



together we grow

HALF YEARLY REPORT 2020





engro fertilizers

company information

Board of Directors

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

Chief Financial Officer

Mr. Imran Ahmed

Company Secretary

Ms. Schaane Ansari

Bankers

Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citi Bank N.A
Deutsche Investitions und
Entwicklungsgesellschaft (DEG)
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Shariah Compliant

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

Microfinance

Mobilink Microfinance Bank
Telenor Microfinance Bank

Auditors

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

Registered Office

7th & 8th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92 (21) 35297501-10
Fax: +92 (21) 35810669
Website: www.engrofertilizers.com ; www.engro.com

Share Registrar

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

directors' report to the shareholders for the half year ended june 30, 2020

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited financial statements for the half year ended June 30, 2020.

Business Continuity Strategy in the time of COVID 19

Amidst a global pandemic, the world is still adjusting to the new status quo while corporates around the world are reeling from the impact on businesses and assessing the road to recovery. Pakistan has been one of the worst affected countries, with the economic disruption caused by the pandemic aggravating an already struggling economy.

One of the most important sectors in these testing times is the agri-sector which is critical to ensuring the food security in the country. The fertilizer industry is also impacted with urea demand witnessing an 8% decline as compared to last year. Similarly, the phosphates market declined by approximately 14% in the first half of the year.

The Company is cognizant of its place in Pakistan's agri-value chain and acknowledges its position as being the source of nearly 40% percent of Pakistan's agri-productivity. Consequently, the company took multiple steps that have resulted in uninterrupted operations during this period. To this end, ensuring safety and wellbeing of employees has remained a key priority for the management. Wherever possible employees have been asked to work from home, at our plants they are equipped with the requisite PPE, virus testing support has been provided, a twenty-four hour medical help desk has been activated and on-site quarantine facilities have been established. In addition, a number of initiatives have been taken to manage the morale of employees including special recognition for front line staff, arranging counseling sessions for emotional well-being and providing online platforms for social interaction.

International Fertilizer Market

International urea prices have decreased to USD 237/T (landed equivalent PKR 2,425/bag) in June from USD 274/T (landed equivalent of PKR 2,710/bag) prevailing at the end of Q1 2020 mainly due to a global oversupply. Local urea continued to be sold at a significant discount of 33% from international prices at a level of PKR 1,643/bag as compared to PKR 2,040/bag at the start of the year. International urea prices have remained considerably higher than local urea prices in the past and the fertilizer industry has passed on 3 times the benefit to the farmers through discounted urea prices than what it has received in the form of lower gas prices over the years.

DAP prices have remained stable at USD 328/T in Q2 2020 as compared to USD 325/T prevalent at the end of Q1 2020 as global phosphates market recovered.

Pakistan's Fertilizer Market

During Q2 2020, the Government announced a subsidy package of PKR 50 B for the agriculture sector including subsidy of PKR 925/bag on DAP and other phosphatic fertilizers and PKR 243/bag on urea and other nitrogen fertilizers. The subsidy scheme was to be implemented for Kharif season by the provinces through a scratch card scheme. However, delays in implementation of subsidy caused the farmers to defer their purchase of fertilizers resulting in lower offtake in April and May 2020. With clarity on the scope of the subsidy to be restricted to phosphate & potassium products, sales picked up in June. Subsidizing farm input costs is a very timely and much needed initiative on the part of the Government as supporting the rural economy is critical for the Nation that has been adversely impacted by COVID 19. As urban economy segments continue to underperform, agriculture is relatively less impacted and as it employs 40% of the labor force, supporting its growth is a national imperative.

On the impact of locusts, as per the latest National Disaster Management Authority (NDMA) surveillance estimates, around 575,000 hectares have been infested, of which around 50,000 hectares have been damaged. The bigger looming threat arises from a much bigger swarm coming from the African/Arabian Deserts that is expected to arrive in the next 4-8 weeks. The Food and Agriculture Organization (FAO) has warned that if not controlled, the damage could potentially be as high 25% of Kharif crop. However, it now appears that the NDMA has been taking this issue very seriously and the Armed Forces have even been mobilized to manage this potential crisis. With improved focus and deployment of more resources, there is a reasonable likelihood that potential adverse impact will be minimized.

Local urea market demand stood at 2,646 KT vs 2,878 KT in 1H 2019, translating into a decline of 8% versus same period last year. This was primarily due to the uncertainty created by the subsidy announcement coupled with logistical challenges across the agri value chain posed by COVID-19 market shutdowns. Indigenous gas-based urea production increased by 16% to 2,908 KT compared to 2,513 KT during the same period last year, led by Engro Fertilizers Limited (the Company) with record high half yearly production (total urea production including RLNG plants was 2.90 MT in 1H 2019). The Company increased its production by 25% versus comparable period last year due to improved plant efficiency and lower outage days. Industry inventory at the end of 1H 2020 stood at 438 KT which is 2.4 times higher than the inventory levels of 181 KT at end of June 2019. The market is sufficiently supplied with adequate safety stocks on the back of improved indigenous gas based production.

Similar dynamics were at play in the phosphates market where demand decreased by 14%, with industry sales at 551 KT vs 643 KT in the same period last year.

CSR Efforts to Combat COVID-19:

Hussain Dawood (HD) Pledge

To play a meaningful part in the fight against the unprecedented challenges of COVID 19 pandemic, a PKR 1 B pledge was announced by Chairman Engro Corporation and Dawood Hercules Corporation, Mr. Hussain Dawood, which focuses on multiple fronts including disease prevention, enabling health care practitioners, enabling patient care and bolstering livelihoods and sustenance. During the quarter, we have made the following contributions to the PKR 1 B HD pledge:

- Contributed PKR 66.5 M in April to the Indus Hospital to expand COVID 19 testing capacity across Sindh
- Contributed PKR 20 M in May to Shaukat Khanam Memorial Hospital to launch COVID 19 testing interventions across Southern Punjab.

Initiatives in the Surrounding Communities

In addition to the above, the Company is at the forefront in its efforts against the spread of the pandemic and has taken various initiatives for prevention of further spread and support our surrounding communities. These initiatives include:

- Distribution of ration to 1,850 families to support them during the lockdown in the Daharki, Jhung and surrounding villages
- Conversion of our Technical Training Center into a 176-bed quarantine facility for the Daharki community
- Disinfection spraying carried out in public places in the surrounding villages. Installed mist walkthrough tunnels at different locations at public places, i.e. Civil court, NADRA office etc.
- Provision of masks and health suits to district health officers
- Conversion of our Technical training center into Free Corona testing facility with the coordination of INDUS Hospital for Daharki community. A total of approximately 1,700 people have been tested till date at this facility
- Awareness campaigns, distribution of brochures, announcement on radio to create awareness against COVID 19
- Installation of hand wash stations at different public places of Daharki. Refilling of hand wash stations is being done on regular basis

Urea Pricing

In January 2020, the Government reduced GIDC on the fertilizer sector to PKR 5/MMBTU in an attempt to improve farm economics by way of reducing urea prices. Welcoming the decision of the government to reduce GIDC, Engro Fertilizers Limited was the first company to have fully passed on the benefit by decreasing Urea prices by PKR 160/bag, given its gas mix. In addition to this, the Company further reduced its prices by PKR 240/bag in March 2020. The additional price cut resulted in an overall urea price reduction of PKR 400/bag since the beginning of the year.

Company's Operating Performance

The Company's urea production in 1H 2020 stood at 1,136 KT compared to 906 KT in 1H 2019 which is the highest ever half yearly production in the history of the Company. This is a result of our continued focus on plant efficiency and engineering excellence. Sales during the current period were 847 KT compared to 887 KT in 1H 2019, a decrease of 5% mainly due to overall market decline as explained above. The Company was able to increase its urea market share to 32% vs 31% in 1H 2019, primarily due to higher production.

The Company's DAP and Zorawar sales during the period stood at 119 KT vs 198 KT while specialty fertilizer (Zarkhez, Engro NP, MOP/SOP/AS) sales were 100 KT Vs 126 KT in 1H 2019.

Gross Profit of the Company was recorded at PKR 14.0 B for 1H 2020, compared to PKR 16.1 B in the same period last year, a decrease of 13% mainly on account of urea price reduction. Finance cost was slightly higher at PKR 2.1 B (vs PKR 2.0 B last year) resulting mainly from higher policy rates in Q1 2020 and exchange loss on foreign denominated borrowing.

On a standalone basis, net profit for 1H 2020 stood at PKR 5.4 B compared to PKR 8.5 B last year, resulting in an EPS of PKR 4.04 vs. PKR 6.38 in 1H 2019. Company's consolidated profit stood at PKR 4.5 B vs. PKR 7.2 B in the corresponding period last year, resulting in EPS of PKR 3.34 vs. last year's EPS of PKR 5.38.

The Board is pleased to recommend an interim cash dividend of PKR 4.00 per share for the period ended June 30, 2020.

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

Other significant matters

Recent budgetary measures introduced stringent tax regulations that have led to a significant increase in the cost of doing business for manufacturers selling to persons not registered under the sales tax regime. The fertilizer industry operates within a simple value chain where dealers operate on very limited margins of 2%-3% of sale price. Ninety percent of industry dealers are filers for income tax purposes but are not registered under the sales tax regime. During the period, the Company had to bear a significant negative impact on its results due to these changes in fiscal law.

Awards and Recognitions

- The Company was awarded with the Management Association of Pakistan (MAP) Amir S. Chinoy trophy for being ranked as the best company in Pakistan in the industrial sector. This achievement marks our return to the champion's podium after 26 years. The award was conferred to the Company at the 35th Corporate Excellence awards held by MAP for demonstrating outstanding performance, progress and enlightened management practices
- The Company's head office and manufacturing facilities were conferred with 8 Green Office Awards in various categories
- The Company has been recognized by British Safety Council with "International Safety Award Merit" & "Country Best Joint Award" in regards with HSE related efforts
- IFA - International Fertilizers Association, awarded the Company with "Green Leaf Runner-Up Award" in recognition of its outstanding performance in Safety, Health and Environment in fertilizer production
- The Company's analytical laboratory in Daharki won Quality Award 2019 conferred by Laboratory Quality Services International, SGS, USA, in recognition of its commitment to continuous quality improvement

Near Term Outlook

Local urea demand is expected to remain under pressure going forward primarily due to COVID-19 situation and the potential impact of a locust attack.

On the supply front, urea production based on indigenous gas-based plants is expected to be more than adequate to serve domestic demand whilst ensuring sufficient levels of safety stock during the course of the year. If continued availability of higher gas is ensured, the Company would be able to produce significant incremental urea volumes during the year thereby allowing for necessary national buffer stocks.

The recent decision of the Government to operate RLNG based plants for 3 months will come at a cost of significant fiscal and current account burden, especially considering that urea is adequately supplied domestically. To take benefit of low RLNG spot prices, the Government should consider allowing exports of urea that could generate significant foreign exchange inflows for the country. Going forward, the Company remains committed to continue to play its role in transforming the agri landscape in Pakistan and providing support to our Nation in these testing times. On behalf of the Board, the Company would like to thank all its stakeholders for their continued trust and support.



Ghias Khan
Chairman



Nadir Salar Qureshi
Chief Executive Officer



engro fertilizers

consolidated condensed
interim financial statements
(unaudited) for the half year
ended june 30, 2020



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Engro Fertilizers Limited

Report on review of Consolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Engro Fertilizers Limited and its subsidiary (the Group) as at June 30, 2020 and the related 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, and notes to the consolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Waqas Aftab Sheikh.

**Chartered Accountants
Karachi
Date: August 25, 2020**

consolidated condensed interim statement of financial position as at june 30, 2020

(Amounts in thousand)

	Note	Unaudited June 30, 2020	Audited December 31, 2019
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	64,973,432	65,924,426
Intangible assets		5,018,320	5,071,003
Long-term loans, advances and deposits		118,605	163,791
		70,110,357	71,159,220
Current assets			
Stores, spares and loose tools		6,173,301	5,301,092
Stock-in-trade	4	16,215,998	12,477,638
Trade debts	5	6,682,188	14,174,520
Short-term investments	6	12,706,928	5,511,544
Other receivables		8,443,723	9,412,251
Loans, advances, deposits and prepayments		1,887,474	2,948,706
Taxation - net		1,205,461	2,542,457
Cash and bank balances		2,958,752	3,413,473
Accrued income		287,594	105,910
		56,561,419	55,887,591
TOTAL ASSETS		126,671,776	127,046,811

(Amounts in thousand)

	Note	Unaudited June 30, 2020	Audited December 31, 2019
-----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		(56,639)	(56,639)
Remeasurement of investments		44,802	-
Unappropriated profit		28,384,443	26,598,202
		31,757,510	29,926,467
TOTAL EQUITY		45,110,503	43,279,460
Liabilities			
Non-current liabilities			
Borrowings	7	18,037,940	22,192,098
Deferred taxation		11,882,512	12,182,426
Deferred liabilities		245,159	257,403
		30,165,611	34,631,927
Current liabilities			
Trade and other payables		40,394,417	37,685,215
Accrued interest / mark-up		393,731	587,866
Current portion of:			
- borrowings	7	8,612,266	8,760,351
- deferred liabilities		52,630	56,036
Short-term borrowings	8	1,885,111	1,985,910
Unclaimed dividend		57,507	60,046
		51,395,662	49,135,424
TOTAL LIABILITIES		81,561,273	83,767,351
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		126,671,776	127,046,811

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2020

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees-----					
Net sales	10	29,911,271	26,990,496	40,702,810	50,642,948
Cost of sales		(19,521,601)	(18,474,563)	(26,678,068)	(34,527,984)
Gross profit		10,389,670	8,515,933	14,024,742	16,114,964
Selling and distribution expenses		(2,371,365)	(1,745,003)	(3,427,557)	(3,380,782)
Administrative expenses		(361,797)	(309,371)	(720,134)	(590,983)
		7,656,508	6,461,559	9,877,051	12,143,199
Other income	11	243,504	1,426,753	504,717	2,438,382
Other operating expenses		(1,222,367)	(580,723)	(1,370,595)	(986,740)
Finance cost		(895,804)	(1,220,181)	(2,107,721)	(2,019,147)
		(2,118,171)	(1,800,904)	(3,478,316)	(3,005,887)
Profit before taxation		5,781,841	6,087,408	6,903,452	11,575,694
Taxation	12	(1,895,765)	(2,910,048)	(2,446,612)	(4,391,519)
Profit for the period		3,886,076	3,177,360	4,456,840	7,184,175
Profit attributable to:					
- continuing operations		3,886,076	3,151,857	4,456,840	7,147,989
- discontinued operations	13	-	25,503	-	36,186
		3,886,076	3,177,360	4,456,840	7,184,175
Earnings per share (basic and diluted) from:					
- continuing operations		2.91	2.36	3.34	5.35
- discontinued operations		-	0.02	-	0.03
		2.91	2.38	3.34	5.38

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2020

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----			
Profit for the period	3,886,076	3,177,360	4,456,840	7,184,175
Other comprehensive income:				
Items potentially re-classifiable to profit or loss				
Exchange differences on translation of foreign operations	-	254,101	-	275,754
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income (FVOCI) - net of tax	44,802	-	44,802	-
Total comprehensive income for the period	3,930,878	3,431,461	4,501,642	7,459,929
Total comprehensive income for the period attributable to:				
- continuing operations	3,930,878	3,151,857	4,501,642	7,147,989
- discontinued operations	-	279,604	-	311,940
	3,930,878	3,431,461	4,501,642	7,459,929

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of changes in equity for the half year ended June 30, 2020

(Amounts in thousand)

	CAPITAL		RESERVES			Unappropriated profit	Total
	Share capital	Share premium	Exchange revaluation reserve	Remeasurement of post employment benefits	Remeasurement of investments		
-----Rupees-----							
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	-	(56,639)	-	26,598,202	43,279,460
Transaction with owners:							
Final dividend for the year ended December 31, 2019 @ Rs. 2.00 per share	-	-	-	-	-	(2,670,599)	(2,670,599)
Total comprehensive income for the half year ended June 30, 2020							
Profit for the period	-	-	-	-	-	4,456,840	4,456,840
Other comprehensive income for the period:							
- Unrealised gain on remeasurement of investment	-	-	-	-	44,802	-	44,802
	-	-	-	-	44,802	4,456,840	4,501,642
Balance as at June 30, 2020 (Unaudited)	13,352,993	3,384,904	-	(56,639)	44,802	28,384,443	45,110,503
Balance as at January 1, 2019 (Audited)	13,352,993	3,384,904	408,817	(44,729)	-	28,421,170	45,523,155
Transaction with owners:							
Final dividend for the year ended December 31, 2018 @ Rs. 3.00 per share	-	-	-	-	-	(4,005,898)	(4,005,898)
Total comprehensive income for the half year ended June 30, 2019							
Profit for the period	-	-	-	-	-	7,184,175	7,184,175
Other comprehensive income for the period:							
- Exchange revaluation	-	-	275,754	-	-	-	275,754
	-	-	275,754	-	-	7,184,175	7,459,929
Balance as at June 30, 2019 (Unaudited)	13,352,993	3,384,904	684,571	(44,729)	-	31,599,447	48,977,186

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2020

(Amounts in thousand)

Note	Half year ended			
	June 30, 2020	June 30, 2019		
-----Rupees-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash generated from operations	14	18,743,680	23,487,691
	Retirement and other service benefits paid		(51,077)	(57,434)
	Taxes paid		(1,324,866)	(6,263,490)
	Long-term loans and advances - net		45,186	(107,450)
	Discontinued operations	13	-	(949)
	Net cash generated from operating activities		17,412,923	17,058,368
CASH FLOWS FROM INVESTING ACTIVITIES				
	Purchases of property, plant and equipment and intangibles		(1,680,764)	(2,293,211)
	Proceeds from disposal of property, plant and equipment		22,104	724,332
	Purchase of short-term investments		(4,688,418)	(17,719,593)
	Proceeds from sale of short-term investments		728,276	14,929,070
	Income on government securities, term deposit certificates and bank deposits		319,634	628,023
	Net cash utilised in investing activities		(5,299,168)	(3,731,379)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Dividends paid		(2,673,138)	(4,006,620)
	Finance cost paid		(2,103,723)	(1,629,133)
	Repayments of long-term borrowings		(4,500,376)	(2,432,042)
	Net cash utilised in financing activities		(9,277,237)	(8,067,795)
	Net increase in cash and cash equivalents		2,836,518	5,259,194
	Cash and cash equivalents at beginning of the period		4,029,957	(190,032)
	Exchange gain translation on foreign operations		-	32,787
	Cash and cash equivalents at end of the period	15	6,866,475	5,101,949

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

notes to the consolidated condensed interim financial statements (unaudited) for the half year ended June 30, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

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

1.1 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.

- 1.1.1 EAPL was incorporated on July 06, 2017 to carry out trading and distribution of imported fertilizer as part of the business reorganization. The Holding Company has transferred its business of trading and distribution of imported fertilizer to the new subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

- 2.2 The cumulative figures for the half year ended June 30, 2020 presented in these consolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Group, as required under section 237 of the Companies Act, 2017. These consolidated condensed interim financial statements do not include all the information required for annual consolidated financial statements and therefore should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2019.

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

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

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

- IAS 1, 'Presentation of financial statements and IAS 8, 'Accounting Policies, changes in accounting estimates and errors (effective for the accounting periods, beginning on and after January 1, 2020)

These amendments and consequential amendments to other IFRSs: (i) use a consistent definition of materiality throughout IFRSs and Conceptual Framework for Financial Reporting; (ii) clarify the explanation of definition of material; and (iii) incorporate some of the guidance in IAS 1 about immature information.

(Amounts in thousand)

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

During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2019.

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

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets at net book value (note 3.1)	60,964,875	62,586,001
Capital work-in-progress (note 3.2)	3,137,702	2,572,476
Major spare parts and stand-by equipment	870,855	765,949
	<u>64,973,432</u>	<u>65,924,426</u>

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

	Additions (Unaudited) (at cost)		Disposals (Unaudited) (at net book value)	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----			
Building on freehold land	33,677	18,482	-	-
Leasehold land	-	-	-	28,238
Plant and machinery	272,959	318,259	-	-
Office equipment	121,843	14,500	25,884	296
Vehicles	582,153	105,170	-	1,591
	<u>1,010,632</u>	<u>456,411</u>	<u>25,884</u>	<u>30,125</u>

The above disposals represent assets having a cost of Rs. 38,918 (June 30, 2019: Rs. 69,081) and net book value of Rs. 25,884 (June 30, 2019: Rs. 30,125), which were disposed off for Rs. 22,104 (June 30, 2019: Rs. 724,332).

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
3.2 Capital work-in-progress		
Balance at beginning of the period / year	2,572,476	3,159,249
Add: Additions during the period / year	1,575,858	3,825,592
Transferred to:		
- operating assets	(1,010,632)	(3,753,003)
- intangible assets	-	(659,362)
Balance at end of the period / year	<u>3,137,702</u>	<u>2,572,476</u>

(Amounts in thousand)

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
4. STOCK-IN-TRADE		
Raw materials	1,574,764	980,126
Packing materials	268,450	135,070
Work-in-process	77,170	48,169
	<u>1,920,384</u>	<u>1,163,365</u>
Finished goods:		
- manufactured products	6,506,448	2,238,488
- purchased and packaged products	7,873,934	9,104,570
	<u>14,380,382</u>	<u>11,343,058</u>
Less: Provision for net realisable value of purchased and packaged products (note 4.1)	84,768	28,785
	<u><u>16,215,998</u></u>	<u><u>12,477,638</u></u>
4.1 Provision for net realisable value of purchased and packaged products		
Balance at beginning of the period / year	28,785	30,000
Charge for the period / year	55,983	28,785
Written-off during the period / year	-	(30,000)
Balance at end of the period / year	<u>84,768</u>	<u>28,785</u>
5. TRADE DEBTS		
Considered good		
- secured (note 5.1)	5,974,972	13,275,370
- unsecured	707,216	899,150
	<u>6,682,188</u>	<u>14,174,520</u>
Considered doubtful	50,299	48,799
	<u>6,732,487</u>	<u>14,223,319</u>
Less: Provision for impairment against trade debts (note 5.2)	50,299	48,799
	<u>6,682,188</u>	<u>14,174,520</u>
5.1 These debts are secured by way of bank guarantee and inland letter of credit.		
5.2 Provision for impairment against trade debts		
Balance at beginning of the period / year	48,799	18,230
Charge for the year	1,500	30,569
Balance at end of the period / year	<u>50,299</u>	<u>48,799</u>

(Amounts in thousand)

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
6. SHORT-TERM INVESTMENTS		
Government securities	9,949,214	5,305,337
Term Deposit certificates	757,714	206,207
Mutual funds	2,000,000	-
	<u>12,706,928</u>	<u>5,511,544</u>
7. BORROWINGS - Secured		
Long term finance utilised under mark-up arrangements (notes 7.1 and 7.2)	26,650,206	30,952,449
Less: Current portion shown under current liabilities	8,612,266	8,760,351
Balance at end of the period / year	<u>18,037,940</u>	<u>22,192,098</u>

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

7.2 During the period, principal repayments of long-term finances were made to MCB Bank Limited, Allied Bank Limited, United Bank Limited, Dubai Islamic Bank Limited, Local Syndicate and DEG amounting to Rs.1,000,000, Rs.500,000, Rs.1,000,000, Rs.200,000, Rs.1,522,042 and Rs. 278,334 respectively.

8. SHORT-TERM BORROWINGS

Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 16,350,000 (December 31, 2019: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2019: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 1,804,401 (December 31, 2019: Rs. 1,546,685) from funded facilities and Rs. 2,610,188 (December 31, 2019: 2,610,188) from the non-funded facilities as at the reporting date.

Subsidiary Company

The facilities for short term running finances, available from various banks, aggregate to Rs. 12,725,000 (December 31, 2019: Rs. 12,725,000). The rates of markup on the funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month KIBOR and 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Company has utilised Rs. 80,710 (December 31, 2019: Rs. 439,225) out of the aforementioned facilities as at the reporting date.

(Amounts in thousand)

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- 9.1 As at June 30, 2020, bank guarantees of Rs.3,441,118 (December 31, 2019: Rs. 3,400,747) have been issued in favour of third parties.
- 9.2 As at June 30, 2020, claims, including pending lawsuits, against the Group not acknowledged as debts amount to Rs. 61,914 (December 31, 2019: Rs. 61,914).
- 9.3 In the year 2017, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by a Contractor from its contract with the Holding Company, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. Thus confirming demand order issued of Rs. 1,178,391. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP) and the proceedings in relation thereto are currently pending. It is expected that on adjudication on the merits of the case, the exposure will not exceed Rs. 200,000 for the Holding Company.

Although certain implications arise under the terms of the Contract, the chances of any obligation crystallising on part of the Holding Company given the time lines of any separate proceedings under the Income Tax Ordinance, 2001 are remote. Accordingly, no provision has been made in respect of the demand order issued by the tax department.

- 9.4 Except as mentioned above, as at June 30, 2020, there is no material change in the status of matters reported as contingencies in note 21 of the audited consolidated financial statements of the Group for the year ended December 31, 2019.

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
9.5 Commitments		
Commitments in respect of capital expenditure and other operational items	9,048,911	7,364,808

10. NET SALES

	Unaudited			
	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees -----			
Gross sales:				
- manufactured product	23,347,855	17,622,542	31,265,075	34,438,988
- purchased and packaged product	7,140,626	9,967,621	10,061,654	17,283,126
- services	114,590	-	306,291	-
	30,603,071	27,590,163	41,633,020	51,722,114
Less: sales tax	691,800	599,667	930,210	1,079,166
	29,911,271	26,990,496	40,702,810	50,642,948

11. OTHER INCOME

On financial assets

Income on government securities, term deposit and bank deposits

On non-financial assets

Gain on disposal of property, plant and equipment
Reversal of liability for workers' welfare fund
Gain on disposal of spares / scrap
Others

240,576	372,706	501,318	670,317
-	71	-	694,208
-	999,423	-	999,423
1,347	29,469	1,347	30,783
1,581	25,084	2,052	43,651
2,928	1,054,047	3,399	1,768,065
243,504	1,426,753	504,717	2,438,382

(Amounts in thousand)

12. TAXATION

- 12.1 In previous years, the income tax department amended the assessment filed by the Holding Company for the tax years 2015, 2016 and 2017. The Holding Company filed appeals there against before the Commissioner Inland Revenue Appeals (CIRA) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts Limited under section 59B of the Income Tax Ordinance, 2001, resulting in cumulative addition of Rs. 16,173,826 to taxable income of these tax years. Last year, CIRA passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. The Holding Company as well as the tax department has filed appeals against the order of CIRA before the Appellate Tribunal (ITAT). The matter was heard by the ITAT for tax year 2015 and 2016 on January 7, 2020.

During the period, ITAT passed an order for tax year 2015 and 2016 and decided all matters in favor of the Holding Company, except for disallowance of provisions on inventories that was maintained. The Holding Company is confident of a favourable outcome on these amendments and therefore no provision has been recognised in this respect in these consolidated condensed interim financial statements.

- 12.2 Except as mentioned above, as at June 30, 2020, there is no material change in the tax related matters reported in note 29 of the audited consolidated financial statements of the Group for the year ended December 31, 2019.

13. DISCONTINUED OPERATIONS

Last year, the Holding Company disposed off its entire investment in Engro Eximp FZE (EEF) to the Parent Company. Financial performance and cash flows of discontinued operations for the prior period are as follows:

Unaudited	
Quarter ended	Half year ended
June 30, 2019	June 30, 2019
-----Rupees-----	

13.1 Financial performance of discontinued operations:

Administrative expenses	(1,472)	(2,490)
Other income	28,197	40,351
Other operating expenses	(544)	(968)
Finance cost	(678)	(707)
Profit before taxation	25,503	36,186
Taxation	-	-
Profit for the period	25,503	36,186
Other comprehensive income	254,101	275,754
Total comprehensive income for the period	279,604	311,940

13.2 Cash flows attributable to discontinued operations:

Net cash utilised in operating activities	<u><u>(949)</u></u>
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(Amounts in thousand)

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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

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

16.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
Assets	----- Rupees -----			
Short-term investments				
Fair value through other comprehensive income	-	9,949,214	-	9,949,214

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

16.3 Fair value of financial assets and liabilities

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

(Amounts in thousand)

17. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited	
	Half year ended	
	June 30, 2020	June 30, 2019
	-----Rupees-----	
Parent Company		
Purchases and services received	322,221	271,773
Services provided	39,011	33,813
Royalty charged to the Company	461,328	508,211
Reimbursements made:		
- to the Company	92,354	18,726
- by the Company	9,418	130,583
Dividend paid by the Company	1,502,624	2,253,936
Expenses incurred on behalf of the Company	-	7,906
Associated companies		
Purchases and services received	65,851	87,885
Proceeds against sale of products	-	1,020
Proceeds against sale of land	-	705,600
Services provided by the Company	56,880	18,764
Reimbursements		
- by the Company	19,280	32,355
- to the Company	2,693	2,141
Dividend paid to trustees of Engro Foods Limited Gratuity Fund	145	237
Contribution to Engro Foundation under Corporate Social Responsibility	86,489	14,500
Contribution to staff retirement benefits		
Pension fund	3,822	5,019
Gratuity fund	70,879	62,091
Provident fund	77,852	68,485
Dividend paid to staff retirement benefits		
Pension fund	74	267
Gratuity fund	577	974
Provident fund	1,016	1,836
Others		
Remuneration of key management personnel	126,841	144,420
Director's fee	4,881	4,466

(Amounts in thousand)

18. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees -----									
Sales	27,418,091	31,107,012	7,813,538	14,516,178	3,613,067	5,522,333	2,788,324	576,591	41,633,020	51,722,114
Intersegment sales	775,873	563,998	-	-	-	-	406,774	-	1,182,647	563,998
Sales tax	(547,456)	(609,316)	(152,591)	(289,630)	(73,570)	(176,998)	(156,593)	(3,222)	(930,210)	(1,079,166)
	27,646,508	31,061,694	7,660,947	14,226,548	3,539,497	5,345,335	3,038,505	573,369	41,885,457	51,206,946
Profit / (loss) before tax	7,269,970	10,549,490	(405,008)	828,433	141,320	512,620	(102,830)	(314,849)	6,903,452	11,575,694
Depreciation & amortization	2,465,278	2,608,960	-	-	17,816	18,874	175,462	25,789	2,658,556	2,653,623
Capital expenditure	240,858	963,704	-	-	9,726	16,440	1,325,274	1,183,497	1,575,858	2,163,641

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	----- Rupees -----									
Segment assets	88,862,955	96,561,557	7,456,108	14,394,706	3,508,255	4,942,794	10,891,184	2,116,827	110,718,502	118,015,884
Unallocated assets	-	-	-	-	-	-	-	-	15,953,274	9,030,927
Total assets	88,862,955	96,561,557	7,456,108	14,394,706	3,508,255	4,942,794	10,891,184	2,116,827	126,671,776	127,046,811

	Unaudited	
	June 30, 2020	June 30, 2019
	----- Rupees -----	
Reconciliation of reportable segment net sales		
Net Sales		
Total net sales for reportable segment	41,885,457	51,206,946
Elimination of intersegment net sales	(1,182,647)	(563,998)
Total net sales	40,702,810	50,642,948

	Unaudited	
	June 30, 2020	December 31, 2019
	----- Rupees -----	
Reconciliation of reportable segment total assets		
Total Assets		
Total assets for reportable segments	110,718,502	118,015,884
Add :		
Accrued income	287,594	105,910
Short term investments	12,706,928	5,511,544
Cash and Bank balances	2,958,752	3,413,473
	15,953,274	9,030,927
Total assets	126,671,776	127,046,811

(Amounts in thousand)

19. SEASONALITY

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average, fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

20. ADDITIONAL DISCLOSURES

20.1 The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

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

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

21. CORRESPONDING FIGURES

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

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

22. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on July 29, 2020 has approved an interim cash dividend of Rs. 4 per share for the year ending December 31, 2020 amounting to Rs. 5,341,198. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

23. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on July 29, 2020 by the Board of Directors of the Holding Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman



engro fertilizers

condensed interim financial
statements (unaudited)
for the half year ended
june 30, 2020



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Engro Fertilizers Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Engro Fertilizers Limited as at June 30, 2020 and the related 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, and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Waqas Aftab Sheikh.

**Chartered Accountants
Karachi
Date: August 25, 2020**

condensed interim statement of financial position as at june 30, 2020

(Amounts in thousand)

	Note	Unaudited June 30, 2020	Audited December 31, 2019
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	64,973,432	65,924,426
Intangible assets		5,018,320	5,071,003
Long-term loans, advances and deposits		117,971	162,852
Investment in subsidiary		100	100
		70,109,823	71,158,381
Current assets			
Stores, spares and loose tools		6,173,301	5,301,092
Stock-in-trade	4	8,853,007	3,568,895
Trade debts	5	5,705,653	10,009,934
Working capital loan to subsidiary	6	8,560,797	16,245,774
Short-term investments	7	12,697,328	5,501,944
Other receivables		7,801,435	8,639,451
Loans, advances, deposits and prepayments		1,107,563	1,735,337
Taxation - net		1,457,095	2,757,547
Cash and bank balances		2,952,898	3,409,674
Accrued income		468,369	779,897
		55,777,446	57,949,545
TOTAL ASSETS		125,887,269	129,107,926

(Amounts in thousand)

	Note	Unaudited June 30, 2020	Audited December 31, 2019
-----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		(56,993)	(56,993)
Remeasurement of investments		44,802	-
Unappropriated profit		29,196,229	26,475,684
		<u>32,264,915</u>	<u>29,499,568</u>
TOTAL EQUITY		45,617,908	42,852,561
Liabilities			
Non-current liabilities			
Borrowings	8	18,037,940	22,192,098
Deferred taxation		11,882,512	12,182,426
Deferred liabilities		242,447	254,538
		30,162,899	34,629,062
Current liabilities			
Trade and other payables		39,188,034	40,648,651
Current portion of:			
- borrowings	8	8,612,266	8,760,351
- deferred liabilities		52,179	55,585
Short-term borrowings	9	1,804,401	1,546,685
Accrued interest / mark-up		392,075	554,985
Unclaimed dividend		57,507	60,046
		<u>50,106,462</u>	<u>51,626,303</u>
TOTAL LIABILITIES		80,269,361	86,255,365
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		<u>125,887,269</u>	<u>129,107,926</u>

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2020

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Half year ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees-----					
Net sales	11	23,353,632	17,702,013	31,411,890	34,341,843
Cost of sales		(13,741,025)	(10,467,115)	(18,491,691)	(20,634,346)
Gross profit		9,612,607	7,234,898	12,920,199	13,707,497
Selling and distribution expenses		(2,136,732)	(1,382,636)	(3,037,092)	(2,768,989)
Administrative expenses		(352,288)	(297,102)	(700,959)	(563,373)
		7,123,587	5,555,160	9,182,148	10,375,135
Other income	12	524,512	3,392,190	1,652,313	4,810,584
Other operating expenses		(1,175,418)	(580,149)	(1,323,639)	(985,214)
Finance cost		(888,975)	(1,219,886)	(2,112,625)	(2,036,173)
		(2,064,393)	(1,800,035)	(3,436,264)	(3,021,387)
Profit before taxation		5,583,706	7,147,315	7,398,197	12,164,332
Taxation	13	(1,580,307)	(2,458,630)	(2,007,053)	(3,647,846)
Profit for the period		4,003,399	4,688,685	5,391,144	8,516,486
Earnings per share - basic and diluted		3.00	3.51	4.04	6.38

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of comprehensive income (unaudited) for the half year ended June 30, 2020

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----			
Profit for the period	4,003,399	4,688,685	5,391,144	8,516,486
Other comprehensive income:				
Items potentially re-classifiable to profit or loss				
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income (FVOCI) - net of tax	44,802	-	44,802	-
Total comprehensive income for the period	<u>4,048,201</u>	<u>4,688,685</u>	<u>5,435,946</u>	<u>8,516,486</u>

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of changes in equity for the half year ended june 30, 2020

(Amounts in thousand)

	RESERVES						Total
	CAPITAL			REVENUE			
	Share capital	Share premium	Reserve on amalgamation	Remeasurement of post employment benefits	Remeasurement of investments	Unappropriated profit	
-----Rupees-----							
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	(304,027)	(56,993)	-	26,475,684	42,852,561
Transaction with owners:							
Final dividend for the year ended December 31, 2019 @ Rs. 2.00 per share	-	-	-	-	-	(2,670,599)	(2,670,599)
Total comprehensive income for the half year ended June 30, 2020							
Profit for the period	-	-	-	-	-	5,391,144	5,391,144
Other comprehensive income for the period	-	-	-	-	44,802	-	44,802
	-	-	-	-	44,802	5,391,144	5,435,946
Balance as at June 30, 2020 (Unaudited)	13,352,993	3,384,904	(304,027)	(56,993)	44,802	29,196,229	45,617,908
Balance as at January 1, 2019 (Audited)	13,352,993	3,384,904	(304,027)	(45,083)	-	26,606,961	42,995,748
Transaction with owners:							
Final dividend for the year ended December 31, 2018 @ Rs. 3.00 per share	-	-	-	-	-	(4,005,898)	(4,005,898)
Total comprehensive income for the half year ended June 30, 2019							
Profit for the period	-	-	-	-	-	8,516,486	8,516,486
Balance as at June 30, 2019 (Unaudited)	13,352,993	3,384,904	(304,027)	(45,083)	-	31,117,549	47,506,336

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2020

(Amounts in thousand)

	Note	Half year ended	
		June 30, 2020	June 30, 2019
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	9,434,353	17,074,434
Retirement and other service benefits paid		(50,626)	(56,048)
Taxes paid		(1,006,515)	(5,772,727)
Long-term loans, advances and deposits - net		44,881	(54,382)
Net cash generated from operating activities		8,422,093	11,191,277
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment and intangibles		(1,680,764)	(2,293,211)
Proceeds from disposal of property, plant and equipment		22,104	724,332
Disbursement of working capital loan to subsidiary		(5,234,370)	(9,384,300)
Payment received against working capital loan to subsidiary		12,919,347	12,830,540
Purchase of short-term investments		(4,688,418)	(17,719,593)
Proceeds from sale of short term investments		728,276	14,929,070
Dividend received		426,470	1,546,735
Income on government securities, term deposit certificates and bank deposits		812,125	1,332,747
Net cash generated from investing activities		3,304,770	1,966,320
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,673,138)	(4,006,620)
Finance cost paid		(2,077,402)	(1,627,143)
Repayments of long-term borrowings		(4,500,376)	(2,432,042)
Net cash utilised in financing activities		(9,250,916)	(8,065,805)
Net increase in cash and cash equivalents		2,475,947	5,091,792
Cash and cash equivalents at beginning of the period		4,465,383	95,182
Cash and cash equivalents at end of the period	15	6,941,330	5,186,974

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

notes to the condensed interim financial statements (unaudited) for the half year ended june 30, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

.2 These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary are presented separately. The cumulative figures for the half year ended June 30, 2020 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2019.

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

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

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

- IAS 1, 'Presentation of financial statements and IAS 8, 'Accounting Policies, changes in accounting estimates and errors (effective for the accounting periods, beginning on and after January 1, 2020)

These amendments and consequential amendments to other IFRSs: (i) use a consistent definition of materiality throughout IFRSs and Conceptual Framework for Financial Reporting; (ii) clarify the explanation of definition of material; and (iii) incorporate some of the guidance in IAS 1 about immature information.

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

During the preparation of these condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Company for the year ended December 31, 2019.

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

(Amounts in thousand)

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets at net book value (note 3.1)	60,964,875	62,586,001
Capital work-in-progress (note 3.2)	3,137,702	2,572,476
Major spare parts and stand-by equipment	870,855	765,949
	<u>64,973,432</u>	<u>65,924,426</u>

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

	Unaudited (Additions at cost)		Unaudited (Disposals at net book value)	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees-----			
Building on freehold land	33,677	18,482	-	-
Leasehold land	-	-	-	28,238
Plant and machinery	272,959	318,259	-	-
Office equipment	121,843	14,500	25,884	296
Vehicles	582,153	105,170	-	1,591
	<u>1,010,632</u>	<u>456,411</u>	<u>25,884</u>	<u>30,125</u>

The above disposals represent assets having a cost of Rs. 38,918 (June 30, 2019: Rs. 69,081) and net book value of Rs. 25,884 (June 30, 2019: Rs. 30,125), which were disposed off for Rs. 22,104 (June 30, 2019: Rs. 724,332).

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
3.2 Capital work-in-progress		
Balance at beginning of the period / year	2,572,476	3,159,249
Add: Additions during the period / year	1,575,858	3,825,592
Transferred to:		
- operating assets	(1,010,632)	(3,753,003)
- intangible assets	-	(659,362)
Balance at end of the period / year	<u>3,137,702</u>	<u>2,572,476</u>

(Amounts in thousand)

	Unaudited June 30, 2020	Audited December 31, 2019
	-----Rupees-----	
4. STOCK-IN-TRADE		
Raw materials	1,574,764	980,126
Packing materials	211,092	53,569
Work-in-process	77,170	48,169
	<u>1,863,026</u>	<u>1,081,864</u>
Finished goods:		
- manufactured products	6,506,448	2,238,488
- purchased and packaged products	568,301	277,328
	<u>7,074,749</u>	<u>2,515,816</u>
Less: Provision for net realisable value of purchased and packaged products (note 4.1)	84,768	28,785
	<u><u>8,853,007</u></u>	<u><u>3,568,895</u></u>
4.1 Provision for net realisable value of purchased and packaged products		
Balance at beginning of the period / year	28,785	30,000
Charge for the period / year	55,983	28,785
Written-off during the period / year	-	(30,000)
	<u>84,768</u>	<u>28,785</u>
5. TRADE DEBTS		
Considered good		
- secured (note 5.1)	5,299,835	9,515,258
- unsecured	405,818	494,676
	<u>5,705,653</u>	<u>10,009,934</u>
Considered doubtful	50,299	48,799
	<u>5,755,952</u>	<u>10,058,733</u>
Less: Provision for impairment against trade debts (note 5.2)	50,299	48,799
	<u><u>5,705,653</u></u>	<u><u>10,009,934</u></u>
5.1 These debts are secured by way of bank guarantee and inland letter of credit.		
5.2 Provision for impairment against trade debts		
Balance at beginning of the period / year	48,799	18,230
Charge for the year	1,500	30,569
	<u>50,299</u>	<u>48,799</u>

(Amounts in thousand)

6. WORKING CAPITAL LOAN TO SUBSIDIARY

Represents unsecured loan given to EFERT Agritrade (Private) Limited (EAPL), wholly owned subsidiary of the Company, amounting to Rs. 8,560,797 (December 31, 2019: Rs. 16,245,774). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%. The repayment of the loan is made at mutually agreed terms between the Company and EAPL.

	Unaudited June 30, 2020	Audited December 31, 2019
-----Rupees-----		
7. SHORT-TERM INVESTMENTS		
Government Securities	9,949,214	5,305,337
Term Deposit certificates	748,114	196,607
Mututal Funds	2,000,000	-
	12,697,328	5,501,944

8. BORROWINGS - Secured

Long-term finance utilised under mark-up arrangements (notes 8.1 and 8.2)	26,650,206	30,952,449
Less: Current portion shown under current liabilities	8,612,266	8,760,351
Balance at end of the period / year	18,037,940	22,192,098

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

8.2 During the period, principal repayments of long-term finances were made to MCB Bank Limited, Allied Bank Limited, United Bank Limited, Dubai Islamic Bank Limited, Local Syndicate and DEG amounting to Rs.1,000,000, Rs.500,000, Rs.1,000,000, Rs.200,000, Rs.1,522,042 and Rs. 278,334 respectively.

9. SHORT-TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 16,350,000 (December 31, 2019: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2019: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs.1,804,401 (December 31, 2019: Rs. 1,546,685) from funded facilities and Rs. 2,610,188 (December 31, 2019: Rs. 2,610,188) from the non-funded facilities as at the reporting date.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 As at June 30, 2020, bank guarantees of Rs. 2,610,188 (December 31, 2019: Rs. 2,610,188) have been issued in favour of third parties.

(Amounts in thousand)

10.2 As at June 30, 2020, claims, including pending lawsuits, against the Company, not acknowledged as debts amount to Rs. 61,914 (December 31, 2019: Rs. 61,914).

10.3 In the year 2017, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by a Contractor from its contract with the Company, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. Thus confirming demand order issued of Rs. 1,178,391. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP) and the proceedings in relation thereto are currently pending. It is expected that on adjudication on the merits of the case, the exposure will not exceed Rs. 200,000 for the Company.

Although certain implications arise under the terms of the Contract, the chances of any obligation crystallising on part of the Company given the time lines of any separate proceedings under the Income Tax Ordinance, 2001 are remote. Accordingly, no provision has been made in respect of the demand order issued by the tax department.

10.4 Except as mentioned above, as at June 30, 2020, there is no material change in the status of matters reported as contingencies in note 23 of the audited financial statements of the Company for the year ended December 31, 2019.

Unaudited	Audited
June 30,	December 31,
2020	2019
-----Rupees-----	

10.5 **Commitments**

Commitments in respect of capital expenditure and other operational items

8,745,890	6,565,922
-----------	-----------

Unaudited			
Quarter ended		Half year ended	
June 30,	June 30,	June 30,	June 30,
2020	2019	2020	2019
-----Rupees-----			

11. **NET SALES**

Gross sales:

- manufactured product

- purchased and packaged product

- services

Less: sales tax

23,347,855	17,622,543	31,265,075	34,438,989
332,871	426,423	437,302	580,911
156,616	-	376,114	-
23,837,342	18,048,966	32,078,491	35,019,900
483,710	346,953	666,601	678,057
23,353,632	17,702,013	31,411,890	34,341,843

(Amounts in thousand)

Unaudited

Quarter ended		Half year ended	
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees-----			

12. OTHER INCOME

On financial assets

Dividend income	-	1,546,735	426,470	1,546,735
Income from working capital loan to EAPL	179,851	321,175	575,674	640,736
Income on government securities, term deposit certificates and bank deposits	239,867	359,512	500,597	644,969
	419,718	2,227,422	1,502,741	2,832,440

On non-financial assets

Commission income from EAPL	94,213	132,834	131,661	232,193
Sub-licensing income from EAPL	7,655	-	14,513	-
Gain on disposal of property, plant and equipment	-	71	-	694,208
Reversal of liability for workers' welfare fund	-	999,423	-	999,423
Gain on disposal of spares / scrap	1,347	29,469	1,347	30,783
Others	1,579	2,971	2,051	21,537
	104,794	1,164,768	149,572	1,978,144
	524,512	3,392,190	1,652,313	4,810,584

13. TAXATION

- 13.1 In previous years, the income tax department amended the assessment filed by the Company for the tax years 2015, 2016 and 2017. The Company filed appeals there against before the Commissioner Inland Revenue Appeals (CIRA) for disallowances made in the orders which mainly included proration of expenses to exempt / FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts Limited under section 59B of the Income Tax Ordinance, 2001, resulting in cumulative addition of Rs. 16,173,826 to taxable income of these tax years. Last year, CIRA passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. The Company as well as the tax department has filed appeals against the order of CIRA before the Appellate Tribunal (ITAT). The matter was heard by the ITAT for tax year 2015 and 2016 on January 7, 2020.

During the period, ITAT passed an order for tax year 2015 and 2016 and decided all matters in favor of the Company, except for disallowance of provisions on inventories that was maintained. The Company is confident of a favourable outcome on these amendments and therefore no provision has been recognised in this respect in these condensed interim financial statements.

- 13.2 Except as mentioned above, as at June 30, 2020, there is no material change in the tax related matters reported in note 31 of the audited financial statements of the Company for the year ended December 31, 2019.

(Amounts in thousand)

	Unaudited	
	Half year ended	
	June 30, 2020	June 30, 2019
	-----Rupees-----	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	7,398,197	12,164,332
Adjustment for non-cash charges and other items:		
Depreciation	2,605,873	2,636,835
Amortisation of intangible assets	52,683	16,788
Amortisation of deferred income	(1,933)	(1,925)
Loss / (Gain) on disposal of property, plant and equipment	3,780	(694,208)
Provision for retirement and other service benefits	37,062	40,430
Income on government securities, term deposit certificates and bank deposits	(500,597)	(1,285,705)
Finance cost	1,914,492	1,702,229
Exchange loss on revaluation of long-term borrowings	195,051	320,850
Amortisation of transaction cost	3,082	13,094
Dividend received	(426,470)	(1,546,735)
Provision for impairment against receivables	3,294	13,371
Provision for net realisable value of purchased and packaged products	55,983	33,319
Provision for surplus and slow moving stores and spares	20,295	7,550
Provision against input tax disallowance	630,002	-
Working capital changes (note 14.1)	(2,556,441)	3,654,209
	<u>9,434,353</u>	<u>17,074,434</u>
14.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(892,504)	(12,525)
- Stock-in-trade	(5,340,095)	(323,755)
- Trade debts	4,302,781	46,985
- Loans, advances, deposits and prepayments	625,980	249,259
- Other receivables	208,014	564,565
	<u>(1,095,824)</u>	<u>524,529</u>
(Decrease) / increase in current liabilities		
- Trade and other payables	(1,460,617)	3,129,680
	<u>(2,556,441)</u>	<u>3,654,209</u>
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,952,897	1,106,741
Short-term investments	5,792,834	5,470,108
Short-term borrowings	(1,804,401)	(1,389,875)
	<u>6,941,330</u>	<u>5,186,974</u>

(Amounts in thousand)

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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

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

16.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Assets				
Short-term investments				
Fair value through other comprehensive income	-	9,949,214	-	9,949,214

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

16.3 Fair value of financial assets and liabilities

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

(Amounts in thousand)

17. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited	
	Half year ended	
	June 30,	June 30,
	2020	2019
	-----Rupees-----	
Holding company		
Purchases and services received	322,221	271,773
Services provided	39,011	33,813
Reimbursements made:		
- to the Company	92,354	18,726
- by the Company	9,418	130,583
Royalty charged to the Company	461,328	508,211
Dividend paid by the Company	1,502,624	2,253,936
Subsidiary company		
Payment of funds collected against sales made on behalf of subsidiary	16,235,517	16,044,660
Mark-up received on working capital loan to subsidiary	575,674	640,736
Disbursements of working capital loan to subsidiary	5,234,370	9,384,300
Repayment received against working capital loan to subsidiary	12,919,347	12,830,540
Services provided by the Company	69,823	-
Reimbursements made:		
- by the Company	29,664	2,081
- to the Company	47	15,604
Dividend received by the Company	426,470	1,546,735
Commission income earned from subsidiary	131,661	232,193
Sub-licensing income from subsidiary	14,513	-
Purchase of product from subsidiary	30,649	-
Associated companies		
Purchases and services received	65,851	87,885
Services provided by the Company	56,880	18,764
Reimbursements made:		
- by the Company	19,280	32,355
- to the Company	2,693	2,141
Proceeds against sale of products	-	1,020
Proceeds against sale of land	-	705,600
Donation to Engro Foundation under Corporate Social Responsibility	86,489	14,500
Dividend paid to trustees of Engro Foods Limited Gratuity Fund	145	237
Contribution to staff retirement benefits		
Pension fund	3,822	5,019
Gratuity fund	70,155	61,352
Provident fund	76,983	67,597
Dividend paid to staff retirement benefits		
Pension fund	74	267
Gratuity fund	577	974
Provident fund	1,016	1,836
Others		
Remuneration of key management personnel	114,682	134,122
Director's fee	4,781	4,266

(Amounts in thousand)

18. OPERATING SEGMENT RESULTS

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Half year ended		Half year ended		Half year ended		Half year ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees -----							
Sales	27,418,091	31,107,012	3,613,067	3,336,296	1,047,333	576,591	32,078,491	35,019,899
Intersegment sales	775,873	563,998	-	-	336,645	-	1,112,518	563,998
Sales tax	(547,458)	(609,316)	(73,570)	(65,518)	(45,575)	(3,222)	(666,601)	(678,056)
	27,646,508	31,061,694	3,539,497	3,270,778	1,338,403	573,369	32,524,408	34,905,841
Profit / (loss) before tax	7,533,191	11,875,087	(32,164)	604,094	(102,830)	(314,849)	7,398,197	12,164,332
Depreciation & amortization	2,465,278	2,608,960	17,816	18,873	175,462	25,790	2,658,556	2,653,623
Capital expenditure	240,858	963,704	9,726	16,440	1,325,274	1,183,497	1,575,858	2,163,641

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	----- Rupees -----							
Segment assets	87,692,390	96,776,648	3,508,254	4,205,999	18,568,030	18,433,764	109,768,674	119,416,411
Unallocated assets	-	-	-	-	-	-	16,118,595	9,691,515
Total assets	87,692,390	96,776,648	3,508,254	4,205,999	18,568,030	18,433,764	125,887,269	129,107,926

	Unaudited	
	Half year ended	
	June 30, 2020	June 30, 2019
	----- Rupees -----	
Reconciliation of reportable segment net sales		
Total net sales for reportable segment	32,524,408	34,905,841
Elimination of intersegment net sales	(1,112,518)	(563,998)
Total net sales	31,411,890	34,341,843

	Unaudited		Audited	
	June 30, 2020		December 31, 2019	
	----- Rupees -----			
	Reconciliation of reportable segment total assets			
Total Assets	109,768,674	119,416,411		
Total assets for reportable segments	87,692,390	96,776,648		
Add:				
Accrued income	468,369	779,897		
Short term investments	12,697,328	5,501,944		
Cash and Bank balances	2,952,898	3,409,674		
Unallocated assets	16,118,595	9,691,515		
Total assets	125,887,269	129,107,926		

	Unaudited		Audited	
	June 30, 2020		December 31, 2019	
	----- Rupees -----			
	Reconciliation of reportable segment total assets			
Total Assets	109,768,674	119,416,411		
Total assets for reportable segments	87,692,390	96,776,648		
Add:				
Accrued income	468,369	779,897		
Short term investments	12,697,328	5,501,944		
Cash and Bank balances	2,952,898	3,409,674		
Unallocated assets	16,118,595	9,691,515		
Total assets	125,887,269	129,107,926		

(Amounts in thousand)

19. 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.

20. ADDITIONAL DISCLOSURES

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

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

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

21. CORRESPONDING FIGURES

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

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

22. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on July 29, 2020 has approved an interim cash dividend of Rs. 4 per share for the year ending December 31, 2020 amounting to Rs. 5,341,198. These condensed interim financial statements do not include the effect of the said interim dividend.

23. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on July 29, 2020 by the Board of Directors of the Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

ایوارڈز اور اعزاز

- کمپنی کو انڈسٹریل سیکٹر میں پاکستان کی بہترین کمپنی کے طور پر مینجمنٹ ایسوسی ایشن آف پاکستان (MAP) آر امیر ایس چنائے ٹرافی سے نوازا گیا۔ یہ کارنامہ 26 سال بعد ہمارے اس منصب کی طرف واپسی کا ثبوت ہے۔ کمپنی کو میپ کی جانب سے منعقد کردہ 35 ویں کارپوریٹ ایکیسی لینس ایوارڈز کی تقریب میں اس شاندار اعزاز سے نوازا گیا جو کہ کمپنی کی جانب سے غیر معمولی کارکردگی، ترقی کے اظہار اور واضح مینجمنٹ تجربات کی بدولت حاصل ہوا۔
- کمپنی کے ہیڈ آفس اور مینوفیکچرنگ مقامات کو مختلف اقسام میں 8 گرین آفس ایوارڈز سے نوازا گیا۔
- کمپنی کو برٹش سیٹھی کونسل کی جانب سے HSE سے متعلق بہترین کوششوں کی بدولت ”انٹرنیشنل سیٹھی ایوارڈ میرٹ“ اور ”کنٹری بیسٹ جوائنٹ ایوارڈ“ سے نوازا گیا۔
- آئی ایف اے: انٹرنیشنل فریڈلائزرز ایسوسی ایشن نے کمپنی کو فریڈلائزر پروڈکشن میں HSE کی شاندار کارکردگی کے سبب ”گرین لیف رن اپ ایوارڈ“ سے نوازا۔
- کمپنی کی ڈہرکی ایٹلانٹک لیباریٹری نے لیباریٹری کوالٹی سروسز انٹرنیشنل، ایس جی ایس، امریکہ سے بہتری کے تسلسل کو برقرار رکھنے کی بدولت کو الٹی ایوارڈ 2019 اپنے نام کیا۔

مستقبل قریب کا جائزہ

COVID-19 کی صورتحال اور نئی دل کے حملے کے سبب آنے والے مستقبل قریب میں یورپا کی مقامی طلب زبرد باؤرنے کا امکان ہے۔

سپلائی کے اعتبار سے، خالصتاً گیس پر چلنے والے پلانٹس کی یورپا پیداوار سے مقامی طلب پورا ہونے کی توقع ہے جبکہ اسی سے دوران سال کے لئے محفوظ اسٹاک کی مناسب سطح برقرار رکھی جائے گی۔ اگر گیس کی فراہمی باقاعدہ طور پر جاری رہی تو کمپنی اتنے اضافی یورپا کی پیداوار کے قابل ہے کہ دوران سال ملکی سطح پر بفر اسٹاک کی ضرورت کو پورا کیا جائے۔

حکومت کی جانب سے تین ماہ کے لیے پلانٹس کو RNLNG پر چلانے کے حالیہ فیصلے سے اضافی خرچہ اور کرنٹ اکاؤنٹ کا بوجھ بڑھے گا، خاص طور پر جب یورپا کو مقامی سطح پر فروخت کیا جاتا ہے۔ RNLNG کے کم اسپاٹ پرائس سے فائدہ اٹھانے کے لیے حکومت کو یورپا کی ایکسپورٹ کے لیے اجازت دینے پر غور کرنا چاہئے تاکہ ملک میں زرمبادلہ کو بڑھایا جاسکے۔ مزید برآں، کمپنی پاکستان کے زرعی شعبے میں بہتری لانے میں اپنا کردار ادا کرنے کے لیے پرعزم ہے اور ان مشکل حالات میں اپنی قوم کے شانہ بشانہ کھڑی ہے۔ یورڈ کی جانب سے، کمپنی اپنے تمام اسٹیک ہولڈرز کا ان کے اعتماد اور تعاون کے لیے شکریہ ادا کرتی ہے۔



نادر سالا قریشی
چیف ایگزیکٹو آفیسر



غیاث خان
چیئرمین

کمپنی کی کاروباری کارکردگی

کمپنی کی یورپا پیداوار گزشتہ سال کی پہلی ششماہی میں 906 KT کے مقابلے میں 2020 کی پہلی ششماہی کے دوران 1,136 KT رہی۔ یہ کمپنی کی تاریخ میں کسی بھی ششماہی کے دوران سب سے زیادہ ریکارڈ پیداوار ہے، یہ شاندار نتیجہ پلانٹ کی فعالیت پر بھرپور اور مسلسل توجہ کے ساتھ انجینئرنگ مہارتوں کی مرہون منت ہے۔ حالیہ مدت کے دوران ہیلز 847 KT تک پہنچی جو کہ 2019 کی اسی مدت کے دوران 887 KT تھی، کمی کی وجہ اوپر ذکر کردہ عوامل اور صورتحال ہے۔ کمپنی زائد پروڈکشن کی بدولت اپنے یورپا مارکیٹ کے حصے میں 32 فیصد تک اضافہ کرنے میں کامیاب رہی جو کہ 2019 کی پہلی ششماہی میں 31 فیصد تھا۔

زیر جائزہ مدت کے دوران کمپنی کی ڈی اے پی اور زور آوری کی ہیلز گزشتہ سال کے 198 KT کے مقابلے میں 119 KT رہی جبکہ اسپیشلسٹی فریڈلائزر (زرخیز، اینگرو این پی، ایم او پی / ایس او پی / اے ایس) کی ہیلز 2019 کی پہلی ششماہی کے 126 KT کے مقابلے میں 100 KT رہی۔

کمپنی کا مجموعی منافع 2020 1H کے لیے 14.0 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 16.1 بلین روپے تھا، اس طرح 13 فیصد کمی یورپا کی قیمتوں میں گراؤ کے سبب ہے۔ اس دوران زائد پالیسی ریٹس اور بیرونی قرضہ جات پر مزید کچھ نفع نقصانات کے سبب مالی اخراجات 2.1 بلین روپے (گزشتہ سال 2.0 بلین روپے کے مقابلے میں) رہے۔

انفرادی طور پر خالص منافع برائے پہلی ششماہی 2020 گزشتہ سال کے 8.5 بلین روپے کے مقابلے میں 5.4 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 4.04 روپے بنتا ہے جو کہ سال 2019 کی پہلی ششماہی میں 6.38 روپے تھا۔ کمپنی کا مجموعی منافع گزشتہ سال کے 7.2 بلین روپے کے مقابلے میں 4.5 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 3.34 روپے بنتا ہے۔ گزشتہ سال کا ہر ایک شیئر پر منافع 5.38 روپے تھا۔

بورڈ 30 جون 2020 کو ختم ہونے والی مدت کے لیے ہر ایک شیئر پر 4.00 روپے عبوری نقد ڈیویڈنڈ تجویز کرتے ہوئے خوشی محسوس کرتا ہے۔

انڈسٹری کے ساتھ مطابقت میں، کمپنی نے تمام غیر عاقل گیسز کا جی آئی ڈی سی کے کم ریٹس پر حصول جاری رکھا ہے۔

دیگر نمایاں امور

حالیہ بجٹ میں سخت ٹیکس ریگولیشنز متعارف کرانے سے ایسے مینوفیکچررز کی کاروباری لاگت میں اضافہ ہو جائے گا جو سیلز ٹیکس سے باہر موجود افراد سے کاروبار کریں گے۔ فریڈلائزر انڈسٹری ایسی سادہ سی ویلیو چین میں کام کرتی ہے جہاں ڈیلرز 2 یا 3 فیصد کے بہت محدود منافع کے ساتھ کام کرتے ہیں۔ اس انڈسٹری کے 90 فیصد ڈیلرز انکم ٹیکس کے لیے فائلرز کا درجہ رکھتے ہیں لیکن سیلز ٹیکس کے اندر نہیں آتے۔ اس مدت کے دوران کمپنی کو قوانین میں لائی جانے والی تبدیلیوں کے سبب منفی اثرات کا سامنا ہوگا۔

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

حسین داؤد پلچ

COVID-19 کی عالمی وباء سے پیدا ہونے والے ناقابل بیان مسائل سے نہرو آزما ہونے کی حقیقی کوششوں کے سلسلے میں، اینگری فٹرائز اور ڈاؤد ہرکولس کارپوریشن کے چیئرمین جناب حسین داؤد کی جانب سے 1 بلین روپے پلچ کا اعلان کیا گیا، جس کا مقصد بیماری سے تحفظ، طبی عملی کی حفاظت کا یقینی بنانا، مریضوں کی دیکھ بھال، روزگار اور زندگی کی ضروریات سے متعلق مختلف محاذوں پر کام کرنا ہے۔ اس سلسلے میں سہ ماہی کے دوران ہم نے 1 بلین روپے کی حسین داؤد پلچ سے درج ذیل امور انجام دیئے ہیں:

- انڈس ہسپتال کو اپریل میں 66.5 بلین روپے تعاون کیا تا کہ پورے سندھ میں COVID-19 کی ٹیسٹنگ صلاحیت کو بڑھا دیا جائے۔
- شوکت خانم میموریل ہسپتال کو مئی میں 20 بلین روپے تعاون کیا تا کہ جنوبی پنجاب میں COVID-19 کی ٹیسٹنگ کا آغاز کیا جائے۔

متعلقہ علاقہ جات میں دیگر اقدامات

ذکورہ بالا کے علاوہ، کمپنی نے اس وباء کو رکھنا کے لیے اگلے قدم پر کوششیں کی اور اس وباء سے تحفظ کے لیے مختلف اقدامات اٹھائے اور متعلقہ علاقوں میں فلاحی امور انجام دیئے ہیں جن میں شامل ہیں:

- لاک ڈاؤن کے دوران، ڈہری، چھنگ اور گردنواح کے 1,850 خاندانوں میں راش تقسیم کیا۔
- ڈہری اور گردنواح کے لیے اسپے ٹیکنیکل ٹریٹنگ سینٹر کو 176 بستروں پر مشتمل قرنطینہ سہولت میں تبدیل کیا
- ماحقد دیہات میں عوامی مقامات پر جراثیم کش اسپرے کئے، سول کورٹ، نادرہ آفس وغیرہ جیسے عوامی مقامات پر واک تھرو ٹل تخصیص کروائے۔
- ضلعی طبی عملے کو ماسک اور دیگر حفاظتی سوٹ فراہم کئے۔
- ڈہری اور ماحقد علاقوں کے لیے انڈس ہسپتال کے تعاون سے کرونا کے مفت ٹیسٹ کی سہولت کے لیے اپنا ٹیکنیکل ٹریٹنگ سینٹر فراہم کیا۔ اس سہولت سے اب تک تقریباً 1,700 افراد کو ٹیسٹ کیا گیا ہے۔
- COVID-19 سے متعلق ریڈیو بیغامات اور کتابچوں کی تقسیم سے آگہی ہم کا انتظام
- ڈہری کے مختلف عوامی مقامات پر ہاتھ دھونے کے اسٹیشنز کی تخصیص، ہیڈ واٹس اسٹیشن کی ری فلنگ مستقل بنیادوں پر جاری ہے۔

یوریا کی قیمتیں

جنوری 2020 میں حکومت پاکستان نے فرٹیلائزر ریگولیشن کے تحت GIDC کم کرنے کی منظوری دیتے ہوئے قیمت 5 روپے فی MMBTU کردی تا کہ یوریا کی قیمتیں کم ہوں اور زرعی شعبے کو تقویت ملے۔ GIDC کم کرنے کے حکومتی فیصلے کا خیر مقدم کرتے ہوئے، اینگری فٹرائز اور ڈاؤد ہرکولس پلچ نے اس سہولت کو مکمل طور پر منتقل کرتے ہوئے یوریا کی فی بوری قیمت میں 160 روپے کمی کی۔ اس کے ساتھ، کمپنی نے مارچ 2020 میں 240 روپے فی بوری کی مزید کمی کی۔ اس کمی سے سال کے آغاز سے لے کر اب تک یوریا کی فی بوری قیمت میں 400 روپے فی بوری کمی واقع ہو چکی ہے۔

پاکستان کی فریٹلائزر مارکیٹ

سال 2020 کی دوسری سہ ماہی کے دوران، حکومت نے زرعی شعبے کے لیے 50 بلین روپے سبسڈی دینے کا اعلان کیا جس کے مطابق ڈی اے پی اور دیگر فاسفیٹ کی حامل کھادوں پر 925 روپے فی بوری سبسڈی اور یوریا اور دیگر نائٹروجن کھادوں پر 243 روپے فی بوری سبسڈی شامل ہے۔ اس سبسڈی اسکیم پر صوبوں کی جانب سے خریف سیزن کے لیے اسکرینج کارڈ اسکیم کے ذریعے عمل درآمد کی گئی۔ تاہم کسانوں کی طرف سے فریٹلائزر کی خریداری میں تاخیر کے سبب اس سبسڈی پر تعمیل میں بھی تاخیر واقع ہوئی، نتیجے میں اپریل اور مئی 2020 کے دوران فراہمی میں کمی واقع ہوئی۔ اس سبسڈی کو فاسفیٹ اور پوٹاشیم پروڈکٹس کے لیے ہی مخصوص کرنے کی وضاحت کے ساتھ جون میں فروخت میں اضافہ دیکھنے میں آیا۔ حکومت کی طرف سے زرعی ضروریات کی قیمتوں پر رعایت دینے کے بروقت اور نہایت ضروری اقدام سے دیہی معیشت کو سہارا ملا کیونکہ COVID-19 کی عالمی وباء سے یہ طبقہ سب سے زیادہ متاثر ہوا۔ جیسا کہ شہری معیشت کے شعبہ جات دباؤ کا شکار ہیں، اس کے مقابلے میں زراعت کا شعبہ کم متاثر ہے اور یہ شعبہ ملک کے 40 فیصد لیبر فورس کو مصروف رکھنے کے ساتھ ملکی ترقی میں اہم کردار رکھتا ہے۔

ٹڈی دل کے اثرات سے متعلق ہینشل ڈزاسٹر مینجمنٹ اتھارٹی (این ڈی ایم اے) کی تازہ سروے کے مطابق، تقریباً 575,000 ہیکٹر اراضی متاثر ہوئی ہے جبکہ 50,000 ہیکٹر اراضی کو ٹڈی دل نے تباہ کر کے رکھ دیا ہے۔ اس سے بڑا خطرہ جو منڈلا رہا ہے وہ افریقی اعراب صحراؤں سے آنے والے ٹڈی دل ہیں جن کی آمد آئندہ چار سے آٹھ ہفتوں میں متوقع ہے۔ فوڈ اور ایگری کلچر آرگنائزیشن (FAO) نے وارننگ دی ہے کہ اگر اس پر قابو نہیں پایا گیا تو اس سے خریف کی فصل کو 25 فیصد نقصان کا اندیشہ ہے۔ تاہم اب یہ واضح ہو رہا ہے کہ این ڈی ایم اے اس معاملے کو سنجیدگی سے دیکھ رہی ہے اور آرڈننسز کو بھی اس اہم مسئلے پر قابو پانے کے لیے تیار کیا گیا ہے۔ پہلے سے زیادہ توجہ اور مزید وسائل کے ساتھ، امید ہے کہ اس کے منفی اثرات کو کم سے کم کیا جائے گا۔

مقامی یوریا کی طلب 2019 کی پہلی سہ ماہی میں 2,878 KT کے مقابلے میں 2,646 KT رہی جس کے مطابق گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد کمی واقع ہوئی۔ اس کی اہم وجہ سبسڈی کے اعلان کے ساتھ COVID-19 سے ایگری ویلیو چین میں پیدا ہونے والے مسائل کے سبب غیر یقینی صورتحال کا پیدا ہونا ہے۔ خالصتاً گیس پر حاصل ہونے والی پروڈکشن 16 فیصد اضافے کے ساتھ 2,908 KT رہی جو کہ گزشتہ سال کی اسی مدت میں 2,513 KT تھی، اس سے ایگری فریٹلائزرز لمیٹڈ (کمپنی) نے ریکارڈ ششماہانہ پیداوار حاصل کی (2019 کی پہلی ششماہی میں ٹوٹل یوریا پروڈکشن بشمول RNLG پلانٹ 2.90 MT تھی)۔ کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں پلانٹ کی بہتر کارکردگی اور بھرپور فعالیت سے 25 فیصد زائد پروڈکشن حاصل کی۔ انڈسٹری کی انوینٹری 2020 کی پہلی ششماہی کے اختتام پر 438 KT رہی جو کہ جون 2019 کے اختتام پر 181 KT سے 2.4 گنا زائد ہے۔ اس میں مارکیٹ سے مناسب سیفٹی اسٹاکس کی فراہمی نے خالصتاً گیس پر حاصل ہونے والی پروڈکشن حاصل ہونے میں مدد دی۔

اسی طرح فاسفیٹ مارکیٹ میں بھی ان ہی عوامل کا سامنا رہا جہاں طلب میں 14 فیصد کمی سے گزشتہ سال کی اسی مدت کے 643 KT کے مقابلے میں 551 سبزلز حاصل ہوئی۔

اینٹرو فرٹیلایزرز لمیٹڈ
ڈائریکٹرز رپورٹ برائے شیئرز ہولڈرز
برائے اختتام میعاد 30 جون، 2020

ہم، اینٹرو فرٹیلایزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی طرف سے غیر آڈٹ شدہ مالی گوشوارے برائے اختتام سہ ماہی 30 جون، 2020 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

COVID-19 کے دوران کاروبار جاری رکھنے کی منصوبہ بندی

عالمی وباء کے سبب دنیا ابھی تک نئی صورتحال میں خود کو ایڈجسٹ کر رہی ہے جبکہ دنیا بھر کے کارپوریٹس بزنسز کے ضمنی اثرات سے نکل کر بحالی کے امور پر کام کر رہے ہیں۔ پاکستان بھی اس صورتحال سے سب سے زیادہ متاثر ہونے والے ممالک میں شامل ہے، کیونکہ پہلے سے معاشی بد حالی کا شکار ملک اس عالمی وباء کے اثرات سے مزید متاثر ہوا۔

ان مشکل حالات میں سب سے زیادہ اہمیت کا حامل ایگریکلچر ہے جس پر ملک میں غذا کے تحفظ کو یقینی بنانے کی اہم ذمہ داری عائد ہوتی ہے۔ ایسی صورتحال میں فرٹیلایزرز انڈسٹری بھی متاثر ہوئی اور شعبہ گزشتہ سال کے مقابلے میں یوریا کی طلب میں 8 فیصد کمی کا شکار رہا۔ اسی طرح، سال کی پہلی ششماہی میں فاسفیٹ مارکیٹ کو تقریباً 14 فیصد کمی کا سامنا رہا۔

کمپنی کو پاکستان کے ایگری و بیوجیمین میں اپنی حیثیت کا بخوبی اندازہ ہے اور پاکستان کی زرعی پیداوار کا تقریباً 40 فیصد ذریعہ بننے والی اپنی پوزیشن سے باخبر ہے۔ اسی کے پیش نظر کمپنی نے فوری طور پر ایسے اقدامات اٹھائے جن کی بدولت وہ اس وبائی صورتحال میں اپنے آپریشنز بلا تعلق جاری رکھنے کے قابل ہوئی۔ دوسری جانب اپنے ملازمین کی صحت کا تحفظ انتظامیہ کی اہم ترجیحات میں شامل رہا۔ جہاں تک ممکن تھا، ملازمین کو گھر سے کام جاری رکھنے کے لیے کہا گیا جبکہ ہمارے پلائس PPE کے مطابق انہیں تحفظ فراہم کیا گیا، وارنڈ ٹیسٹنگ کی سہولت، چوبیس گھنٹے فعال میڈیکل ہیپ ڈیسک کا قیام اور سائٹ پر قرنطین کی سہولیات میسر کی گئیں۔ اس کے ساتھ ملازمین کی حوصلہ افزائی کے لیے دیگر مختلف اقدامات بھی اٹھائے گئے جن میں فرنٹ لائن اسٹاف پر خصوصی توجہ، فکری صحت و تحفظ کے لیے کونسلنگ سیشن اور سوشل انٹراکشن کے لیے آن لائن پلیٹ فارمز کی فراہمی شامل ہے۔

انٹرنیشنل فرٹیلایزرز مارکیٹ

یوریا کی عالمی قیمتوں میں 2020 کی پہلی سہ ماہی کے آخر میں عالمی طور پر زائد پلائی کے سبب جون کے دوران امریکی ڈالر 274/T/2,710 روپے فی بوری کے مساوی (پینچ) سے امریکی ڈالر 237/T/2,425 روپے فی بوری کے مساوی (پینچ) تک کمی دیکھنے میں آئی۔ مقامی یوریا کی فروخت عالمی قیمتوں سے 33 فیصد خصوصی رعایت کے ساتھ ہوئی جس کے مطابق سال کے آغاز میں 2,040 روپے فی بوری قیمت 1,643 روپے فی بوری تک کم ہو چکی ہے۔ ماضی میں یوریا کی عالمی قیمتیں یوریا کی مقامی قیمتوں سے قدرے زائد رہی ہیں، اور فرٹیلایزرز انڈسٹری نے گیس کی کم قیمتوں کا فائدہ کسانوں کو تین گنا رعایتی قیمت پر یوریا کی فراہمی سے پہنچایا ہے۔

ڈی اے پی کی قیمتیں 2020 کی پہلی سہ ماہی کے اختتام پر امریکی ڈالر 325/T کے مقابلے میں 2020 کی دوسری سہ ماہی میں فاسفیٹ مارکیٹ کی بحالی کے سبب امریکی ڈالر 328/T کے ساتھ مستحکم رہیں۔