,667, respectively.

9.3 During the period, the Holding Company acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2022. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the consolidated condensed interim statement of profit or loss.

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
10. TRADE AND OTHER PAYABLES		
Creditors	6,290,509	5,825,712
Accrued liabilities (note 10.1)	30,565,072	14,334,213
Advances from customers	6,965,318	4,254,127
Payable to:		
Parent Company	-	2,089
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	361	1,271
- Defined Contribution Provident Fund	34,306	32,056
- Defined Contribution Provident Fund NMPT	6,336	6,071
- Defined Contribution Gratuity Fund MPT	16,233	15,359
- Defined Contribution Pension Fund	946	478
- Defined Benefit Gratuity Fund NMPT	116,031	97,008
Deposits / Retention from dealers and contractors (note 10.2)	293,123	279,725
Workers' profit participation fund	928,221	-
Workers' welfare fund	965,024	1,052,638
Withholding tax payable	113,963	125,145
Others	1,344	627
	<u>46,296,787</u>	<u>26,026,519</u>

- 10.1** On June 10, 2021, the Holding Company filed a Suit before the Sindh High Court (SHC) in which it prayed that Sui Northern Gas Pipelines Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and 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 vide its 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 recorded a provision of Rs. 5,734,045 (December 31, 2021: Rs. 2,494,496) in these consolidated condensed interim financial statements.

- 10.2** The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Holding Company.

11. SHORT-TERM BORROWINGS

11.1 Holding Company

- 11.1.1** The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 14,225,000 (December 31, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.02% to 0.5% (December 31, 2021: 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 packing 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 Holding Company has utilised Rs. 5,099,506 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 4,232,201 (December 31, 2021: Rs. 3,864,957) from non-funded facilities as at the reporting date.

(Amounts in thousand)

11.2 Subsidiary Company

11.2.1 The facilities for short-term running finances, available from various banks, aggregate to Rs. 14,225,000 (December 31, 2021: Rs. 12,725,000). The rates of mark-up on funded bank overdraft facilities ranged from 0.02% to 0.5% (December 31, 2021: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. As at September 30, 2022, the Subsidiary Company has utilised Rs. 136,269 (December 31, 2021: Nil) out of the aforementioned facilities.

12. LOAN FROM PARENT COMPANY

Represents subordinated loan from the Parent Company amounting to Rs. 1,000,000 (December 31, 2021: Rs. 5,200,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2021: 3 months KIBOR + 0.1%) per annum.

13. CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 As at September 30, 2022, bank guarantees of Rs. 5,498,185 (December 31, 2021: Rs. 5,332,652) have been issued in favour of third parties.

13.2 As at September 30, 2022, there is no material change in the status of matters reported as contingencies in note 24 of the audited annual consolidated financial statements of the Company for the year ended December 31, 2021, except for the below.

In the year 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Holding Company u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directive issued by FBR. As such, the Holding Company received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Holding Company had filed appeals before the Commissioner Inland Revenue (Appeals) (CIRA) against all amendment orders.

During June 2022, the Holding Company received orders from the CIRA in respect of the TY 2015, 2016, 2018 and 2020 on the appeals filed by the Company against the Order of Deputy Commissioner Inland Revenue (DCIR). In these orders, the CIRA remanded back certain disallowances with a tax impact of Rs. 13,364,756 to the DCIR for reconsideration / further verification. Further, the CIRA upheld and maintained the decision of DCIR on disallowances with a tax impact of Rs. 1,213,624 on account of lack of documentary evidence provided by the Company. CIRA has upheld the contention of the Company in respect of certain disallowances with a tax impact of Rs. 3,987,210. During September 2022, the Holding Company received appeal effect orders from the DCIR confirming the deletion of disallowances with a tax impact of Rs. 17,728,289 while maintaining certain disallowances having a tax impact of Rs. 837,973.

In respect of the matters where CIRA has upheld and maintained the decision of DCIR, the Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR).

In respect of sales tax audits, the tax department has only issued a Show Cause Notice (SCN) for TY 2017. The Holding Company filed Constitutional Petitions before the SHC challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the SHC granted ad-interim orders in favour of the Holding Company for all three tax years.

The Holding Company considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
13.3 Commitments		
Commitments in respect of capital expenditure and other operational items	11,482,486	11,420,643

Unaudited			
Quarter ended		Nine months ended	
September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
-----Rupees-----			

14. NET SALES

Manufactured product				
- Gross sales	21,831,687	23,333,749	71,953,426	66,899,383
- Less: Sales tax	-	(471,863)	(1,017,417)	(1,345,926)
	21,831,687	22,861,886	70,936,009	65,553,457
Purchased and packaged product				
- Gross sales	13,809,509	14,808,661	40,416,530	27,741,297
- Less: Sales tax	(10,133)	(333,059)	(575,943)	(601,034)
	13,799,376	14,475,602	39,840,587	27,140,263
Services				
- Gross sales	210,583	231,250	549,793	626,554
- Less: Sales tax	(15,906)	(29,062)	(68,338)	(71,387)
	194,677	202,188	481,455	555,167
Less: Trade discount	(86,438)	(156,819)	(382,478)	(506,773)
	35,739,302	37,382,857	110,875,573	92,742,114

15. OTHER INCOME

On financial assets

Income on deposits / other financial assets	155,682	411,644	1,193,828	1,330,360
---	---------	---------	-----------	-----------

On non-financial assets

Scrap sales	34,355	19,696	90,133	24,450
Others	14,746	26,794	20,008	73,968
	49,101	46,490	110,141	98,418
	204,783	458,134	1,303,969	1,428,778

(Amounts in thousand)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	-----Rupees-----			
16. TAXATION				
Current				
- for the period (note 16.3)	2,371,468	1,905,127	7,154,447	7,205,070
- for prior year (note 16.4)	6,122,846	-	9,090,592	-
	8,494,314	1,905,127	16,245,039	7,205,070
Deferred (note 16.5)	(6,457,059)	22,053	(4,799,069)	(493,608)
	2,037,255	1,927,180	11,445,970	6,711,462

16.1 There are no material changes in the tax related matters reported in note 33 of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021, except for those mentioned below:

16.2 In the year 2020, the income tax department amended the assessment filed by the Holding Company for Tax Year 2019. The Holding Company filed an appeal before the CIRA against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

During June 2022, CIRA passed an order allowing deletion of proration of expenses to exempt income and claim of WWF / WPPF as deductible allowances whilst maintaining some of the additions made by taxation officer in the amendment order. During September 2022, DCIR passed appeal effect order deleting the disallowances pertaining to proration of expenses to exempt income and claim of WWF whilst maintaining some of the additions and disallowance made in the assessment order. The Holding Company has filed appeals before the CIRA and ATIR, in this respect.

Further, through the same order the DCIR has also disallowed certain expenses falling under the ambit of section 34(3) of the Income Tax Ordinance, 2001. The Holding Company has recognized the tax impact of such changes for all tax years on a prudent basis.

The Holding Company maintains adequate provision in these condensed interim financial statements and is confident that it will not be exposed to any additional liability in this respect.

16.3 This includes an amount of Rs. 853,424 on account of provision made by the Holding Company in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

16.4 Includes an amount of Rs. 2,293,167 on account of provision made by the Holding Company in accordance with section 4C 'Super Tax on high earning persons' introduced in the Ordinance through the Act, whereby a super tax at ten percent has been imposed on the specified sectors (including the fertilizer sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022).

16.5 Includes deferred tax expense arising on account of recognition of deferred tax asset / liability on the deductible / taxable temporary differences at the rate of 33% (including 4% super tax as explained in note 17.3 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled. Liability as at December 31, 2021 was recognised at 29% being the rate then enacted.

This also includes corresponding impact on deferred tax of the matter as disclosed in 16.2.

(Amounts in thousand)

	Unaudited	
	Nine month ended	
	September 30,	September 30,
	2022	2021
	-----Rupees-----	
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	21,040,667	21,632,216
Adjustment for non-cash charges and other items:		
Depreciation	2,378,903	4,018,315
Amortisation of intangibles	131,602	103,463
Amortisation deferred income	(2,899)	(2,899)
Loss on disposal of operating assets	1,117	29,614
Provision for retirement and other service benefits	64,445	49,317
Income on deposits / other financial assets	(1,193,828)	(1,330,360)
Finance cost	1,337,337	1,097,522
Exchange loss on revaluation of long term borrowings	302,401	166,100
Amortisation of transaction cost on borrowings	-	1,950
Provision for impairment against trade debts - net	10,986	3,200
Remeasurement loss on provision for GIDC	599,690	786,114
Loss allowance / (reversal of loss allowance) on subsidy receivable from GoP	415,981	(272,710)
Provision for impairment against stock-in-trade - net	54,101	80,927
Provision for surplus and slow moving stores and spares - net	104,184	39,793
Provision for further sales tax	-	63,000
Working capital changes (note 17.1)	1,495,012	(14,945,385)
	26,739,699	11,520,177
17.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(809,881)	(195,078)
- Stock-in-trade	(11,339,999)	(3,102,485)
- Trade debts	448,157	(645,355)
- Loans, advances, deposits and prepayments	(3,053,204)	(5,633,892)
- Other receivables (net)	(4,020,329)	(3,602,077)
	(18,775,256)	(13,178,887)
Increase / (decrease) in trade and other payables	20,270,268	(1,766,498)
	1,495,012	(14,945,385)
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances (note 8)	2,396,101	818,868
Short-term investments	6,776,000	10,955,755
Short-term borrowings	(5,235,775)	(735,731)
	3,936,326	11,038,892

(Amounts in thousand)

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

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

There have been no changes in the financial 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.

19.2 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			
As at September 30, 2022 (Unaudited)				
Financial assets at fair value through profit or loss	-	2,946,000	-	2,946,000
As at December 31, 2021 (Audited)				
Financial assets at fair value through profit or loss	-	12,032,219	-	12,032,219

Represents investment in units of mutual funds that are measured at fair value using the fund's respective net asset value.

19.3 Valuation techniques used to determine fair values

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

19.4 Fair value of financial assets and liabilities

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

(Amounts in thousand)

20. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Parent Company, Subsidiary 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 month ended	
	September 30, 2022	September 30, 2021
	-----Rupees-----	
Parent Company		
Dividend paid	7,889,416	9,015,745
Mark-up on sub-ordinated loan from the Parent Company	347,751	55,722
Reimbursements made:		
- to the Company	768,032	889,442
- by the Company	34,094	35,551
Royalty charged to the Company	1,036,721	960,423
Repayment of sub-ordinated loan from the Holding Company	14,500,000	-
Receipt of subordinated loan from the Holding Company	10,300,000	-
Use of assets	345,530	-
Associated Companies		
Purchases and services received	16,828,420	175,213
Services provided by the Company	119,258	95,918
Reimbursements made:		
- by the Company	20,955	40,123
- to the Company	38,507	613
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	566	663
Contribution to Engro Foundation under Corporate Social Responsibility	-	11,000
Use of assets	274,098	-
Contribution to staff retirement benefits		
Pension fund	8,253	5,420
Gratuity fund	126,702	115,065
Provident fund	150,457	129,498
Dividend paid to staff retirement benefits		
Pension fund	321	79
Gratuity fund	2,423	2,049
Provident fund	4,430	-
Others		
Remuneration of key management personnel	284,714	168,391
Directors' fee	12,527	10,163

(Amounts in thousand)

21. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- Rupees -----									
Sales	53,284,682	54,851,555	42,501,200	25,430,939	15,174,549	13,221,326	1,984,452	1,230,858	112,944,883	94,734,678
Intersegment sales	5,035,992	3,505,947	-	-	-	-	407,611	996,513	5,443,603	4,502,460
Sales tax	(822,049)	(1,101,442)	(564,515)	(511,361)	(174,005)	(316,570)	(101,130)	(15,046)	(1,661,699)	(1,944,419)
	57,498,625	57,256,060	41,936,685	24,919,578	15,000,544	12,904,756	2,290,933	2,212,325	116,726,787	97,292,719
Profit before tax / (Loss before tax)	10,553,852	16,468,801	7,454,494	4,035,159	2,971,754	1,236,250	60,568	(107,994)	21,040,667	21,632,216
Depreciation & Amortization	2,310,305	3,675,620	-	-	47,367	20,315	152,833	425,843	2,510,505	4,121,778
Capital Expenditure	6,019,965	4,712,324	-	-	37,975	84,573	151,228	2,977,340	6,209,168	7,774,237

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	----- Rupees -----									
Segment Assets	99,971,542	92,135,885	14,051,746	8,994,484	12,815,279	6,704,057	11,433,850	8,460,173	138,272,417	116,294,599
Unallocated assets									9,977,196	16,523,784
Total Assets	99,971,542	92,135,885	14,051,746	8,994,484	12,815,279	6,704,057	11,433,850	8,460,173	148,249,613	132,818,383

(Amounts in thousand)

	Unaudited	
	September 30, 2022	September 30, 2021
----- Rupees -----		
21.1 Reconciliation of reportable segment net sales		
Total net sales for reportable segment	116,726,787	97,292,719
Elimination of intersegment net sales	(5,443,603)	(4,502,460)
Elimination of net sales to subsidiary	(407,611)	(48,145)
Total net sales	110,875,573	92,742,114

	Unaudited	Audited
	September 30, 2022	December 31, 2022
----- Rupees -----		
21.2 Reconciliation of reportable segment total assets		
Total assets for reportable segments	138,272,417	116,294,599
Add: Unallocated assets		
- Accrued income	95,262	19,310
- Short term investments	6,780,000	15,237,752
- Long term investments	705,833	-
- Cash and bank balances	2,396,101	1,266,722
	9,977,196	16,523,784
Total assets	148,249,613	132,818,383

22. 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.

23. 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 audited consolidated financial statements of the 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 have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

(Amounts in thousand)

24. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on October 12, 2022 has approved an interim cash dividend of Rs. 3 per share for the year ending December 31, 2022, amounting to Rs. 4,005,898. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

25. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 12, 2022 by the Board of Directors of the Holding Company.



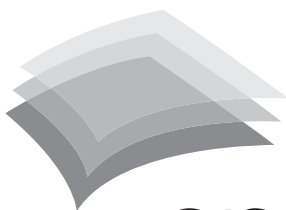
Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman



engro fertilizers

condensed interim financial
statements (unaudited)
for the nine months ended
september 30, 2022

condensed interim statement of financial position as at september 30, 2022

(Amounts in thousand)

		Unaudited September 30, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	3	76,824,321	73,031,490
Intangible assets		5,290,939	5,301,409
Investment in subsidiary		100	100
Long-term investments	4	352,915	-
Long-term loans, advances and deposits		66,251	60,577
		82,534,526	78,393,576
Current assets			
Stores, spares and loose tools	5	7,132,673	6,426,976
Stock-in-trade	6	12,486,619	5,176,330
Trade debts		1,830,642	2,152,193
Working capital loan to subsidiary	7	13,022,772	6,601,772
Loans, advances, deposits and prepayments		3,541,739	1,956,108
Other receivables		14,750,767	12,518,952
Accrued income		561,512	307,417
Short-term investments	8	2,946,000	14,097,250
Cash and bank balances	9	2,288,802	1,180,203
		58,561,526	50,417,201
TOTAL ASSETS		141,096,052	128,810,777

(Amounts in thousand)

	Note	Unaudited September 30, 2022	Audited December 31, 2021
-----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)
Remeasurement of post employment benefits		(90,220)	(90,220)
Unappropriated profit		24,951,304	28,974,586
		27,941,961	31,965,243
TOTAL EQUITY		41,294,954	45,318,236
Liabilities			
Non-current liabilities			
Borrowings	10	8,230,028	11,459,534
Government grant		952,781	925,494
Deferred taxation		7,143,930	11,942,999
Deferred liabilities		218,395	228,292
Provision for Gas Infrastructure Development Cess (GIDC)		3,297,297	6,363,848
		19,842,431	30,920,167
Current liabilities			
Trade and other payables	11	43,438,195	24,026,426
Accrued interest / mark-up		636,588	260,154
Taxation - net		7,983,607	1,129,470
Current portion of:			
- borrowings	10	5,946,429	5,755,811
- government grant		259,204	154,209
- deferred liabilities		62,702	62,838
- provision for GIDC		15,483,458	11,816,337
Short-term borrowings	12	5,099,506	4,117,658
Loan from Holding Company	13	1,000,000	5,200,000
Unclaimed dividend		48,978	49,471
		79,958,667	52,572,374
TOTAL LIABILITIES		99,801,098	83,492,541
Contingencies and Commitments	14		
TOTAL EQUITY & LIABILITIES		141,096,052	128,810,777

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2022	2021	2022	2021
-----Rupees-----					
Net sales	15	22,238,636	23,269,818	72,187,752	66,794,952
Cost of sales		(15,984,599)	(16,362,605)	(49,473,904)	(41,062,987)
Gross profit		6,254,037	6,907,213	22,713,848	25,731,965
Selling and distribution expenses		(1,969,222)	(1,929,764)	(5,400,598)	(5,522,857)
Administrative expenses		(482,736)	(435,199)	(1,846,466)	(1,321,796)
		3,802,079	4,542,250	15,466,784	18,887,312
Other income	16	868,159	2,329,304	6,997,907	5,242,691
Other operating expenses		(150,596)	(561,000)	(1,421,346)	(1,684,236)
Finance cost		(607,340)	(438,582)	(1,702,610)	(1,323,708)
Other (losses) / gains:					
- Remeasurement loss on provision for GIDC		(243,085)	(269,838)	(599,690)	(786,114)
- (Loss allowance) / reversal of loss allowance on subsidy receivable from GoP		(26,808)	108,293	(415,981)	272,710
		(269,893)	(161,545)	(1,015,671)	(513,404)
Profit before taxation		3,642,409	5,710,427	18,325,064	20,608,655
Taxation	17	(1,066,297)	(1,353,462)	(8,327,703)	(5,509,614)
Profit for the period		2,576,112	4,356,965	9,997,361	15,099,041
Earnings per share - basic and diluted		1.93	3.26	7.49	11.31

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	-----Rupees-----			
Profit for the period	2,576,112	4,356,965	9,997,361	15,099,041
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,576,112	4,356,965	9,997,361	15,099,041

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of changes in equity for the nine months ended september 30, 2022

(Amounts in thousand)

	CAPITAL		RESERVES		Total	
	Share capital	Share premium	Reserve on amalgamation	REVENUE Re-measurement of post employment benefits		Unappropriated profit
-----Rupees-----						
Balance as at January 1, 2022 (Audited)	13,352,993	3,384,904	(304,027)	(90,220)	28,974,586	45,318,236
Transactions with owners:						
Dividends:						
- Final 2021: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2022: Rs. 5.50 per share	-	-	-	-	(7,344,146)	(7,344,146)
	-	-	-	-	(14,020,643)	(14,020,643)
Total comprehensive income for the nine months ended September 30, 2022						
Profit for the period	-	-	-	-	9,997,361	9,997,361
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	9,997,361	9,997,361
Balance as at September 30, 2022 (Unaudited)	13,352,993	3,384,904	(304,027)	(90,220)	24,951,304	41,294,954
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(304,027)	(50,765)	28,602,702	44,985,807
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)
	-	-	-	-	(16,023,588)	(16,023,588)
Total comprehensive income for the nine months ended September, 2021						
Profit for the period	-	-	-	-	15,099,041	15,099,041
Other comprehensive income 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

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2022

(Amounts in thousand)

Note	Nine months ended	
	September 30, 2022	September 30, 2021
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
	24,786,776	23,585,102
18	(69,044)	(64,615)
	(6,272,635)	(1,305,735)
	(5,674)	(64,650)
	1,738,834	1,481,331
	20,178,257	23,631,433
CASH FLOWS FROM INVESTING ACTIVITIES		
	(6,336,215)	(7,679,152)
	41,292	68
	(41,770,085)	(25,459,346)
	35,349,085	11,374,953
	(352,915)	-
	-	23,134,502
	4,320,000	3,255,500
	(8,748,838)	4,626,525
CASH FLOWS FROM FINANCING ACTIVITIES		
	993,993	2,462,406
	10,300,000	(7,532,742)
	(14,500,000)	-
	(4,203,000)	-
	(14,021,136)	(16,031,352)
	(1,023,775)	(1,081,459)
	(22,453,918)	(22,183,147)
	(11,024,499)	6,074,811
	11,159,795	5,071,955
	135,296	11,146,766
19	135,296	11,146,766

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

notes to the condensed interim financial statements (unaudited) for the nine months ended september 30, 2022

(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 Limited (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 and 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 annual financial statements of the Company for the year ended December 31, 2021.

2.3 The significant 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 annual financial statements of the Company for the year ended December 31, 2021.

2.4 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards applicable in Pakistan 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 the audited annual financial statements of the Company for the year ended December 31, 2021.

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, 2022	Audited December 31, 2021
-----Rupees-----		
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets at net book value (note 3.1)	62,539,161	60,601,082
Capital work in progress (note 3.2)	12,759,365	11,031,660
Major spare parts and stand-by equipment	1,525,795	1,398,748
	<u>76,824,321</u>	<u>73,031,490</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, 2022	September 30, 2021	September 30, 2022	September 30, 2021
-----Rupees-----				
Building on freehold land	29,246	63,159	-	-
Building on Leasehold land		8,862		
Plant and machinery	1,286,247	171,195	-	20,153
Office equipment	52,938	64,573	1,624	212
Vehicles	116,213	207,136	40,785	9,317
Aircraft	2,875,687	-	-	-
	<u>4,360,331</u>	<u>514,925</u>	<u>42,409</u>	<u>29,682</u>

The above disposals / write-offs represent assets having a cost of Rs. 68,480 (September 30, 2021: Rs. 51,124) and net book value of Rs. 42,409 (September 30, 2021: Rs. 29,682), which were disposed off for Rs. 41,292 (September 30, 2021: Rs. 68).

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
3.2 Capital work in progress		
Balance at beginning of the period / year	11,031,660	4,769,483
Add: Additions during the period / year	6,209,168	10,466,228
Transferred to:		
- operating assets (note 3.1)	(4,360,331)	(3,857,929)
- intangible assets	(121,132)	(346,122)
Balance at end of the period / year	<u>12,759,365</u>	<u>11,031,660</u>

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
4. LONG-TERM INVESTMENTS		
At amortised cost		
Pakistan Investment Bonds (note 4.1)	352,915	-
4.1 These bonds carry interest at the rates ranging between 13.04% to 14.19% and have maturity terms ranging between two to five years.		
	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
5. STORES, SPARES AND LOOSE TOOLS		
Consumable stores, spares and loose tools	8,094,780	7,284,899
Less: Provision for surplus and slow moving items (note 5.1)	(962,107)	(857,923)
	<u>7,132,673</u>	<u>6,426,976</u>
5.1 Provision for surplus and slow moving items		
Balance at beginning of the period / year	857,923	640,750
Charge for the period / year	247,087	241,970
Reversal during the period / year	(142,903)	(24,797)
Balance at the end of period / year	<u>962,107</u>	<u>857,923</u>
6. STOCK-IN-TRADE		
Raw materials	4,285,464	2,560,842
Packing materials	307,452	203,030
Work in process	1,638,432	121,854
	6,231,348	2,885,726
Finished goods:		
- manufactured products	5,459,117	1,893,084
- purchased and packaged products	975,736	543,714
	6,434,853	2,436,798
Less: Provision for impairment against stock-in-trade (note 6.1)	(179,582)	(146,194)
	<u>12,486,619</u>	<u>5,176,330</u>

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
6.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	138,266	111,129
Reversal / written-off during the period / year	(104,878)	(196,596)
Balance at end of the period / year	<u>179,582</u>	<u>146,194</u>

7. WORKING CAPITAL LOAN TO SUBSIDIARY

Represents unsecured loan given to EAPL amounting to Rs. 13,022,772 (December 31, 2021: Rs. 6,601,772). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5% (December 31, 2021: 1 month KIBOR + 0.5%) per annum.

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
8. SHORT TERM INVESTMENTS		
At fair value through profit or loss		
- Investment in units of mutual funds (note 8.1)	2,946,000	12,032,219
At amortised cost		
- Pakistan Investment Bonds	-	132,806
- Treasury Bills	-	1,686,775
- Term Deposit Receipts	-	245,450
	-	2,065,031
	<u>2,946,000</u>	<u>14,097,250</u>

8.1 The details of investments in mutual funds are as follows:

	Number of units	Amount in Rupees
MCB Arif Habib Savings and Investments Limited	29,721,922	1,500,000,000
UBL Asset Management Company	14,014,942	1,446,000,000
	<u>43,736,864</u>	<u>2,946,000,000</u>

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
9. CASH AND BANK BALANCES		
Cash at banks in:		
- deposit accounts (notes 9.1 and 9.2)	484,746	313,486
- current accounts	1,792,843	856,504
	<u>2,277,589</u>	<u>1,169,990</u>
Cash in hand	11,213	10,213
	<u>2,288,802</u>	<u>1,180,203</u>

9.1 Deposit accounts carry return at the rate of 8.25% (December 31, 2021: 5.75% to 7.25%) per annum.

9.2 Includes Rs. 484,746 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
10. BORROWINGS - Secured (Non-participatory)		
Long term finance utilised under mark-up arrangements (notes 10.1 and 10.2)	10,439,689	14,747,486
Temporary Economic Refinance Facility (TERF) loans (note 10.3)	4,948,753	3,547,562
Less: Fair value adjustment for loan at below market rates (note 10.3)	(1,211,985)	(1,079,703)
	<u>3,736,768</u>	<u>2,467,859</u>
Less: Current portion shown under current liabilities	(5,946,429)	(5,755,811)
Balance at end of the period / year	<u>8,230,028</u>	<u>11,459,534</u>

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

10.2 During the period, the Company made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs. 2,666,667, Rs. 941,667, Rs. 250,000 and Rs. 344,667, respectively.

10.3 During the period, the Company acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2022. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the condensed interim statement of profit or loss.

(Amounts in thousand)

	Unaudited September 30, 2022	Audited December 31, 2021
-----Rupees-----		
11. TRADE AND OTHER PAYABLES		
Creditors	6,289,122	5,804,439
Accrued liabilities (note 11.1)	23,004,532	12,456,202
Advances from customers, contract liabilities	5,961,568	4,184,710
Payable to:		
Subsidiary Company:	5,727,897	-
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	361	1,271
- Defined Contribution Provident Fund	34,306	31,734
- Defined Contribution Provident Fund NMPT	6,336	6,071
- Defined Contribution Gratuity Fund MPT	16,233	15,359
- Defined Contribution Pension Fund	946	478
- Defined Benefit Gratuity Fund NMPT	115,666	97,008
Deposits / Retention from dealers and contractors (note 11.2)	281,123	267,225
Workers' profits participation fund	928,221	-
Workers' welfare fund	965,024	1,052,638
Withholding tax payable	106,860	109,291
	<u>43,438,195</u>	<u>24,026,426</u>

- 11.1** On June 10, 2021, the Company filed a Suit before the Sindh High Court (SHC) in which it prayed that Sui Northern Gas Pipelines Limited be directed to supply the contracted / committed volume of feed gas at concessionary pricing under the Gas Sale and 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 vide its 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 recorded a provision of Rs. 5,734,045 (December 31, 2021: Rs. 2,494,496) in these condensed interim financial statements.

- 11.2** The amount is kept in separate term deposits account as per the terms of agreements and is not utilised for the purpose of the business of the Company.

12. SHORT-TERM BORROWINGS

- 12.1** The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 14,225,000 (December 31, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.02% to 0.5% (December 31, 2021: 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 packing 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. 5,099,506 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 4,232,201 (December 31, 2021: Rs. 3,864,957) from non-funded facilities as at the reporting date.

(Amounts in thousand)

13. LOAN FROM HOLDING COMPANY

Represents subordinated loan from the Holding Company amounting to Rs. 1,000,000 (December 31, 2021: Rs. 5,200,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2021: 3 months KIBOR + 0.1% per annum).

14. CONTINGENCIES AND COMMITMENTS

Contingencies

14.1 As at September 30, 2022, bank guarantees of Rs. 4,232,201 (December 31, 2021: Rs. 3,864,957) have been issued in favour of third parties.

14.2 As at September 30, 2022, there is no material change in the status of matter reported as contingencies in note 26 of the audited annual financial statements of the Company for the year ended December 31, 2021, except for the below.

In the year 2021, the income tax department [i.e. Large Taxpayers Unit (LTU)] initiated income tax audits of the Company u/s 177 of the Income Tax Ordinance, 2001 for the Tax Year (TY) 2015, 2016, 2018 and 2020 and sales tax audits u/s 25 of the Sales Tax Act, 1990 for TY 2017, 2018 and 2019 in accordance with the sectoral audit directive issued by FBR. As such, the Company received audit selection notices for all these years.

In respect of income tax audits, the tax department completed the audits and issued amendment orders for all tax years creating an aggregate demand of Rs. 18,566,262. Disallowances raised in the orders mainly included credit entries in bank statements treated as revenue / suppressed sales, inadmissibility of expenses, proration of expenses to exempt income and chargeability of WWF and Super Tax on the revised taxable income. The Company had filed appeals before the Commissioner Inland Revenue (Appeals) (CIRA) against all amendment orders.

During June 2022, the Company received orders from the CIRA in respect of the TY 2015, 2016, 2018 and 2020 on the appeals filed by the Company against the Order of Deputy Commissioner Inland Revenue (DCIR). In these orders, the CIRA remanded back certain disallowances with a tax impact of Rs. 13,364,756 to the DCIR for reconsideration / further verification. Further, the CIRA upheld and maintained the decision of DCIR on disallowances with a tax impact of Rs. 1,213,624 on account of lack of documentary evidence provided by the Company. CIRA has upheld the contention of the Company in respect of certain disallowances with a tax impact of Rs. 3,987,210. During September 2022, the Company received appeal effect orders from the DCIR confirming the deletion of disallowances with a tax impact of Rs. 17,728,289 while maintaining certain disallowances having a tax impact of Rs. 837,973.

In respect of the matters where CIRA has upheld and maintained the decision of DCIR, the Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR).

In respect of sales tax audits, the tax department has only issued a Show Cause Notice (SCN) for TY 2017. The Company filed Constitutional Petitions before the SHC challenging the SCN issued for TY 2017 as well as the audit selection notices for TY 2017, 2018 and 2019. On December 13, 2021, the SHC granted ad-interim orders in favour of the Company for all three tax years.

The Company considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore will not be exposed to any additional liability in this respect.

	Unaudited September 30, 2022	Audited December 31, 2021
	-----Rupees-----	
14.3 Commitments		
Commitments in respect of capital expenditure and other operational items	8,386,682	9,820,028

(Amounts in thousand)

Unaudited			
Quarter ended		Nine months ended	
September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
-----Rupees-----			

15. NET SALES

Manufactured product				
- Gross sales	21,831,687	23,333,749	71,953,426	66,899,383
- Less: Sales tax	-	(474,406)	(1,017,417)	(1,345,925)
	21,831,687	22,859,343	70,936,009	65,553,458
Purchased and packaged product				
- Gross sales	308,365	371,098	1,065,254	1,204,958
- Less: Sales tax	(5,302)	(6,810)	(20,717)	(15,048)
	303,063	364,288	1,044,537	1,189,910
Services				
- Gross sales	210,583	231,250	652,895	626,554
- Less: Sales tax	(15,906)	(29,062)	(68,338)	(71,387)
	194,677	202,188	584,557	555,167
Less: Trade discount	(90,791)	(156,001)	(377,351)	(503,583)
	22,238,636	23,269,818	72,187,752	66,794,952

16. OTHER INCOME

On financial assets

Income on deposits / other financial assets	114,458	410,521	954,126	1,309,849
Income on working capital loan to subsidiary company	506,788	150,829	1,038,803	181,107
Dividend income from subsidiary company	-	1,511,000	4,320,000	3,255,500
	621,246	2,072,350	6,312,929	4,746,456

On non-financial assets

Commission income from subsidiary company	193,633	198,582	547,796	367,028
Sub-licensing income from subsidiary company	4,179	13,469	27,041	32,718
Scrap sales	34,355	19,696	90,133	24,450
Others	14,746	25,207	20,008	72,039
	246,913	256,954	684,978	496,235
	868,159	2,329,304	6,997,907	5,242,691

(Amounts in thousand)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	-----Rupees-----			
17. TAXATION				
Current				
- for the period (note 17.3)	1,400,504	1,331,409	4,710,759	6,003,222
- for prior year (note 17.4)	6,122,846	-	8,416,013	-
	7,523,350	1,331,409	13,126,772	6,003,222
Deferred (note 17.5)	(6,457,053)	22,053	(4,799,069)	(493,608)
	1,066,297	1,353,462	8,327,703	5,509,614

17.1 There are no material changes in the tax related matters reported in note 35 of the audited annual financial statements of the Company for the year ended December 31, 2021, except for those mentioned below:

17.2 In the year 2020, the income tax department amended the assessment filed by the Company for Tax Year 2019. The Company filed an appeal before the CIRA against the disallowances, which mainly pertained to proration of expenses to exempt / FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF / WPPF resulting in demand of Rs 1,145,227 (additions to taxable income of Rs. 3,305,905). In addition, the tax department raised demand for Super tax amounting to Rs. 476,629.

During June 2022, CIRA passed an order allowing deletion of proration of expenses to exempt income and claim of WWF / WPPF as deductible allowances whilst maintaining some of the additions made by taxation officer in the amendment order. During September 2022, DCIR passed appeal effect order deleting the disallowances pertaining to proration of expenses to exempt income and claim of WWF whilst maintaining some of the additions and disallowance made in the assessment order. The Company has filed appeals before the CIRA and ATIR, in this respect.

Further, through the same order the DCIR has also disallowed certain expenses falling under the ambit of section 34(3) of the Income Tax Ordinance, 2001. The Company has recognized the tax impact of such changes for all tax years on a prudent basis.

17.3 This includes an amount of Rs. 549,439 on account of provision made by the Company in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

17.4 Includes an amount of Rs. 2,293,167 on account of provision made by the Company in accordance with section 4C 'Super Tax on high earning persons' introduced in the Ordinance through the Act, whereby a super tax at ten percent has been imposed on the specified sectors (including the fertilizer sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022).

17.5 Includes deferred tax expense arising on account of recognition of deferred tax asset / liability on the deductible / taxable temporary differences at the rate of 33% (including 4% super tax as explained in note 17.3 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled. Liability as at December 31, 2021 was recognised at 29% being the rate then enacted.

This also includes corresponding impact on deferred tax of the matter as disclosed in 17.2.

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2022	September 30, 2021
	-----Rupees-----	
18. CASH GENERATED FROM OPERATIONS		
Profit before taxation	18,325,064	20,608,655
Adjustment for non-cash charges and other items:		
Depreciation	2,378,903	4,018,315
Amortisation of intangibles	131,602	103,463
Amortisation of deferred income	(2,899)	(2,899)
Loss on disposal of operating assets	1,117	29,614
Provision for retirement and other service benefits	62,850	48,298
Income on deposits / other financial assets	(1,992,929)	(1,490,956)
Finance cost	1,400,209	1,155,658
Exchange loss on revaluation of long term borrowings	302,401	166,100
Amortisation of transaction cost on borrowings	-	1,950
Dividend income	(4,320,000)	(3,255,500)
Remeasurement loss on provision for GIDC	599,690	786,114
Loss allowance / (reversal of loss allowance) on subsidy receivable from GoP	415,981	(272,710)
Provision for impairment against trade debts - net	10,986	3,200
Provision for impairment against stock-in-trade - net	33,388	80,927
Provision for surplus and slow moving stores and spares - net	104,184	39,793
Working capital changes (note 18.1)	7,336,229	1,565,080
	24,786,776	23,585,102
18.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(809,881)	(195,078)
- Stock-in-trade	(7,343,677)	1,339,360
- Trade debts	310,565	(617,244)
- Loans, advances, deposits and prepayments	(1,585,631)	(475,904)
- Other receivables (net)	(2,647,796)	(2,200,915)
	(12,076,420)	(2,149,781)
Increase in trade and other payables	19,412,649	3,714,861
	7,336,229	1,565,080
19. CASH AND CASH EQUIVALENTS		
Cash and bank balances (note 9)	2,288,802	803,499
Short-term investments (note 8)	2,946,000	10,955,755
Short-term borrowings (note 12)	(5,099,506)	(612,488)
	135,296	11,146,766

(Amounts in thousand)

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

20.1 Financial risk factors

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

There have been no changes in the financial 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.

20.2 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 -----			
As at September 30, 2022 (Unaudited)				
Financial assets at fair value through profit or loss	-	2,946,000	-	2,946,000
As at December 31, 2021 (Audited)				
Financial assets at fair value through profit or loss	-	12,032,219	-	12,032,219

Represents investment in units of mutual funds that are measured at fair value using the fund's respective net asset value.

20.3 Valuation techniques used to determine fair values

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

20.4 Fair value of financial assets and liabilities

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

(Amounts in thousand)

21. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, Subsidiary 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,	September 30,
	2022	2021
	-----Rupees-----	
Holding Company		
Dividend paid	7,889,416	9,015,745
Mark-up paid on sub-ordinated loan	347,751	55,722
Reimbursements made:		
- by the Company	34,094	35,551
- to the Company	767,116	889,442
Royalty charged to the Company	1,036,721	960,423
Repayment of sub-ordinated loan from the Holding Company	14,500,000	-
Receipt of sub-ordinated loan from the Holding Company	10,300,000	-
Use of assets	345,530	-
Subsidiary Company		
Funds collected against sales made on behalf of Subsidiary Company	28,182,971	20,013,708
Income on working capital loan to Subsidiary Company	1,038,803	181,107
Disbursement of working capital loan to Subsidiary Company	41,770,085	25,459,346
Repayment received against working capital loan to Subsidiary Company	35,349,085	11,374,953
Services provided by the Company	103,102	267,313
Reimbursements made:		
- by the Company	-	2,082
- to the Company	-	3,442
Dividend income	4,320,000	3,255,500
Commission income	547,796	367,028
Sub-licensing fee charged by the Company	27,041	32,718
Purchase of products	304,509	2,747
Sale of product	-	45,414

(Amounts in thousand)

	Unaudited	
	Nine months ended	
	September 30, 2022	September 30, 2021
	-----Rupees-----	
Associated companies		
Purchases and services received	1,856,446	175,213
Services provided by the Company	119,258	95,918
Reimbursements made:		
- by the Company	17,905	40,123
- to the Company	36,793	613
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	566	663
Use of assets	274,098	-
Donations to Engro Foundation under Corporate social responsibility	-	11,000
Contribution to staff retirement benefits		
Pension fund	7,288	5,420
Gratuity fund	125,544	114,116
Provident fund	150,457	128,359
Dividend paid to staff retirement benefits		
Pension fund	321	79
Gratuity fund	2,423	2,049
Provident fund	4,430	-
Others		
Remuneration of key management personnel	267,518	163,874
Directors' fee	12,377	10,013

(Amounts in thousand)

22. 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, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	Rupees							
Sales	53,284,682	54,851,555	19,070,787	9,958,818	938,755	3,416,938	73,294,224	68,227,311
Intersegment sales	5,035,992	3,505,947	-	-	407,611	744,726	5,443,603	4,250,673
Sales tax	(822,049)	(1,101,442)	(92,621)	(207,375)	(191,802)	(123,542)	(1,106,472)	(1,432,359)
	57,498,625	57,256,060	18,978,166	9,751,443	1,154,564	4,038,122	77,631,355	71,045,625
Profit before tax	14,873,852	19,659,103	2,020,667	681,910	1,430,545	267,642	18,325,064	20,608,655
Depreciation & Amortization	2,310,305	3,675,620	47,367	20,315	152,833	425,843	2,510,505	4,121,778
Capital Expenditure	6,019,965	4,712,324	37,975	84,573	151,228	2,977,340	6,209,168	7,774,238

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Segment Assets	112,994,389	99,842,490	10,468,699	4,911,113	11,483,735	8,472,304	134,946,823	113,225,907
Unallocated assets	-	-	-	-	-	-	6,149,229	15,584,870
Total Assets	112,994,389	99,842,490	10,468,699	4,911,113	11,483,735	8,472,304	141,096,052	128,810,777

(Amounts in thousand)

	Unaudited	
	September 30, 2022	September 30, 2021
-----Rupees-----		
22.1 Reconciliation of reportable segment net sales		
Total net sales for reportable segment	77,631,355	71,045,625
Elimination of intersegment net sales	(5,443,603)	(4,250,673)
Total net sales	72,187,752	66,794,952

	Unaudited	Audited
	September 30, 2022	December 31, 2021
-----Rupees-----		

22.2 Reconciliation of reportable segment total assets		
Total assets for reportable segments	134,946,823	113,225,907
Add: Unallocated assets		
- Accrued income	561,512	307,417
- Short term investments	2,946,000	14,097,250
- Long-term investments	352,915	-
- Cash and bank balances	2,288,802	1,180,203
	6,149,229	15,584,870
Total assets	141,096,052	128,810,777

23. 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.

24. 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 audited financial statements of the 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 have been rearranged and reclassified, wherever considered necessary, for the purpose of comparison, the effects of which are not material.

(Amounts in thousand)

25. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 12, 2022 has approved an interim cash dividend of Rs. 3 per share for the year ending December 31, 2022, amounting to Rs. 4,005,898. These condensed interim financial statements do not include the effect of the said interim dividend.

26. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 12, 2022 by the Board of Directors of the Company.



Imran Ahmed
Chief Financial Officer



Ahsan Zafar Syed
Chief Executive Officer



Ghias Khan
Chairman

مستقبل قریب کا جائزہ

ملک میں سیاسی غیر یقینی اور ہوشربا مہنگائی کے ساتھ مومن سون بارشوں سے پیدا ہونے والی تباہ کن سیلابی صورتحال کا سامنا ہے۔ ملک اپنی گندم کی پیداوار کے لیے ریج میزن پر انحصار کرتا ہے۔ سیلابی پانی کے آہستہ آہستہ نکلنے سے ریج میزن کے لیے بوائی ہونے کے امکانات ہیں، تاہم بروقت کاشت کو یقینی بنانے کے لیے حکومتی اور فلاحی اداروں کا تعاون ناگزیر ہے۔

حالیہ سیلابوں سے ہونے والی تباہی کے نتیجے میں طلب و رسد میں خلل، زرمبادلہ ذخائر کی فراہمی، سپرنیکس کے نفاذ اور مہنگائی سے بڑنے والے دیگر بوجھ کمپنی کے لیے مسائل بن سکتے ہیں۔ ہم حکومت پاکستان اور انڈسٹری کے درمیان پل کا کردار ادا کرتے رہیں گے تاکہ ملکی فوڈ سیکورٹی کا طویل مدتی استحکام یقینی بنایا جائے۔

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



اسمن ظفر سید
چیف ایگزیکٹو آفیسر



غیاث خان
چیئرمین

اعزازات اور انعامات

زیرجائزہ مدت کے دوران، کمپنی نے درج ذیل ایوارڈز حاصل کئے:

- برٹش سیفٹی کونسل کی جانب سے عالمی معیار کے HSE سسٹم برقرار رکھنے اور HSE کی غیر معمولی کارکردگی دکھانے پر انٹرنیشنل سیفٹی ایوارڈ سے نوازا گیا۔
- مینجمنٹ ایسوسی ایشن آف پاکستان کے 37 ویں کارپوریٹ ایکسی لینس ایوارڈز میں مجموعی صنعتی کٹیگری کے لیے مسلسل تیسری بار عام ایس چنائے کارپوریٹ ایکسی لینس ایوارڈ سے نوازا گیا۔
- کمپنی کے ڈیپارٹمنٹ سسٹم ”اینگروہمسفر“ کے لیے پاکستان ڈیجیٹل ایوارڈز 2022 میں تین ایوارڈز حاصل کئے۔
- پاکستان برنس کونسل اور انٹرنیشنل فنانس کارپوریشن کے اشتراک سے منعقدہ جینڈر ڈائیورسٹی ایوارڈز کے ایسپلائز آف چوائس کے لیے تیسری پوزیشن حاصل کی۔
- اینگرو فیٹلائزر نے GDEIB پلیٹ فارم 2021 پر سب سے زیادہ ایوارڈز جیتنے کا اعزاز حاصل کیا۔
- کیمیکل اور فیٹلائزر کے شعبے میں میٹ کارپوریٹ رپورٹ ایوارڈ اور ICAP اور ICMA کی جانب سے 2021 کے لیے بیسٹ سسٹین ایبلٹی رپورٹ کے لیے ای ای جینکس کو سال بھر منظم رکھنے پر ROSPA فلیٹ سیفٹی گولڈ ایوارڈ سے نوازا گیا۔

کمپنی کی کاروباری کارکردگی

کمپنی کی یوریا پیداوار گزشتہ سال کی اسی مدت میں 1,560 KT کے مقابلے میں 1,568KT رہی۔ یوریا کی سیکلز گزشتہ سال کی اسی مدت کے، 1,744 KT کے مقابلے میں 1,522 KT رہی کیونکہ 2021 میں انونٹری کو زیادہ رکھا گیا تھا۔

2022 کے 9 ماہ کے دوران کمپنی کی فاسفٹس (ڈی اے پی، زور اور اور این پی) کی سیکلز گزشتہ سال کے 242 KT کے مقابلے میں 212 KT رہی۔

کمپنی کا مجموعی منافع 2022 9M کے لیے 32.3 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 31 بلین روپے تھا۔

انفرادی طور پر خالص منافع گزشتہ سال کی اسی مدت کے 15.1 بلین روپے کے مقابلے میں 10 بلین روپے رہا۔ کمپنی کا مجموعی منافع گزشتہ سال کے 14.9 بلین روپے کے مقابلے میں 9.6 بلین روپے رہا، نتیجے میں ہر ایک سیکٹر پر منافع 7.19 روپے بنتا ہے، گزشتہ سال کا ہر ایک سیکٹر پر منافع 11.17 روپے تھا۔ منافع میں کمی کی وجہ سے فیٹلائزر کے شعبے پر سپر ٹیکس کا نفاذ ہے۔ زیرجائزہ مدت کے دوران، کمپنی پر سپر ٹیکس کی بدولت 5.5 بلین روپے کا بوجھ پڑا ہے۔ کمپنی انکم ٹیکس آرڈیننس 2001 کے سیکشن 4C کے تحت سپر ٹیکس کے نفاذ کے خلاف اسٹے آرڈر لینے کی درخواست سندھ ہائی کورٹ میں دائر کرنے پر کام کر رہی ہے۔

بورڈ 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے فی سیکٹر 3 روپے کے نقد منافع منقسمہ (ڈیویڈنڈ) کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔

دیگر نمایاں امور

تباہ کن سیلاب کے نتیجے میں فصلوں اور مویشیوں کو بچانے والے بڑے نقصانات کی بدولت گزشتہ کچھ سالوں کے دوران زرعی شعبے کی جانب سے حاصل کی جانے والی ترقی ماند پڑنے کے امکانات ہیں۔ خریف کی فصلوں چاول، کپاس اور گنے کی فصل کو 352 بلین روپے کے نقصانات (چاول: 72 ارب روپے، کپاس: 259 ارب روپے اور گنا: 20 ارب روپے) کا سامنا ہے۔ کسانوں کو ہونے والے ناقابل تلافی نقصان کے اثرات ریح کی فصلوں کے لیے سرمایہ کاری کی کمی کی صورت میں مرتب ہوں گے۔ حکومت کی جانب سے کسانوں کی بحالی کے مختلف اقدامات میں گندم کی قیمت بڑھانا بھی شامل ہے۔ حکومت اور دیگر مقامی اور عالمی فلاحی اداروں کی جانب سے مربوط تعاون متاثرہ کسانوں کے لیے ناگزیر ہے تاکہ وہ گندم کی فصل کاشت کرنے میں کامیاب ہونے کے ساتھ ہماری خوراک کے تحفظ کو یقینی بنائیں۔

ملک کو درپیش شدید سیاسی و معاشی مسائل کے پیش نظر، حکومت پاکستان نے ملک سے فارن ایکسچینج کے بہاؤ کو روکا ہے۔ سخت قوانین کے نفاذ، ایل سیز کے کھلنے اور ایکویٹی اور اسپینرز کی درآمد کے لیے معاہدوں میں تاخیر برٹس کو جاری رکھنے کی صورتحال کے لیے مشکلات پیدا کر رہی ہے۔

اینگرو فٹیلائزرز میں پلانٹ (پلانٹ 1) کی پہلے سے طے شدہ مرمتی سرگرمی 27 ستمبر 2022 کو شروع ہو چکی ہے اور 60 دنوں تک جاری رہنے کی توقع ہے۔ مذکورہ مرمت سے بیس پلانٹ کے طویل مدتی مستحکم، پائیدار اور محفوظ آپریشنز کا اطمینان حاصل ہوگا۔

اگست 2022 میں یوریا کی MRP کو 2,250 روپے فی بوری مقرر کیا گیا، اس کے علاوہ یوریا کی قیمتوں میں اضافے اور ڈیلرز کے اخراجات میں اضافے کی بدولت ڈیلرز کے منافع میں بھی 50 فی بوری اضافے کا اعلان کیا گیا۔

حکومت پاکستان گیس کی قیمت بڑھنے سے فرٹیلائزر کے شعبے کے لیے فیڈ اور فیول کی قیمتوں کو بڑھانے کی منصوبہ بندی کر رہی ہے۔ نئی قیمتوں کو اطلاق پوری صنعت کے لیے یکساں لاگو ہونے کے امکانات ہیں۔

رعایتی نرخ پریگس کی فراہمی کی مدت کے خاتمے کے حوالے سے اور GIDC کے اسٹے آرڈر حاصل کر رکھے ہیں۔ GIDC پر رعایتی گیس کے معاملے پر حکومت پاکستان نے اپنے موقف پر مبنی جوابی درخواست دائر کی ہے۔ کچنی نے حکومتی موقف کا جواب تیار کر لیا ہے اور سندھ ہائی کورٹ میں جمع کرانے کے لیے اس چھٹی عملدرآمد کی جارہی ہے۔

- کیونٹی میں فلاح و بہبود: اینگروفریٹلائزرز نے قریبی دیہات اور ڈہرہ کی میں موبیشیوں کے علاج، ویکسی نیشن اور جراثیم کش اسپرے کا اہتمام کیا اور 15,000 سے زائد لائیو اسٹاک کے لئے علاج معالجہ کی سہولت فراہم کی۔ اس کے علاوہ، کمپنی کے احساس پروگرام کے تحت بیوہ اور یتیموں کے خاندان میں فوڈ باسکٹ بھی تقسیم کئے گئے۔ کمپنی کے بیواؤں کو معاونت فراہم کرنے کے پروگرام کے تحت 58 بیواؤں کو مالی امداد فراہم کی گئی۔ اینگروفریٹلائزرز نے پاکستان ریجنرز کے اسٹراک سے اسکولوں کے درمیان کرکٹ ٹورنامنٹ کا انعقاد بھی کیا۔

- ماحول: کمپنی نے ”ہرفرد، ایک درخت لگائے“ کے نام سے درخت لگانے سے متعلق مہم شروع کر رکھی ہے جس میں سال کے دوران پاکستان بھر میں 20,000 سے زائد درخت لگائے جا چکے ہیں۔ اس کے علاوہ، ہمارے ”ڈکلین اور گرین ماحول“ کیپچن کے تحت، اینگروفریٹلائزرز نے پاکستان آرمی کے ساتھ ایک مفاہمت کی یادداشت پر دستخط کئے ہیں جس کے تحت بہاولپور کے بارڈر کے علاقے میں 100,000 سے زائد درخت لگائے جائیں گے۔

مارکیٹ کا جائزہ

ملکی سطح پر زراعت کے شعبے میں گزشتہ سالوں کی بہتر کارکردگی کے تسلسل میں فارم اکنامکس میں بہتری دیکھی جارہی ہے جس میں 2022 کی پہلی ششماہی تک بہتر پیداوار حاصل ہوئی۔ البتہ، جولائی اور اگست کے دوران مون سون کی شدید بارشوں سے سندھ، بلوچستان اور جنوبی پنجاب کے اکثر علاقے زیر آب آنے سے 4.5 ملین ایکڑ زراعتی زمین تباہ ہو چکی ہے۔

عالمی طور پر قیمتوں کے اعتبار سے، تیسری سہ ماہی میں کچھ تیزی کا رجحان دیکھا گیا نتیجتاً پہلی ششماہی کے اختتام تک یوریا کی قیمت امریکی ڈالر 634/T یعنی (8,415 روپے فی بوری کے مساوی بیئج) کے مقابلے میں تیسری سہ ماہی کے آخر تک امریکی ڈالر 657/T (9,874 روپے فی بوری کے مساوی بیئج) تک تیزی دیکھنے میں آئی۔ فریٹلائزر انڈسٹری نے اس بات کو یقینی بنایا ہوا ہے کہ مقامی فارمز کو ملکی سطح پر تیار شدہ سٹے یوریا کی فراہمی کا سلسلہ جاری رہے۔ یوریا کی مقامی قیمتیں عالمی قیمتوں سے تقریباً 77 فیصد تک رعایت کے ساتھ برقرار ہیں اور 30 ستمبر 2022 کے مطابق یوریا کی قیمت 2,250 روپے فی بوری تھی۔

فضلوں کی منافع بخش پیداوار اور یوریا کی قیمتوں میں زبردست رعایت کے نتیجے میں، یوریا کی طلب میں 2 فیصد اضافہ دیکھا گیا حالانکہ 2022 کی Q3 میں غیر معمولی سیلاب کا سامنا تھا پھر بھی طلب سال 2021 کے 9 ماہ کے 4,655 KT کے مقابلے میں 4,769 KT رہی۔ مذکورہ طلب کو پورا کرنے کے لیے یوریا کے تمام پلانٹس کے آپریشنز جاری رکھے گئے اور یوریا کی مقامی پیداوار گزشتہ سال کے 4,655 KT کے مقابلے میں 4,769 KT رہی۔ حکومت نے بھی سال 2022 کی 9 ماہ مدت کے دوران 200 KT یوریا درآمد کرنے کے ساتھ رجسٹریشن کے لیے مزید درآمد کی منصوبہ بندی ہے۔

زیر جائزہ مدت کے دوران استعمال کرنے والے لاکھوں میں زیادہ اسٹاک اور فضلوں کی پیداواری قیمت کم ہونے سے ڈی اے پی کی عالمی قیمتوں میں تیزی سے کمی دیکھی گئی اور 2022 کی تیسری سہ ماہی کے آخر تک امریکی ڈالر 760/T تک کم ہوئیں جو سال کے آغاز پر امریکی ڈالر 1,015/T تک پہنچی ہوئی تھیں۔ ڈی اے پی کی مقامی قیمتیں تیسری سہ ماہی کے اختتام تک 13,800 روپے فی بوری تک پہنچ گئیں۔

اینگرو فertilizers لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے اختتام 9 ماہ 30 ستمبر 2022

اینگرو فertilizers لمیٹڈ (کمپنی/ اینگرو فertilizers) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم غیر آڈٹ شدہ، منجمد، عبوری مالی گوشوارے (مشترکہ اور غیر مشترکہ) برائے اختتام 9 ماہ 30 ستمبر 2022 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

COVID-19 کے دوران کاروباری تسلسل کی منصوبہ بندی

کمپنی اپنے ملازمین کی حفاظت کو یقینی بنانے کے ساتھ کسی بھی پھیلاؤ سے بچنے کے لیے کرونا سے متعلق SOPs پر سخت عمل درآمد کے لیے پرعزم ہے۔

سی ایس آر کے اقدامات

کمپنی اپنے متعلقہ علاقوں میں کمیونٹی کی فلاح اور ان علاقوں میں افراد کی بہبود اور زندگیوں میں بہتری لانے کے لیے اپنے کردار سے واقف ہے۔ پاکستان کے اکثر علاقوں میں تباہ کن سیلاب کے پیش نظر، اینگرو فertilizers نے فوری طور پر سیلاب متاثرین کی مدد کے لیے عمل درآمد شروع کی۔ اب تک کمپنی کی جانب سے 6,200 کپے پکائے کھانے کے پیکٹ 1,000 سے زائد خشک راشن کے پیکٹ اور دیگر امدادی سامان بشمول ٹینٹ، مچھر دانیوں اور پانی نکالنے والے پمپس تقسیم کئے جا چکے ہیں۔ اس کے علاوہ 2022 کی زبردست مدت کے دوران درج ذیل اقدامات اٹھائے گئے ہیں:

- **تعلیم:** سہارا اسکول کے نئے بلاک کی تعمیر کا کام جاری ہے جس کی بدولت 100 مزید طلباء کو تعلیمی سہولت میسر ہوگی۔ اس کے علاوہ نور لکھن کچھ بڈل اسکول کو بھی سیکنڈری اسکول کا درجہ دیا جا چکا ہے۔ مزید برآں، کمپنی نے بچوں کی تعلیم کے پروگرام کے تحت 28 تعلیمی اسکالرشپس فراہم کئے اور ان اسکولوں کے اساتذہ کی پڑھانے کی صلاحیت کو بہتر کرنے کے لیے ان ہاؤس ٹریننگ ورکشاپس کا اہتمام بھی کیا گیا۔

- **صحت:** کمپنی نے اپنے صحت کے مراکز سے 4,933 سانپ کے ڈسے ہوئے مریضوں کے علاوہ 847 کتوں کے کاٹے ہوئے مریضوں کو علاج کی سہولیات فراہم کی۔ علاوہ ازیں، ہماری مصنوعی اعضاء کی سہولت والے مراکز سے 330 مصنوعی ٹانگ اور 20 مصنوعی بازو مفت میں لگائے جا چکے ہیں۔ کمپنی نے پینے کے صاف پانی کی فراہمی کو یقینی بنانے کے لیے سولر سے چلنے والے تین آراو پلانٹس (ایک گھونگی ریلوے اسٹیشن اور دو ہری شہر میں) نصب کرائے ہیں۔

+92-21-111-211-211
engrofertilizers.com

