



engro fertilizers

A PROMISE OF GROWTH

Half Yearly Report 2021





engro fertilizers

company information

BOARD OF DIRECTORS

Mr. Ghias Khan (Chairman)
Mr. Nadir Salar Qureshi (Chief Executive)
Mr. Abdul Samad Dawood
Mr. Asad Said Jafar
Mr. Asim Murtaza Khan
Mr. Javed Akbar
Mr. Mazhar Hasnani
Dr. Shamshad Akhtar

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed

COMPANY SECRETARY

Mr. Sunaib Barkat

BANKERS

Conventional Banks

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

Shariah Compliant Banks

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

Microfinance Banks

Mobilink Microfinance Bank
Telenor Microfinance Bank

AUDITORS

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

REGISTERED OFFICE

7th & 8th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92 (21) 35297501-10
PABX: +92 (21) 111 211 211
Fax: +92 (21) 35810669
Website: www.engrofertilizers.com
www.engro.com

PLANT SITES

Daharki

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

Zarkhez

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

DISTRIBUTION HEAD OFFICE

Engro Fertilizers Limited
Plant Site Daharki

SALES & MARKETING HEAD OFFICE

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

SHARE REGISTRAR

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

For complaints or concerns in relation to business
ethics and Compliance

Engro Fertilizers Limited

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

directors' report to the shareholders for the half year ended June 30, 2021

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

Business Continuity Strategy during COVID 19

The Company remains committed to strict adherence with COVID-19 SOPs whilst ensuring safety of our employees. A government sponsored vaccination facility has been set up at Daharki plant to facilitate the employees and their families. Similarly, single dose dedicated vaccination facility was set-up at the head office for employees and their family members. At the head office, we continued to operate at 25% attendance till June end. People desk facility continues to operate to ensure wellbeing of the employees.

CSR Initiatives

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

- Free of cost anti-rabies treatment facility was commissioned for the community during June'21 and has already attended to around **40 cases**
- Permanent Engro Limbs facility has been set-up to provide free of cost lower limbs replacement. A pilot project for upper limbs replacement has also been initiated
- Support was extended to rescue the passengers of a train accident near Ghotki which was also appreciated by Pakistan Railway
- Conducted awareness campaigns and installation of handwash stations at Daharki railway station and Sindh Punjab border to combat COVID'19
- Support extended for installation of benches and solar lights at Sukkur airport, Rohari, Ghotki and Mirpur Railway stations
- Distribution of **300 ration bags** to widows and needy in Ramazan

Market Review

International urea prices have increased to USD 473/T (landed equivalent PKR 4,546/bag) by the end of Q2 2021 from USD 377/T (landed equivalent of PKR 3,417/bag) prevailing at the end of Q1 2021. Domestic urea prices are currently at a record discount of approximately 62% to international prices. They are currently around PKR 1,718/bag, which were unchanged from the last quarter.

DAP international prices have witnessed significant increase during the period with offers being quoted as high as USD 600/T by the end of 1H 2021 amidst seasonal demand resurgence. Consequently, local DAP prices increased from PKR 3,955/bag at start of Q1 2021 to PKR 5,562/bag by the end of 1H 2021 to reflect this increase.

On the domestic front, 2021 witnessed strong agri sector performance. Following the momentum built over last year, farm economics continued to improve mainly on the back of better support prices and improved water avails. Earnings for major crops like sugarcane improved by 46% YoY and wheat witnessed highest ever YoY increase of 52% in the last decade.

Local urea market demand stood at 2,833 KT vs 2,646 KT in 1H 2020, translating into an increase of 7% versus same period last year. This was due to improved farm economics during current year coupled with lower sales last year resulting from supply chain challenges and uncertainty created by subsidy announcement. Domestic production increased by around 6% and is currently standing at 3,071 KT vs 2,908 KT last year mainly due to operation of RLNG based urea plants.

Other Key Developments

In our efforts to support the government in improving the documentation of economy in the fertilizer downstream value chain, focused efforts were undertaken that have resulted in bringing majority of our dealers within the sales tax net.

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

On March 11, 2020, the Federation of Pakistan filed an appeal in Sindh High Court (SHC) against EFERT (and other companies) challenging the decree and judgment issued by the SHC (on October 26, 2016). The appeal was filed along with an application through which the Federation prayed that the delay with regards to filing the appeal is condoned. During the quarter, EFERT filed a Counter Affidavit (CA) in the SHC, seeking to get the application for condonation of delay as well as the appeal itself by the Federation to be dismissed. CA is based on the grounds that the appeal has been filed after almost three years of the decree and the judgment and therefore, the same is time barred and the Federation cannot be treated differently from an ordinary litigant.

On the matter of end of concessionary gas period, the Company has obtained an ad interim stay order from the High Court of Sindh wherein parties have been directed to maintain status quo. Concurrently, the Company is in discussion with the Federal Government and Sui Northern Gas Pipeline Limited ("SNGPL") to extend the concessionary gas period for the number of days for which 'Minimum Contract Quantity' i.e. committed volume of gas under the GSPA was not supplied. Following the principles of prudence, going forward, the Company will not accrue the benefit of our rightful concessionary gas pricing as the matter remains sub judice.

Awards & Recognitions

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

1. **2 awards** at the British Safety Council Awards 2021 in the categories of **Global Best in Manufacturing Sector & Best in Country**
2. Recognition in promoting **education in "Katcha" Sindh**, Pakistan at the Global Corporate Social Responsibility Awards 2021
3. E-Logistics has been awarded Royal Society for the Prevention of Accidents (RoSPA) **Fleet Safety Gold Award 2021**

Company's Operating Performance

The Company's urea production stood at 1,070 KT vs 1,136 KT in 1H FY20 mainly because of a turnaround in one of the plants. Half yearly urea sales were 1,115 KT vs 847 KT during the same period last year.

The Company phosphates (DAP, Zorawar & NP) sales during 1H 2021 stood at 125 KT vs 132 KT during the same period last year.

Gross Profit of the Company was recorded at PKR 21.4 Bn for 1H 2021 as compared to PKR 14 Bn in the same period last year.

On a standalone basis, net profit for 1H 2021 stood at PKR 10.7 Bn compared to PKR 5.4 Bn last year. Company's consolidated profit stood at PKR 10.5 Bn vs PKR 4.4 Bn in the corresponding period last year, resulting in an EPS of PKR 7.87 vs. PKR 3.34 in the same period last year.

The Board is pleased to announce a cash dividend of PKR 4 per share for the period ended June 30, 2021.

Near Term Outlook

The recent budget announcement of FY22 has allocated PKR 12 Bn for agriculture development which includes amounts for locust emergency and food security projects, improving productivity of basic crops, enhancing olive cultivation on commercial scale and improvement of water courses. This will result in improved farm economics which would positively impact the fertilizer sector. The government has also launched “Kissan Card” which is a revolutionary step towards modernizing agriculture and contributing to a prosperous farmer community.

Company continues to bear the financial burden of unpaid subsidy and sales tax refunds that now accumulates to ~ PKR 12.9 Bn. International oil prices are on a rising trend as witnessed in 1H 2021 and this will increase Company gas cost based on Petroleum Policy 2012. Unpaid subsidy and sales tax refunds along with rising gas prices will strain the profitability of the Company. The Company’s earnings for the second half are unlikely to be at the same level as the first six months due to higher gas costs, lower urea sales, pressure on phosphates margins and higher operating costs.

The Company remains committed to continue to play its role in transforming the agricultural landscape of Pakistan. On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support.



Ghias Khan
Chairman



Nadir Salar Qureshi
Chief Executive Officer



engro fertilizers

consolidated condensed
interim financial statements
(unaudited)
for the half year ended
june 30, 2021



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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2021.

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 Salman Hussain.

Chartered Accountants

Karachi

Date: August 27, 2021

A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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consolidated condensed interim statement of financial position as at june 30, 2021

(Amounts in thousand)

	Note	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	65,544,675	65,734,124
Intangible assets		5,110,044	5,164,817
Long-term loans, advances and deposits		20,806	81,872
		70,675,525	70,980,813
Current assets			
Stores, spares and loose tools		6,664,455	6,410,785
Stock-in-trade	4	14,535,180	7,533,174
Trade debts		3,787,908	2,906,353
Loans, advances, deposits and prepayments		2,302,190	2,188,549
Other receivables		10,479,593	8,303,566
Short-term investments	5	13,401,056	26,762,992
Accrued income		13,119	157,805
Taxation - net		-	2,857,897
Cash and bank balances		2,991,066	3,611,441
		54,174,567	60,732,562
TOTAL ASSETS		124,850,092	131,713,375

(Amounts in thousand)

		Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
EQUITY & LIABILITIES			
Equity			
Share capital		13,352,993	13,352,993
Reserves			
Share premium		3,384,904	3,384,904
Remeasurement of post employment benefits		(50,411)	(50,411)
Unappropriated profit		29,869,989	30,043,254
		33,204,482	33,377,747
TOTAL EQUITY		46,557,475	46,730,740
Liabilities			
Non-current liabilities			
Borrowings	6	11,794,251	13,514,080
Deferred taxation		11,162,121	11,677,783
Deferred liabilities		220,590	273,034
Provision for Gas Infrastructure Development Cess (GIDC)		8,581,898	10,510,379
		31,758,860	35,975,276
Current liabilities			
Trade and other payables	7	24,870,995	30,218,988
Current portion of:			
- borrowings	6	7,880,392	10,061,614
- deferred liabilities		70,761	54,439
- provision for GIDC		9,371,567	6,926,824
Short-term borrowings	8	1,031,720	425,120
Loan from Parent Company		1,000,000	1,000,000
Accrued interest / mark-up		409,785	263,054
Taxation - net		1,848,270	-
Unclaimed dividend		50,267	57,320
		46,533,757	49,007,359
TOTAL LIABILITIES		78,292,617	84,982,635
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		124,850,092	131,713,375

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2021

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Half year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net sales	10	25,915,534	29,911,271	55,359,257	40,702,810
Cost of sales		(16,064,901)	(19,521,601)	(33,950,880)	(26,678,068)
Gross profit		9,850,633	10,389,670	21,408,377	14,024,742
Selling and distribution expenses		(2,036,231)	(2,371,365)	(3,863,726)	(3,427,557)
Administrative expenses		(494,731)	(361,797)	(906,247)	(720,134)
		7,319,671	7,656,508	16,638,404	9,877,051
Other income	11	491,575	243,504	970,644	504,717
Other operating expenses		(451,989)	(1,222,367)	(1,124,234)	(1,370,595)
Finance cost		(570,454)	(895,804)	(839,546)	(2,107,721)
Other gains / (losses):					
- Loss on remeasurement of GIDC provision		(219,220)	-	(516,276)	-
- Reversal of ECL on subsidy receivable from GoP		63,633	-	164,417	-
		(155,587)	-	(351,859)	-
Profit before taxation		6,633,216	5,781,841	15,293,409	6,903,452
Taxation	12	(1,865,516)	(1,895,765)	(4,784,282)	(2,446,612)
Profit for the period		4,767,700	3,886,076	10,509,127	4,456,840
Earnings per share - basic and diluted		3.57	2.91	7.87	3.34

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2021

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees-----			
Profit for the period	4,767,700	3,886,076	10,509,127	4,456,840
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	4,767,700	3,930,878	10,509,127	4,501,642

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of changes in equity for the half year ended june 30, 2021

(Amounts in thousand)

	RESERVES					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Remeasurement of post employment benefits	Remeasurement of investments	Unappropriated profit	
	Rupees					
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(50,411)	-	30,043,254	46,730,740
Transactions with owners						
Dividends						
- Final 2020: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
- 1st Interim 2021: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
	-	-	-	-	(10,682,392)	(10,682,392)
Total comprehensive income for the half year ended June 30, 2021						
Profit for the period	-	-	-	-	10,509,127	10,509,127
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	10,509,127	10,509,127
Balance as at June 30, 2021 (Unaudited)	13,352,993	3,384,904	(50,411)	-	29,869,989	46,557,475
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	(56,639)	-	26,598,202	43,279,460
Transaction with owners:						
Dividend:						
- Final 2019: Rs. 2.00 per share	-	-	-	-	(2,670,599)	(2,670,599)
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:	-	-	-	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

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

consolidated condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2021

(Amounts in thousand)

Note	Half year ended	
	June 30, 2021	June 30, 2020
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
	Cash generated from operations	18,743,680
13	Retirement and other service benefits paid	(51,077)
	Taxes paid	(1,324,866)
	Long-term loans, advances and deposits - net	45,186
	Net cash generated from operating activities	17,412,923
CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchases of property, plant and equipment and intangibles	(1,680,764)
	Proceeds from disposal of property, plant and equipment	22,104
	Purchase of short-term investments	(4,688,418)
	Proceeds from sale of short-term investments	728,276
	Income on government securities, term deposit certificates and bank deposits	319,634
	Net cash generated from / (utilised in) investing activities	(5,299,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
	Dividends paid	(2,673,138)
	Finance cost paid	(2,103,723)
	Proceeds from long-term borrowings	-
	Repayments of long-term borrowings	(4,500,376)
	Net cash utilised in financing activities	(9,277,237)
	Net increase in cash and cash equivalents	2,836,518
	Cash and cash equivalents at beginning of the period	4,029,957
14	Cash and cash equivalents at end of the period	6,866,475

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

notes to the consolidated condensed interim financial statements (unaudited) for the half year ended june 30, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

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

- 1.2 **The 'Group' consists of:**

Holding Company: Engro Fertilizers Limited

Subsidiary Company: EFert Agritrade (Private) Limited (EAPL) which is a wholly owned subsidiary of the Holding Company.

- 1.2.1 EAPL was incorporated on July 04, 2017 to carry out trading and distribution of imported fertilizer as part of the business reorganization. The Holding Company has transferred its business of trading and distribution of imported fertilizer to the new subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

- 2.1 **Statement of compliance**

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

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

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

- 2.2 The cumulative figures for the half year ended June 30, 2021 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 Act. These consolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2020.
- 2.3 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Group for the year ended December 31, 2020.
- 2.4 The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(Amounts in thousand)

During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2020.

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

3. PROPERTY, PLANT AND EQUIPMENT	Unaudited	Audited
	June 30, 2021	December 31, 2020
	-----Rupees-----	
Operating assets at net book value (note 3.1)	57,460,725	59,666,961
Capital work-in-progress (note 3.2)	7,219,898	5,171,126
Major spare parts and stand-by equipment (note 3.2.1)	864,052	896,037
	<u>65,544,675</u>	<u>65,734,124</u>

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

	Unaudited (Additions at cost)		Unaudited (Disposals / write-offs at net book value)	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees-----			
Building on freehold land	41,688	33,677	-	-
Plant and machinery	159,898	272,959	20,153	-
Office equipment	59,582	121,843	130	25,884
Vehicles	154,411	582,153	9,317	-
	<u>415,579</u>	<u>1,010,632</u>	<u>29,600</u>	<u>25,884</u>

The above disposals / write-offs represent assets having a cost of Rs. 49,918 (June 30, 2020: Rs. 38,918) and net book value of Rs. 29,600 (June 30, 2020: Rs. 25,884), which were disposed off for Rs. 5,470 (June 30, 2020: Rs. 22,104).

3.2 Capital work-in-progress	Unaudited	Audited
	June 30, 2021	December 31, 2020
	-----Rupees-----	
Balance at beginning of the period / year	5,171,126	2,588,146
Add: Additions during the period / year	2,471,196	5,045,288
Transferred to:		
- Operating assets	(415,579)	(2,261,237)
- Intangible assets	(6,845)	(201,071)
Balance at end of the period / year	<u>7,219,898</u>	<u>5,171,126</u>

- 3.2.1 This includes Rs. 31,985 transferred from major spare parts and stand-by equipment.

(Amounts in thousand)

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
4. STOCK-IN-TRADE		
Raw materials	2,768,627	1,138,434
Packing materials	240,458	273,143
Work-in-process	151,399	107,333
	<u>3,160,484</u>	<u>1,518,910</u>
Finished goods:		
- manufactured products	3,995,510	5,020,255
- purchased and packaged products	7,531,594	1,225,670
	<u>11,527,104</u>	<u>6,245,925</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	152,408	231,661
	<u>14,535,180</u>	<u>7,533,174</u>
4.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	231,661	28,785
Charge for the period / year	78,526	403,276
Written-off during the period / year	(157,779)	(200,400)
Balance at end of the period / year	<u>152,408</u>	<u>231,661</u>
5. SHORT-TERM INVESTMENTS		
Term Deposit Certificates	5,255,050	257,714
Treasury Bills	4,246,052	2,588,970
Pakistan Investment Bonds	3,899,954	23,916,308
	<u>13,401,056</u>	<u>26,762,992</u>
6. BORROWINGS - Secured		
Long term finance utilised under mark-up arrangements (notes 6.1, 6.2 and 6.3)	19,674,643	23,575,694
Less: Current portion shown under current liabilities	7,880,392	10,061,614
Balance at end of the period / year	<u>11,794,251</u>	<u>13,514,080</u>
6.1	During the period, the Holding Company obtained long-term finances from Allied Bank Limited and MCB Bank Limited amounting to Rs. 572,080 and Rs. 217,288 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.	
6.2	All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over present and future operating assets excluding immovable property of the Holding Company.	
6.3	During the period, principal repayments of long-term finances were made to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 1,522,042, Rs. 1,375,000, Rs. 1,000,000, Rs. 500,000 and Rs. 260,700 respectively.	

(Amounts in thousand)

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
7. TRADE AND OTHER PAYABLES		
Creditors	7,702,167	6,945,304
Accrued liabilities (note 7.1)	11,892,115	10,700,165
Advances from customers	2,280,084	10,191,882
Payable to Parent Company	139,543	650
Payable to:		
- FrieslandCampina Engro Pakistan Limited	1,604	-
- Engro Energy Limited	-	187
- Engro Elengy Terminal (Private) Limited	847	1,650
- Sindh Engro Coal Mining Company Limited	8	-
- Defined Contribution Provident Fund	26,308	24,269
- Defined Contribution Provident Fund NMPT	8,190	7,677
- Defined Contribution Gratuity Fund MPT	13,483	15,596
- Defined Contribution Pension Fund	478	616
- Defined Benefit Gratuity Fund NMPT	36,114	16,522
Deposits / Retention from dealers and contractors	235,860	214,461
Workers' welfare fund	917,303	1,448,615
Workers' profits participation fund	744,911	-
Withholding tax payable	381,223	160,860
Others	490,757	490,534
	<u>24,870,995</u>	<u>30,218,988</u>

7.1 On June 4, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ("the Cess") promulgated retrospectively with effect from 01 July 1994 as valid and declaring it within the competence of provincial legislature. The Group maintains adequate provision in these consolidated condensed interim financial statements and is in the process of filing petition against the judgement before the Honorable Supreme Court of Pakistan ("SCP") challenging the SHC judgement. As at June 30, 2021, the Group carries a provision of Rs. 2,209,673 (December 31, 2020: Rs. 2,057,359) in respect of infrastructure cess.

8. SHORT-TERM BORROWINGS

Holding Company

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 15,125,000 (December 31, 2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2020: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 140,170 (December 31, 2020: Rs. 250,331) from funded facilities and Rs. 3,561,830 (December 31, 2020: Rs. 3,569,428) from the non-funded facilities as at the reporting date.

(Amounts in thousand)

Subsidiary Company

The facilities for short term running finances, available from various banks, aggregate to Rs. 12,725,000 (December 31, 2020: Rs. 12,725,000). The rates of markup on the funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month KIBOR and 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The subsidiary has utilised Rs. 891,550 (December 31, 2020: Rs. 174,789) out of the aforementioned facilities as at the reporting date.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- 9.1 As at June 30, 2021, bank guarantees of Rs. 4,583,541 (December 31, 2020: Rs. 4,474,555) have been issued in favour of third parties.
- 9.2 As at June 30, 2021, there is no material change in the status of matters reported as contingencies in note 23 of the audited consolidated financial statements of the Group for the year ended December 31, 2020. Update in respect of taxation matter is disclosed in note 12.

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
9.3 Commitments		
Commitments in respect of capital expenditure and other operational items	7,928,053	8,416,193

10. NET SALES

	Unaudited			
	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees-----			
Gross sales:				
- manufactured product	20,509,671	23,927,920	43,565,634	31,888,095
- purchased and packaged product	5,998,274	7,114,357	12,930,096	10,061,654
- services	175,216	112,045	352,978	306,291
	26,683,161	31,154,322	56,848,708	42,256,040
Less: Trade discount	225,852	551,251	349,954	623,020
Less: Sales tax	541,775	691,800	1,139,497	930,210
	25,915,534	29,911,271	55,359,257	40,702,810

11. OTHER INCOME

On financial assets

Income on government securities, term deposit certificates and bank deposits

482,094	240,576	918,716	501,318
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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

-	-	-	-
-	-	-	-
4,754	1,347	4,754	1,347
4,727	1,581	47,174	2,052
9,481	2,928	51,928	3,399
491,575	243,504	970,644	504,717

(Amounts in thousand)

12. TAXATION

During the period, the income tax department conducted audit u/s 177 for the tax year 2015. The Holding Company is in the process of filing an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the disallowances made which mainly include certain transactions treated as revenue, inadmissibility of expenses, and chargeability of WWF and super tax on the revised taxable income based on which department has raised a demand of Rs. 3,056,084. The Holding Company is confident of a favorable outcome and hence no provision in respect of this is recognised in the consolidated condensed interim financial statements.

Except as mentioned above, as at June 30, 2021, there is no material change in the tax related matters reported in note 32 of the audited consolidated financial statements of the Group for the year ended December 31, 2020.

13. CASH GENERATED FROM OPERATIONS

	Unaudited	
	Half year ended	
	June 30, 2021	June 30, 2020
	-----Rupees-----	
Profit before taxation	15,293,409	6,903,452
Adjustment for non-cash charges and other items:		
Depreciation	2,592,213	2,605,873
Amortisation of intangibles	61,620	52,683
Amortisation deferred income	(1,933)	(1,933)
Loss on disposal of property, plant and equipment	24,130	3,780
Provision for retirement and other service benefits	32,100	37,360
Income on government securities, term deposit certificates and bank deposits	(918,716)	(501,318)
Finance cost	872,223	1,909,588
(Exchange gain) / loss on revaluation of long-term borrowings	(34,220)	195,051
Amortisation of transaction cost	1,543	3,082
Provision for impairment against receivables	-	3,294
Loss on remeasurement of GIDC provision	516,276	-
Reversal of ECL on subsidy receivable from GoP	(164,417)	-
Provision for impairment against stock-in-trade	78,526	55,983
Provision for surplus and slow moving stores and spares	39,793	20,295
Provision against input tax disallownce	-	676,750
Working capital changes (note 13.1)	(15,728,808)	6,779,740
	2,663,739	18,743,680
13.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(293,463)	(892,504)
- Stock-in-trade	(7,080,532)	(3,794,343)
- Trade debts	(881,555)	7,490,832
- Loans, advances, deposits and prepayments	(113,641)	974,775
- Other receivables	(2,011,610)	291,778
	(10,380,801)	4,070,538
Increase / (decrease) in current liabilities		
- Trade and other payables	(5,348,007)	2,709,202
	(15,728,808)	6,779,740

(Amounts in thousand)

14. CASH AND CASH EQUIVALENTS

	Unaudited	
	Half year ended	
	June 30, 2021	June 30, 2020
	-----Rupees-----	
Cash and bank balances	2,991,066	2,958,752
Short-term investments	13,198,115	5,792,834
Short-term borrowings	(1,031,720)	(1,885,111)
	<u>15,157,461</u>	<u>6,866,475</u>

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 Financial risk factors

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

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

15.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Assets				
Short-term investments				
through profit and loss				
Fair value through other				
comprehensive income	-	8,146,006	-	8,146,006
	<u>-</u>	<u>8,146,006</u>	<u>-</u>	<u>8,146,006</u>

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

15.3 Fair value of financial assets and liabilities

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

(Amounts in thousand)

16. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited	
	Half year ended	
	June 30,	June 30,
	2021	2020
	-----Rupees-----	
Parent Company		
Royalty charged to the Company	627,382	461,328
Reimbursements made:		
- to the Company	592,479	414,575
- by the Company	25,017	48,429
Mark-up on sub-ordinated loan	44,496	-
Dividend Paid	6,010,496	1,502,624
Associated companies		
Purchases and services received	121,113	65,851
Services provided by the Company	55,030	56,880
Reimbursements		
- by the Company	34,906	19,280
- to the Company	606	2,693
Dividend Paid to Trustees of Engro Foods Limited Gratuity Fund	503	145
Contribution to Engro Foundation under Corporate Social Responsibility	-	86,489
Contribution to staff retirement benefits		
Pension fund	3,587	3,822
Gratuity fund	75,450	70,879
Provident fund	83,969	77,852
Dividend paid to staff retirement benefits		
Pension fund	53	74
Gratuity fund	1,468	577
Provident fund	-	1,016
Others		
Remuneration of key management personnel	106,471	126,841
Director's fee	7,833	4,881

(Amounts in thousand)

17. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Rupees									
Sales	36,908,881	27,418,091	11,567,429	7,813,538	7,175,220	3,613,067	1,027,648	2,788,324	56,679,178	41,633,020
Intersegment sales	2,134,276	775,873	-	-	-	-	566,312	406,774	2,700,588	1,182,647
Sales tax	(739,130)	(547,456)	(231,121)	(152,591)	(161,009)	(73,570)	(6,237)	(156,593)	(1,139,497)	(930,210)
	38,304,027	27,646,508	11,336,308	7,660,947	7,014,211	3,539,497	1,585,723	3,038,505	58,240,269	41,885,457
Profit before tax / (Loss before tax)	12,643,811	7,269,970	2,013,598	(405,008)	676,225	141,320	(40,225)	(102,830)	15,293,409	6,903,452
Depreciation & Amortization	2,504,735	2,465,278	-	-	20,315	17,816	129,783	175,462	2,653,833	2,658,556
Capital Expenditure	2,077,777	240,858	-	-	27,541	9,726	365,878	1,325,274	2,471,196	1,575,858

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	Rupees									
Segment Assets	84,263,340	87,262,840	9,395,889	1,532,525	5,823,303	4,025,018	8,962,319	8,360,754	108,444,851	101,181,137
Unallocated assets	-	-	-	-	-	-	-	-	16,405,241	30,532,238
Total Assets	84,263,340	87,262,840	9,395,889	1,532,525	5,823,303	4,025,018	8,962,319	8,360,754	124,850,092	131,713,375

	Unaudited	
	June 30, 2021	June 30, 2020
Reconciliation of reportable segment net sales	Rupees	
Net Sales		
Total net sales for reportable segment	58,240,269	41,885,457
Elimination of intersegment net sales	(2,700,588)	(1,182,647)
Elimination of net sales to subsidiary	(180,424)	-
Total net sales	55,359,257	40,702,810

	Unaudited	
	June 30, 2021	December 31, 2020
Reconciliation of reportable segment total assets	Rupees	
Total Assets		
Total assets for reportable segments	108,444,851	101,181,137
Add : Unallocated assets		
- Accrued income	13,119	157,805
- Short term investments	13,401,056	26,762,992
- Cash and Bank balances	2,991,066	3,611,441
	16,405,241	30,532,238
Total assets	124,850,092	131,713,375

(Amounts in thousand)

18. AGREEMENT FOR SUPPLY OF GAS

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

The SHC was pleased to grant an ad interim stay Order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing.

19. SEASONALITY

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

20. CORRESPONDING FIGURES

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

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

21. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on July 29, 2021 has approved an interim cash dividend of Rs. 4 per share for the year ending December 31, 2021, amounting to Rs. 5,341,196. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on July 29, 2021 by the Board of Directors of the Holding Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman



engro fertilizers

condensed interim financial
statements (unaudited)
for the half year ended
june 30, 2021



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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2021.

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 Salman Hussain.

**Chartered Accountants
Karachi
Date: August 27, 2021**

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

(Amounts in thousand)

	Note	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
ASSETS			
Non-current assets			
Property, plant and equipment	3	65,544,675	65,734,124
Intangible assets		5,110,044	5,164,817
Investment in subsidiary		100	100
Long-term loans, advances and deposits		20,626	80,129
		<u>70,675,445</u>	<u>70,979,170</u>
Current assets			
Stores, spares and loose tools		6,664,455	6,410,785
Stock-in-trade	4	7,515,775	6,720,201
Trade debts		2,426,358	2,028,071
Working capital loan to subsidiary	5	5,860,000	-
Loans, advances, deposits and prepayments		1,914,571	1,761,817
Other receivables		9,803,542	8,586,014
Accrued income		43,291	203,437
Taxation - net		-	3,118,949
Short-term investments	6	13,391,456	25,074,560
Cash and bank balances		2,031,509	3,382,228
		<u>49,650,957</u>	<u>57,286,062</u>
TOTAL ASSETS		<u><u>120,326,402</u></u>	<u><u>128,265,232</u></u>

(Amounts in thousand)

	Note	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees-----			
EQUITY & LIABILITIES			
Equity			
Share capital		13,352,993	13,352,993
Reserves			
Share premium		3,384,904	3,384,904
Reserve on amalgamation		(304,027)	(304,027)
Re-measurement of post employment benefits		(50,765)	(50,765)
Unappropriated profit		28,662,386	28,602,702
		<u>31,692,498</u>	<u>31,632,814</u>
TOTAL EQUITY		45,045,491	44,985,807
Liabilities			
Non-current liabilities			
Borrowings	7	11,794,251	13,514,080
Deferred taxation		11,162,121	11,677,783
Deferred liabilities		217,036	270,296
Provision for Gas Infrastructure Development Cess (GIDC)		8,581,898	10,510,379
		<u>31,755,306</u>	<u>35,972,538</u>
Current liabilities			
Trade and other payables	8	23,328,468	28,696,843
Accrued interest / mark-up		405,296	260,229
Current portion of:			
- borrowings	7	7,880,392	10,061,614
- deferred liabilities		69,947	53,726
- provision for GIDC		9,371,567	6,926,824
Short-term borrowings	9	140,170	250,331
Loan from Holding Company		1,000,000	1,000,000
Taxation - net		1,279,498	-
Unclaimed dividend		50,267	57,320
		<u>43,525,605</u>	<u>47,306,887</u>
TOTAL LIABILITIES		75,280,911	83,279,425
Contingencies and Commitments	10		
TOTAL EQUITY & LIABILITIES		<u>120,326,402</u>	<u>128,265,232</u>

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



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2021

(Amounts in thousand except for earnings per share)

Note	Quarter ended		Half year ended		
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	
	-----Rupees-----				
Net sales	11	20,581,020	23,353,632	43,525,134	31,411,890
Cost of sales		(11,584,659)	(13,741,025)	(24,700,382)	(18,491,691)
Gross profit		8,996,361	9,612,607	18,824,752	12,920,199
Selling and distribution expenses		(1,949,524)	(2,136,732)	(3,593,093)	(3,037,092)
Administrative expenses		(482,393)	(352,288)	(886,597)	(700,959)
		6,564,444	7,123,587	14,345,062	9,182,148
Other income	12	591,659	524,511	2,913,387	1,652,313
Other operating expenses		(450,992)	(1,175,418)	(1,123,236)	(1,323,639)
Finance cost		(577,288)	(888,975)	(885,126)	(2,112,625)
Other gains / (losses):					
- Loss or remeasurement of GIDC provision		(219,220)	-	(516,276)	-
- Reversal of ECL on subsidy receivable from GoP		63,633	-	164,417	-
		(155,587)	-	(351,859)	-
Profit before taxation		5,972,236	5,583,705	14,898,228	7,398,197
Taxation	13	(1,668,606)	(1,580,307)	(4,156,152)	(2,007,053)
Profit for the period		4,303,630	4,003,398	10,742,076	5,391,144
Earnings per share - basic and diluted		3.22	3.00	8.04	4.04

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, 2021

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees-----			
Profit for the period	4,303,630	4,003,398	10,742,076	5,391,144
Other comprehensive income:				
Items potentially re-classifiable to profit or loss				
Unrealised gain on re-measurement of investment classified as fair value through other comprehensive income (FVOCI) - net of tax	-	44,802	-	44,802
Total comprehensive income for the period	4,303,630	4,048,200	10,742,076	5,435,946

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, 2021

(Amounts in thousand)

	CAPITAL		RESERVES				Total
	Share capital	Share premium	Reserve on amalgamation	Re-measurement of post employment benefits	Re-measurement of investments	Unappropriated profit	
----- Rupees -----							
Balance as at January 1, 2021 (Audited)	13,352,993	3,384,904	(304,027)	(50,765)	-	28,602,702	44,985,807
Transaction with owners:							
Dividends:							
- Final 2020: Rs. 4.00 per share	-	-	-	-	-	(5,341,196)	(5,341,196)
- 1st Interim 2021: Rs. 4.00 per share	-	-	-	-	-	(5,341,196)	(5,341,196)
Total comprehensive income for the half year ended June 30, 2021						(10,682,392)	(10,682,392)
Profit for the period	-	-	-	-	-	10,742,076	10,742,076
Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	10,742,076	10,742,076
Balance as at June 30, 2021 (Unaudited)	13,352,993	3,384,904	(304,027)	(50,765)	-	28,662,386	45,045,491
Balance as at January 1, 2020 (Audited)	13,352,993	3,384,904	(304,027)	(56,993)	-	26,475,684	42,852,561
Transaction with owners:							
Dividend:							
- Final 2019: Rs. 2.00 per share	-	-	-	-	-	(2,670,599)	(2,670,599)
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

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, 2021

(Amounts in thousand)

Note	Half year ended	
	June 30, 2021	June 30, 2020
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
	14	
Cash generated from operations	8,176,814	9,434,353
Retirement and other service benefits paid	(66,290)	(50,626)
Taxes paid	(273,367)	(1,006,515)
Long-term loans, advances and deposits - net	59,503	44,881
Net cash generated from operating activities	7,896,660	8,422,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangibles	(2,439,211)	(1,680,764)
Proceeds from disposal of property, plant and equipment	5,470	22,104
Disbursement of working capital loan to subsidiary	(7,707,000)	(5,234,370)
Payment received against working capital loan to subsidiary	1,847,000	12,919,347
Purchase of short-term investments	(193,341)	(4,688,418)
Proceeds from sale of short-term investments	23,134,502	728,276
Dividend received	1,744,500	426,470
Income on government securities, term deposit certificates and bank deposits	1,059,474	812,125
Net cash generated from investing activities	17,451,394	3,304,770
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(10,689,445)	(2,673,138)
Finance cost paid	(772,736)	(2,077,402)
Proceeds from long-term borrowings	789,368	-
Repayments of long-term borrowings	(4,657,742)	(4,500,376)
Net cash utilised in financing activities	(15,330,555)	(9,250,916)
Net increase in cash and cash equivalents	10,017,499	2,475,947
Cash and cash equivalents at beginning of the period	5,071,955	4,465,383
Cash and cash equivalents at end of the period	15,089,454	6,941,330

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, 2021

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

2.2 These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its wholly owned subsidiary i.e. EFERT Agritrade Private Limited (EAPL) are presented separately. The cumulative figures for the half year ended June 30, 2021 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 Act. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2020.

2.3 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Company for the year ended December 31, 2020.

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

During the preparation of these condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Company for the year ended December 31, 2020.

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

(Amounts in thousand)

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets at net book value (note 3.1)	57,460,725	59,666,961
Capital work-in-progress (note 3.2)	7,219,898	5,171,126
Major spare parts and stand-by equipment (note 3.2.1)	864,052	896,037
	<u>65,544,675</u>	<u>65,734,124</u>

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

	Unaudited (Additions at cost)		Unaudited (Disposals / write-offs at net book value)	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees-----			
Building on freehold land	41,688	33,677	-	-
Plant and machinery	159,898	272,959	20,153	-
Office equipment	59,582	121,843	130	25,884
Vehicles	154,411	582,153	9,317	-
	<u>415,579</u>	<u>1,010,632</u>	<u>29,600</u>	<u>25,884</u>

The above disposals / write-offs represent assets having a cost of Rs. 49,918 (June 30, 2020: Rs. 38,918) and net book value of Rs. 29,600 (June 30, 2020: Rs. 25,884), which were disposed off for Rs. 5,470 (June 30, 2020: Rs. 22,104).

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
3.2 Capital work-in-progress		
Balance at beginning of the period / year	5,171,126	2,588,146
Add: Additions during the period / year	2,471,196	5,045,288
Transferred to:		
- operating assets	(415,579)	(2,261,237)
- intangible assets	(6,845)	(201,071)
Balance at end of the period / year	<u>7,219,898</u>	<u>5,171,126</u>

3.2.1 This includes Rs. 31,985 transferred from major spare parts and stand-by equipment.

4. STOCK-IN-TRADE		
Raw materials	2,768,627	1,138,434
Packing materials	148,309	136,553
Work-in-process	151,399	107,333
	<u>3,068,335</u>	<u>1,382,320</u>
Finished goods:		
- manufactured products	3,995,510	5,020,255
- purchased and packaged products	604,338	549,287
	<u>4,599,848</u>	<u>5,569,542</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	152,408	231,661
	<u>7,515,775</u>	<u>6,720,201</u>

(Amounts in thousand)

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
4.1 Provision for impairment against stock-in-trade		
Balance at beginning of the period / year	231,661	28,785
Charge for the period / year	78,526	403,276
Written-off during the period / year	(157,779)	(200,400)
Balance at end of the period / year	<u>152,408</u>	<u>231,661</u>

5. WORKING CAPITAL LOAN TO SUBSIDIARY

Represents unsecured loan given to EAPL, amounting to Rs. 5,860,000 (December 31, 2020: Nil). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%. The repayment of the loan is made at mutually agreed terms between the Company and EAPL.

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
6. SHORT-TERM INVESTMENTS		
Term Deposit Certificates	5,245,450	248,114
Treasury Bills	4,246,052	2,588,970
Pakistan Investment Bonds	3,899,954	22,237,476
	<u>13,391,456</u>	<u>25,074,560</u>

7. BORROWINGS - Secured

Long-term finance utilised under mark-up arrangements (notes 7.1, 7.2 and 7.3)

Less: Current portion shown under current liabilities

Balance at end of the period / year

19,674,643	23,575,694
7,880,392	10,061,614
<u>11,794,251</u>	<u>13,514,080</u>

7.1 During the period, the Company obtained long-term finances from Allied Bank Limited and MCB Bank Limited amounting to Rs. 572,080 and Rs. 217,288 respectively. These borrowings have the same charge as the borrowings from other Senior Lenders on Operating Assets.

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

7.3 During the period, principal repayments of long-term finances were made to Syndicated Loan, MCB Bank Limited, United Bank Limited, Allied Bank Limited and DEG amounting to Rs. 1,522,042, Rs. 1,375,000, Rs. 1,000,000, Rs. 500,000 and Rs. 260,700 respectively.

(Amounts in thousand)

	Unaudited June 30, 2021	Audited December 31, 2020
-----Rupees-----		
8. TRADE AND OTHER PAYABLES		
Creditors	7,697,039	6,943,675
Accrued liabilities (note 8.1)	10,340,018	9,493,840
Advances from customers	2,190,094	9,904,613
Payable to Holding Company	137,980	-
Payable to:		
- EFERT Agritrade (Private) Limited	132,019	-
- FrieslandCampina Engro Pakistan Limited	1,604	-
- Engro Energy Limited	-	187
- Engro Elengy Terminal (Private) Limited	847	1,650
- Sindh Engro Coal Mining Company Limited	8	-
- Defined Contribution Provident Fund	26,308	24,084
- Defined Contribution Provident Fund NMPT	7,973	7,677
- Defined Contribution Gratuity Fund MPT	13,396	15,525
- Defined Contribution Pension Fund	478	616
- Defined Benefit Gratuity Fund NMPT	36,114	16,522
Deposits / Retention from dealers and contractors	223,360	201,961
Workers' welfare fund	917,303	1,448,615
Workers' profits participation fund	744,911	-
Withholding tax payable	369,056	147,930
Others	489,960	489,948
	<u>23,328,468</u>	<u>28,696,843</u>

8.1 On June 04, 2021, the Sindh High Court (SHC) through its judgement upheld the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 ("the Cess") promulgated retrospectively with effect from July 01, 1994, as valid and declaring it within the competence of provincial legislature. The Company maintains adequate provision in these condensed interim financial statements and is in the process of filing petition against the judgement before the Honorable Supreme Court of Pakistan ("SCP") challenging the SHC judgement. As at June 30, 2021, the Company carries a provision of Rs. 1,369,500 (December 31, 2020: Rs. 1,325,486) in respect of infrastructure cess.

9. SHORT-TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 15,125,000 (December 31, 2020: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2020: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 140,170 (December 31, 2020: Rs. 250,331) from funded facilities and Rs. 3,561,830 (December 31, 2020: Rs. 3,569,428) from the non-funded facilities as at the reporting date.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 As at June 30, 2021, bank guarantees of Rs. 3,561,830 (December 31, 2020: Rs. 3,569,428) have been issued in favour of third parties.

(Amounts in thousand)

10.2 As at June 30, 2021, there is no material change in the status of matters reported as contingencies in note 25 of the audited financial statements of the Company for the year ended December 31, 2020. Update in respect of taxation matter is disclosed in note 13.

	Unaudited June 30, 2021	Audited December 31, 2020
	-----Rupees-----	
10.3 Commitments		
Commitments in respect of capital expenditure and other operational items	5,855,256	8,222,098

Unaudited			
Quarter ended		Half year ended	
June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
-----Rupees-----			

11. NET SALES

Gross sales:				
- manufactured product	20,509,671	23,390,757	43,565,634	31,354,131
- purchased and packaged product	540,877	542,429	833,860	682,280
- services	175,216	178,321	352,978	372,567
	<u>21,225,764</u>	<u>24,111,507</u>	<u>44,752,472</u>	<u>32,408,978</u>
Less: Trade discount	224,212	274,165	347,582	330,487
Less: Sales tax	420,532	483,710	879,756	666,601
	<u>20,581,020</u>	<u>23,353,632</u>	<u>43,525,134</u>	<u>31,411,890</u>

12. OTHER INCOME

On financial assets

Dividend income from EAPL	-	-	1,744,500	426,470
Income from working capital loan to EAPL	30,278	179,850	30,278	575,674
Income on government securities, term deposit certificates and bank deposits	468,383	239,867	899,328	500,597
	<u>498,661</u>	<u>419,717</u>	<u>2,674,106</u>	<u>1,502,741</u>

On non-financial assets

Commission income from EAPL	76,246	94,213	168,446	131,661
Sub-licensing income from EAPL	7,270	7,655	19,249	14,513
Gain on disposal of spares / scrap	4,754	1,347	4,754	1,347
Others	4,728	1,579	46,832	2,051
	<u>92,998</u>	<u>104,794</u>	<u>239,281</u>	<u>149,572</u>
	<u>591,659</u>	<u>524,511</u>	<u>2,913,387</u>	<u>1,652,313</u>

(Amounts in thousand)

13. TAXATION

13.1 During the period, the income tax department conducted audit u/s 177 for the tax year 2015. The Company is in the process of filing an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the disallowances made which mainly include certain transactions treated as revenue, inadmissibility of expenses, and chargeability of WWF and super tax on the revised taxable income based on which department has raised a demand of Rs. 3,056,084. The Company is confident of a favorable outcome and hence no provision in respect of this is recognised in the condensed interim financial statements.

13.2 Except as mentioned above, as at June 30, 2021, there is no other material change in the tax related matters reported in note 34 of the audited financial statements of the Company for the year ended December 31, 2020.

	Unaudited	
	Half year ended	
	June 30, 2021	June 30, 2020
	Rupees	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	14,898,228	7,398,197
Adjustment for non-cash charges and other items:		
Depreciation	2,592,213	2,605,873
Amortisation of intangibles	61,620	52,683
Amortisation of deferred income	(1,933)	(1,933)
Loss on disposal of property, plant and equipment	24,130	3,780
Provision for retirement and other service benefits	31,184	37,062
Income on government securities, term deposit certificates and bank deposits	(899,328)	(500,597)
Finance cost	917,803	1,914,492
Exchange (gain) / loss on revaluation of long-term borrowings	(34,220)	195,051
Amortisation of transaction cost	1,543	3,082
Dividend income	(1,744,500)	(426,470)
Loss on remeasurement of GIDC provision	516,276	-
Reversal of ECL on subsidy receivable from GoP	(164,417)	-
Provision of impairment against receivables	-	3,294
Provision for impairment against stock-in-trade	78,526	55,983
Provision for surplus and slow moving stores and spares	39,793	20,295
Provision for input tax disallowance	-	630,002
Working capital changes (note 14.1)	(8,140,104)	(2,556,441)
	8,176,814	9,434,353
14.1 Working capital changes		
Decrease / (Increase) in current assets		
- Stores, spares and loose tools	(293,463)	(892,504)
- Stock-in-trade	(874,100)	(5,340,095)
- Trade debts	(398,287)	4,302,781
- Loans, advances, deposits and prepayments	(152,754)	625,980
- Other receivables	(1,053,111)	208,014
	(2,771,715)	(1,095,824)
Decrease in current liabilities		
- Trade and other payables	(5,368,389)	(1,460,617)
	(8,140,104)	(2,556,441)

(Amounts in thousand)

	Unaudited	
	Half year ended	
	June 30, 2021	June 30, 2020
-----Rupees-----		
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,031,509	2,952,897
Short-term investments	13,198,115	5,792,834
Short-term borrowings	(140,170)	(1,804,401)
	15,089,454	6,941,330

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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

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

16.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Assets				
Short-term investments				
Fair value through other comprehensive income	-	8,146,006	-	8,146,006
	-	8,146,006	-	8,146,006

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

16.3 Fair value of financial assets and liabilities

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

(Amounts in thousand)

17. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited	
	Half year ended	
	June 30,	June 30,
	2021	2020
	Rupees	
Holding company		
Reimbursements made:		
- to the Company	592,479	414,575
- by the Company	25,017	48,429
Royalty charged to the Company	627,382	461,328
Mark-up on sub-ordinated loan	44,496	-
Dividend paid	6,010,496	1,502,624
Subsidiary company		
Payment of funds collected against sales made on behalf of subsidiary	10,716,187	16,235,517
Mark-up on working capital loan to subsidiary	30,278	575,674
Disbursements of working capital loan to subsidiary	7,707,000	5,234,370
Repayment received against working capital loan to subsidiary	1,847,000	12,919,347
Services provided by the Company	132,284	69,823
Reimbursements made:		
- by the Company	2,082	29,664
- to the Company	472	47
Dividend income from subsidiary	1,744,500	426,470
Commission income from subsidiary	168,446	131,661
Sub-licensing income from subsidiary	19,249	14,513
Purchase of product from subsidiary	2,747	30,649
Sale of product to the subsidiary	45,414	-
Associated companies		
Purchases and services received	121,113	65,851
Services provided by the Company	55,030	56,880
Reimbursements made:		
- by the Company	34,906	19,280
- to the Company	606	2,693
Dividend paid to Trustees of Engro Foods Limited Gratuity Fund	503	145
Donation to Engro Foundation under Corporate Social Responsibility	-	86,489
Contribution to staff retirement benefits		
Pension fund	3,587	3,822
Gratuity fund	74,825	70,155
Provident fund	83,219	76,983
Dividend paid to staff retirement benefits		
Pension fund	53	74
Gratuity fund	1,468	577
Provident fund	-	1,016
Others		
Remuneration of key management personnel	103,586	114,682
Director's fee	7,733	4,781

(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, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees -----							
Sales	36,908,881	27,418,091	5,307,878	3,613,067	2,188,131	1,047,333	44,404,890	32,078,491
Intersegment sales	2,134,276	775,873	-	-	566,312	336,645	2,700,588	1,112,518
Sales tax	(739,130)	(547,456)	(110,136)	(73,570)	(30,490)	(45,575)	(879,756)	(666,601)
	38,304,027	27,646,508	5,197,742	3,539,497	2,723,953	1,338,403	46,225,722	32,524,408
Profit before tax	14,388,309	7,533,191	414,875	(32,164)	95,044	(102,830)	14,898,228	7,398,197
Depreciation & Amortization	2,504,735	2,465,278	20,314	17,816	128,784	175,462	2,653,833	2,658,556
Capital Expenditure	2,077,777	240,858	27,541	9,726	365,878	1,325,274	2,471,196	1,575,858

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	----- Rupees -----							
Segment Assets	89,987,789	87,262,840	5,176,380	3,024,004	9,695,977	9,318,163	104,860,146	99,605,007
Unallocated assets	-	-	-	-	-	-	15,466,256	28,660,225
Total Assets	89,987,789	87,262,840	5,176,380	3,024,004	9,695,977	9,318,163	120,326,402	128,265,232

	Unaudited	
	June 30, 2021	June 30, 2020
Reconciliation of reportable segment net sales	----- Rupees -----	
Net Sales		
Total net sales for reportable segment	46,225,722	32,524,408
Elimination of intersegment net sales	(2,700,588)	(1,112,518)
Total net sales	43,525,134	31,411,890

	Unaudited	Audited
	June 30, 2021	December 31, 2020
Reconciliation of reportable segment total assets	----- Rupees -----	
Total Assets		
Total assets for reportable segments	104,860,146	99,605,007
Add : Unallocated assets		
- Accrued income	43,291	203,437
- Short term investments	13,391,456	25,074,560
- Cash and Bank balances	2,031,509	3,382,228
	15,466,256	28,660,225
Total assets	120,326,402	128,265,232

(Amounts in thousand)

19. AGREEMENT FOR SUPPLY OF GAS

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

The SHC was pleased to grant an ad interim stay Order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing.

20. SEASONALITY

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

21. CORRESPONDING FIGURES

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

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

22. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on July 29, 2021 has approved an interim cash dividend of Rs. 4 per share for the year ending December 31, 2021 amounting to Rs. 5,341,196. 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, 2021 by the Board of Directors of the Company.



Imran Ahmed
Chief Financial Officer



Nadir Salar Qureshi
Chief Executive Officer



Ghias Khan
Chairman

مستقبل قریب کا جائزہ

بجٹ برائے مالی سال 2022 میں حالیہ اعلانات میں زرعی ترقی کے لیے 12 بلین روپے مختص کئے گئے ہیں جس میں ٹڈی دل کے حملے سے بچاؤ کے لیے ہنگامی رقم، خوراک کی حفاظت کے پروجیکٹ، بنیادی فصلوں کی پیداوار میں اضافے، زیتون کی پیداوار کے فروغ اور وائٹ کورمز کی بہتری کے امور شامل ہیں۔ اس سے زرعی معیشت میں بہتری کے ساتھ فریٹلائزر کے شعبے پر مثبت اثرات مرتب ہوں گے۔ حکومت نے کسان کارڈ بھی شروع کیا ہے جس سے جدید زراعت کی طرف انقلابی اقدام اور کسانوں کی خوشحالی کا نیا باب شروع ہوگا۔

کمپنی کو غیر ادا شدہ سبسڈی کی رقم اور سیلز ٹیکس ریفرنڈز کے مالیاتی بوجھ کا سامنا ہے جو اس وقت مل کر تقریباً 12.9 بلین روپے بنتا ہے۔ سال 2021 کی پہلی ششماہی کے دوران تیل کی عالمی قیمتوں میں تیزی کا رجحان دیکھا گیا جس سے پیٹرولیم پالیسی 2012 کے مطابق کمپنی کے گیس کے نرخ بڑھ جائیں گے۔ غیر ادا شدہ سبسڈی اور سیلز ٹیکس ریفرنڈز کے ساتھ گیس کی قیمتوں میں اضافہ کمپنی کے منافع پر منفی اثرات مرتب کریں گے۔ دوسری ششماہی کے لیے کمپنی کے منافع جات پہلی ششماہی جیسے رہنے کے امکانات نہیں ہیں کیونکہ گیس کی زائد قیمتیں، یوریا سیلز میں کمی، فاسفیٹ کے منافع پر دباؤ اور آپریشنز کے اخراجات میں اضافہ منافع پر دباؤ برقرار رکھیں گے۔

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



نادر سالار قریشی

چیف ایگزیکٹو آفیسر



غیاث خان

چیرمین

رعایتی نرخ پگیس کی فراہمی کی مدت کے خاتمے کے حوالے سے، کمپنی نے ہائی کورٹ آف سندھ سے عبوری اسٹے آرڈر حاصل کر رکھا ہے جس میں فریقین کو وہی صورت حال برقرار رکھنے کی ہدایت کی گئی ہے۔ اس وقت، کمپنی وفاقی حکومت اور سوئی ناردرن گیس پائپ لائن لمیٹڈ (SNGPL) کے ساتھ رعایتی گیس کی فراہمی کو اتنے دنوں تک بحال رکھنے کے لیے بات چیت میں مصروف ہے جن دنوں کے لیے ”کم از کم کنٹریکٹ کی مقدار“ مثلاً GSPA کے تحت وعدے کے مطابق فراہم کی جانے والے گیس فراہم نہیں کی گئی۔ مزید برآں، تعمیل کے اصولوں کے مطابق، کمپنی فیصلہ آنے تک گیس کی رعایتی قیمت کے اپنے حق سے دستبردار نہیں ہوگی۔

اعزازات اور انعامات

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

- 1- برٹس سیفٹی کونسل ایوارڈز 2021 میں مینوفیکچرنگ میں گلوبل بیسٹ اور ملکی سطح پر بیسٹ کے 2 ایوارڈ جیتے۔
- 2- گلوبل کارپوریٹ سوشل ریسپانسیبلٹی ایوارڈز 2021 میں پاکستان، سندھ کے کچے کے علاقے میں تعلیم کو فروغ دینے پر جو صلا افزائی۔
- 3- فلیٹ سیفٹی گولڈ ایوارڈ 2021 میں ای لاجسٹکس کورائل سوسائٹی فاروی پرومیشن آف ایکسٹینس (RoSPA) سے نوازا گیا۔

کمپنی کی کاروباری کارکردگی

کمپنی کی یوریا پیداوار گزشتہ سال کی پہلی ششماہی کے 1,136 KT کے مقابلے میں 1,070KT رہی کیونکہ ہمارے پلانٹس میں سے ایک میں ٹران اراؤنڈ رہا۔ کمپنی کی یوریا کی سیلز گزشتہ سال کی اسی مدت کے 847 KT کے مقابلے میں 1,115 KT رہی۔

2021 کی پہلی ششماہی کے دوران کمپنی کی فاسفیٹس (ڈی اے پی، زور آ اور اراین پی) کی سیلز گزشتہ سال کے 132 KT کے مقابلے میں 125 KT رہی۔

کمپنی کا مجموعی منافع 2021 H1 کے لیے 21.4 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 14 بلین روپے رہا۔

انفرادی طور پر خالص منافع برائے پہلی ششماہی 2021 گزشتہ سال کے 5.4 بلین روپے کے مقابلے میں 10.7 بلین روپے رہا۔ کمپنی کا مجموعی منافع گزشتہ سال کے 4.4 بلین روپے کے مقابلے میں 10.5 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 7.87 روپے بنتا ہے، گزشتہ سال کا ہر ایک شیئر پر منافع 3.34 روپے تھا۔

بورڈ 30 جون 2021 کو ختم ہونے والی مدت کے لیے نی شیئر 4 روپے کے نقد منافع منقسمہ (ڈیویڈنڈ) کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔

مارکیٹ کا جائزہ

یوریا کی عالمی قیمتوں میں 2021 کی دوسری سہ ماہی کے اختتام تک امریکی ڈالر 377/T (3,417 روپے فی بوری کے مساوی پہنچ) سے امریکی ڈالر 473/T (4,546 روپے فی بوری کے مساوی پہنچ) تک اضافہ دیکھنے میں آیا۔ یوریا کی مقامی قیمتیں عالمی قیمتوں سے تقریباً 62 فیصد تک ریکارڈ رعایت کے ساتھ برقرار ہیں۔ اس وقت یوریا کی قیمت 1,718 روپے فی بوری کے قریب ہے جو گزشتہ سہ ماہی سے تبدیل نہیں ہوئی۔

زیر جائزہ مدت کے دوران ڈی اے پی کی عالمی قیمتوں میں پہلی ششماہی کے اختتام پر موسمی طلب میں بحالی سے امریکی ڈالر 600/T تک اضافہ دیکھا گیا۔ نتیجتاً ڈی اے پی کی مقامی قیمتیں 2021 کی پہلی سہ ماہی کے آغاز کی قیمت 3,955 روپے فی بوری سے 2021 کی پہلی ششماہی کے اختتام تک 5,562 روپے فی بوری تک پہنچ گئیں۔

مقامی سطح پر، 2021 میں پاکستان کے زرعی شعبے میں ترقی دیکھی گئی۔ گزشتہ سال سے بہتری کے تسلسل، زرعی معیشت میں زرعی اجناس کی مناسب قیمت اور پانی کی بہتر فراہمی کے سبب ترقی کا سفر جاری رہا۔ بڑی فصلوں کا پیداواری منافع مثلاً گنے کی فصل کا سال کے اعتبار سے منافع 46 فیصد بڑھ گیا جبکہ گندم کی فصل نے بھی گزشتہ دہائی میں سال کے اعتبار سے سب سے زیادہ اضافہ یعنی 52 فیصد منافع حاصل کیا۔

مقامی یوریا کی طلب گزشتہ سال کے مقابلے میں 7 فیصد اضافے کے ساتھ، 2020 کی پہلی ششماہی میں 2,646 KT کے مقابلے میں 2,833 KT رہی۔ اس کی اہم وجہ جاری سال کے بہتر زرعی منافع اور گزشتہ سال کم سیلز کے ساتھ سپلائی چین کے مسائل اور سبسڈی کے اعلانات کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال رہے۔ یوریا کی مقامی پیداوار RLNG پر چلنے والے یوریا پلانٹس کے آپریشنز کی بدولت گزشتہ سال کی اسی مدت میں 2,908 KT کے مقابلے میں 6 فیصد اضافہ کے ساتھ 3,071 KT رہی۔

دیگر نمایاں امور

فریٹلارز کی ڈاؤن اسٹریم ویلیو چین کو معیشت میں شامل کرنے میں حکومت کی معاونت کے ضمن میں، منظم کوششوں کو بروئے کار لایا گیا اور نتیجے میں اپنے ڈیلرز کی اکثریت کو ٹیکس ٹیٹ میں لانے میں کامیابی حاصل ہو چکی ہے۔

GIDC کے سلسلے میں، رعایتی اور غیر رعایتی گیس پر GIDC اور 60 ماہ کی اقساط کے حوالے سے فائل کی جانی والی قانونی درخواستوں پر کوئی پیش رفت نہیں ہوئی۔ زیر جائزہ مدت کے دوران اس سلسلے میں کوئی کارروائی عمل میں نہیں آئی۔

11 مارچ 2020 کو فیڈریشن آف پاکستان نے اینگری فریٹلارز (اور دیگر کمپنیوں) کے خلاف سندھ ہائی کورٹ میں اپیل دائر کی جس میں سندھ ہائی کورٹ کے جاری کردہ حکم نامے اور فیصلے (26 اکتوبر 2016) کو چیلنج کیا گیا۔ فیڈریشن کی جانب سے اپیل کے ساتھ ایک درخواست کے ذریعے استدعا کی گئی ہے کہ اپیل دائر کرنے میں تاخیر کو نظر انداز کیا گیا ہے۔ سہ ماہی کے دوران، اینگری فریٹلارز نے سندھ ہائی کورٹ میں کاؤنٹر ایفیلڈیوٹ (CA) (جو ابلی حلف نامہ) دائر کیا ہے جس میں تاخیر کو نظر انداز کرنے اور فیڈریشن کی اپیل کو مسترد کرنے کی استدعا کی گئی ہے۔ متعلقہ CA اس بنیاد پر دائر کی گئی ہے کہ اپیل حکم نامے اور فیصلے سے تین سال تاخیر سے دائر کی گئی ہے جو کہ ایک برا عرصہ ہے اور فیڈریشن کو ایک عام درخواست کی طرح سمجھتے ہوئے اپیل مسترد کی جائے۔

اینٹرفریٹلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے اختتامِ ششماہی 30 جون، 2021

ہم، اینٹرفریٹلائزرز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی طرف سے غیر آڈٹ شدہ مالی گوشوارے برائے اختتامِ ششماہی 30 جون، 2021 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

COVID-19 کے دوران کاروباری تسلسل کی منصوبہ بندی

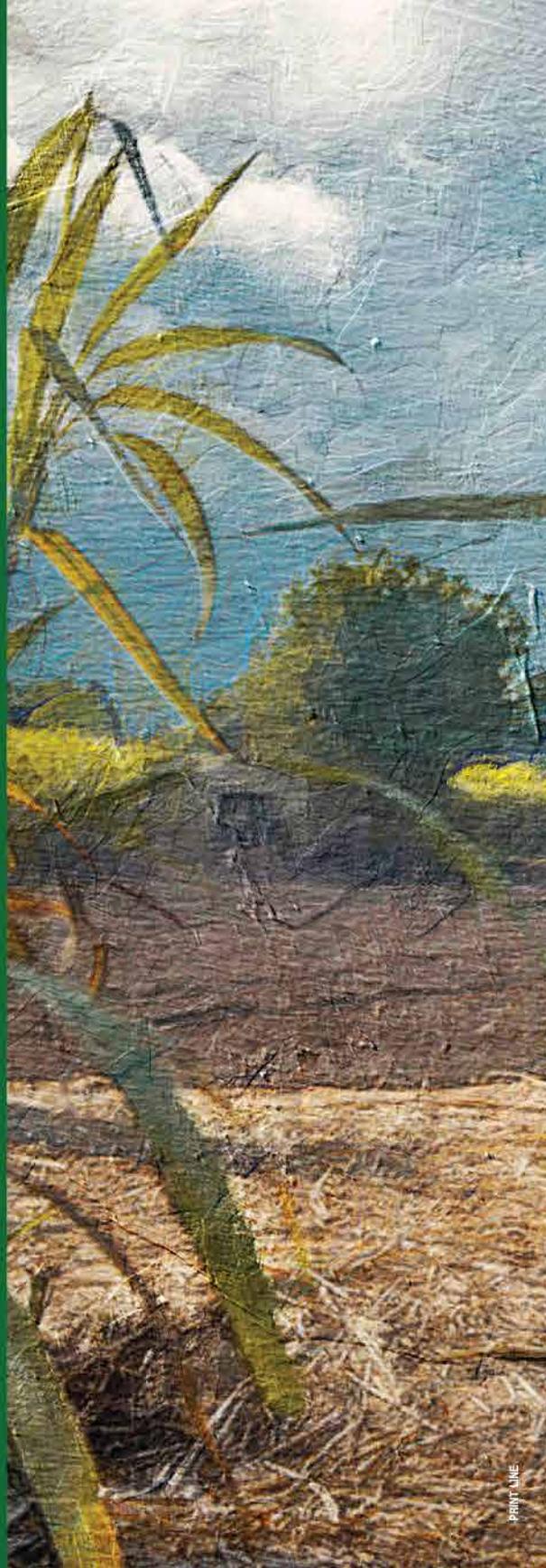
کمپنی اپنے ملازمین کی حفاظت کو یقینی بنانے کے لیے کرونا سے متعلق SOPs پر سخت عمل درآمد کے ساتھ اپنے آپریشنز جاری رکھنے کے لیے پرعزم ہے۔ ڈھری پلانٹ پر اپنے ملازمین اور ان کے گھر والوں کے لیے حکومت کی جانب سے فراہم کی جانے والی ویکسینیشن کی سہولت فراہم کی جارہی ہے۔ اسی طرح، ہیڈ آفس کے ملازمین اور ان کے گھر کے افراد کے لیے بھی مخصوص سنگل ڈوز ویکسینیشن کی سہولت فراہم کی جا چکی ہے۔ ہیڈ آفس میں ہم نے جون کے اختتام تک 25 فیصد حاضری کے ساتھ کام جاری رکھا۔ ملازمین کے تحفظ کو یقینی بنانے کے پیش نظر پیپل ڈیسک کی سہولت ابھی تک جاری ہے۔

کاروباری سماجی بہبود (سی ایس آر) کے اقدامات

کمپنی اپنے متعلقہ علاقوں میں کمیونٹی کی فلاح کے اپنے کردار سے واقف ہے اور ان علاقوں میں افراد کی بہبود اور زندگیوں میں بہتری لانے کے لیے مختلف اقدامات اٹھائے گئے ہیں۔ مذکورہ سماجی بہبود کے دوران درج ذیل اقدامات اٹھائے گئے ہیں:

- جون 21 کے دوران متعلقہ علاقوں کے لیے سگ گزیدگی کے مفت علاج کی سہولت شروع کی گئی اور 40 کے قریب کیسز کا علاج کیا جا چکا ہے۔
- اینٹرو کی جانب سے مصنوعی ٹانگوں کی فراہمی کی مستقل سہولت دی جارہی ہے جس میں ٹانگوں کی مفت تبدیلی شامل ہے۔
- بازوں کی مفت تبدیلی سے متعلق پائلٹ پروجیکٹ بھی شروع کیا گیا ہے۔
- گھونگی کے قریب ترین حادثے کے متاثرین کو معاونت فراہم کی گئی جسے پاکستان ریلوے کی جانب سے سراہا گیا۔
- Covid-19 سے تحفظ کے لیے ڈھری ریلوے اسٹیشن اور سندھ پنجاب بارڈر پر ہاتھ دھونے کی سہولت اور صفائی سے متعلق آگہی مہم کا اہتمام کیا گیا۔
- سکھرا ایئر پورٹ، روہڑی، گھونگی اور میر پور ماٹھیلور ریلوے اسٹیشن پر بیچ اور سول لائٹ لگانے کے لیے امداد فراہم کی گئی۔
- رمضان میں بیواؤں اور ضرورت مندوں میں 300 راشن بیگ تقسیم کئے گئے۔

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