



Interim Financial Report  
for the half year ended  
**June 30, 2021**  
**(Un-audited)**

The Future is **Brighter**  
with Agritech **Fertilizers**

# VISION



The background of the entire slide is a soft-focus image of pink cherry blossoms on dark brown branches, set against a light blue sky. The blossoms are in various stages of opening, with some showing prominent stamens. The overall color palette is a mix of soft pinks, blues, and browns.

# VISION

To become a major regional diversified fertilizer company

# MISSION

To become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, significantly contributing to the development of the agricultural sector of Pakistan.

# MISSION



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## Company Information

### Board of Directors

Mr. Sardar Azmat Babar  
*Chairman*

Mr. Hassan Raza

Mr. Asim Murtaza Khan

Mr. Ghazzanfar Ahsan

Mr. Asim Jilani

Ms. Sarwat Salahuddin Khan

Mr. Muhammad Faisal Muzammil  
*Chief Executive Officer*

### Audit Committee

Mr. Asim Murtaza Khan  
*Chairman*

Mr. Hassan Raza

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

### HR & Remuneration Committee

Ms. Sarwat Salahuddin Khan  
*Chairperson*

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

### Chief Financial Officer

Syed Taneem Haider

### Company Secretary

Mr. Hafiz Mudassar Hassan Kamran

### Legal Advisor

Mr. Mian Muhammad Osama Hanif

### Shares Registrar

Hameed Majeed Associates (Private) Limited

### Auditors

Grant Thornton Anjum Rahman  
*Chartered Accountants, Lahore.*

### Bankers

National Bank of Pakistan  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Albaraka Bank Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Summit Bank Limited  
Silk Bank Limited  
Allied Bank Limited  
Bank Alfalah Limited  
The Bank of Punjab  
Bank Islami Pakistan Limited  
Askari Bank Limited  
Pak Libya Holding Company (Pvt.) Limited  
Soneri Bank Limited  
Citi Bank N.A.  
Meezan Bank Limited  
United Bank Limited  
JS Bank Limited  
Habib Bank Limited  
MCB Bank Limited

### Registered Office

2<sup>nd</sup> Floor, Asia Centre, 8-Babar Block,  
New Garden Town, Lahore.  
Ph: +92 (0) 42 35860341-44  
Fax: +92 (0) 42 35860339-40  
Email: corporate@pafll.com.pk

### Project Locations

#### Unit I

Urea Plant  
Iskanderabad, District Mianwali.  
Ph: +92 (0) 459 392346-49

#### Unit II

GSSP Plant  
Hattar Road, Haripur.  
Ph: +92 (0) 995 353544 - 353641

# Directors' Review

The Directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Interim Report accompanied by the Reviewed Financial Statements for the Six months ended June 30, 2021.

These interim financial statements have been endorsed by the Chief Executive Officer, Chief Financial Officer and one of the Directors in accordance with the Code of Corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

## Business Review

### Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province. The Company also operates the manufacturing facility of GSSP (Granular Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KPK) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.

### First Half in Review

#### Financial Results of Agritech Limited

	Half Year ended June 30, 2021	Half Year ended June 30, 2020
Sales - Net	2,510,069,600	1,067,804,492
Operating Profit / (Loss)	(540,833,407)	(1,186,441,370)
Finance cost	(1,349,310,838)	(1,673,081,960)
Profit / (Loss) before Tax	(1,890,144,245)	(2,859,523,330)
Profit / (Loss) after Tax	(1,700,003,127)	(2,699,673,605)
Profit / (Loss) per share	(4.33)	(6.88)

#### Overview of Fertilizer Industry:

During the 1st half of 2021 the Production of Urea increased by 5% to 3,068K tonne vs 2,910K tonne in 2020 due to improved gas/RLNG supplies to the fertilizer sector particularly the plants on SNGPL Network. Gas supply to the fertilizer plants on SNGPL network was restored in march 2021. Urea offtakes for the period under review were recorded at 2,899K tonne increasing by 9% vs 2,672K tonne in same period last year. Significant increase in Urea Offtakes is attributed to the improved farms economics particularly higher wheat production and increase in wheat support price by GOP.

The Company faced improved supplies of gas/RLNG during the first half of year 2021 as plant started in March 2021 after the winter load management. The Company managed to produce 114 K Tonne of Urea (Nil K tonne: 2020) against installed capacity of 215K tonne for the period. The Company sold 59 K tonne Urea (16 K tonne: 2020) of the previous year stock.

Consumption of Phosphates, during the 1st half of 2020, saw an increase of 6% to 363K tonne of P2O5 Nutrients vs 342K tonne last year. Production of Phosphates products also registered a healthy increase of 14% (265K tonne Nutrients in 2021 vs 233K tonne Nutrients in 2020) due to improved farms economics in the country. Phosphates price lead by DAP in the international market saw sharp and constant increases whereby DAP price at the start of the year at around US\$400 per tonne CFR KHI increased to US\$600 per tonne CFR KHI during the period under review. The increase in DAP price is reflected in the prices of all the phosphatic fertilizers in the country. The Company, being a major SSP player, produced 36K tonne SSP in 1H 2021(29 K tonne: 2020) and sold 24 K tonne during the period (24 K tonne: 2019).

#### Modification in the Auditors report

##### Qualification

In auditor's report for the period, auditors raised following concern which states as " The management has assessed the recoverability of deferred tax asset on tax losses and tested the impairment of goodwill based on five years business plan



## Directors' Review

approved by the Board of Directors and asserts that no impairment is required in this financial information. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e. operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates as well as its supply is not certain. Management is, however, confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567 million and deferred tax asset amounting to Rs. 6,371 million recognized on tax losses of Rs. 21,968 million in this financial information."

### Material Uncertainty relating to Going Concern

Auditors also raised concern about the Company's ability to operate as going concern which states as "Notwithstanding the matter discussed in Basis for the Qualified Conclusion section, the Company during the half year ended 30 June 2021 has incurred loss before tax amounting to Rs.1,890 million and, as of that date, its current liabilities exceeded its current assets by Rs. 43,942 million, and its accumulated losses stood at Rs. 22,979 million. These conditions, along with other matters as set forth in note 2.4 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter."

### Emphasis of Matter

Auditors has also given Emphasis of matter which states as "We draw attention to notes 11 & 21 to the accompanying condensed interim financial information, wherein it is stated that the Company is defending legal suits filed by some financial institutions for recovery of their dues as it could not pay its liabilities on due dates. Our conclusion is not qualified in this respect."

### Explanation of Modifications of Auditor's Report;

The gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The Company, along with other plant on SNGPL Network, faced unprecedented gas curtailment during the past few years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector on SNGPL Network to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-up as referred to in Note 21 to the condensed interim financial information.

During past couple of years, gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG. Subsequently in 2019 RLNG supplies at subsidized rate were provided to the company and plant was running on regular basis. In 2020 similar policy by GOP continued, however, with lower gas supplies than in 2019. For the current year 2021, GOP at the start of the year has approved RLNG supply from March to November 2021 to meet the growing Urea demand in the country. However, the company faced gas curtailment at the peak of summer again whereby GOP diverted gas/RLNG to the Power sector which is likely to be restored back from September. The expectation of continuous availability of gas is based on the fact that the GOP is operating both LNG terminals in the country with having a combined capacity of 1200 mmscf. Supply of RLNG is contracted for one terminal though a 15 year long term agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The long term LNG supply is further augmented through another contract with Qatar. Additionally the procurement of spot cargoes is also continued by GOP. SNGPL is receiving major flow of LNG imports under swap arrangement from both terminals. This has improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

GOP's renewed focus on the Food Security is the most critical aspect of feeding the population of more than 210 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average 5.8 million tons to 6-6.2 million tons during last two years. Growing urea demand can only be met if all the plants in the country are operated on regular basis. Local production ensures GOP with significant savings on precious Foreign Exchange as well as lower subsidy than on expensive urea imports. The company is confident that on these basis, continuous gas supply solution likely to be worked out with GOP.

### Litigations with Banks

The Company due to the continued gas curtailment in the past many years could not meet the terms of most of the loan agreements executed with different financial institutions. Allied Bank Limited (ABL), Pak Libya Holding Company (Pvt.)



Limited, Meezan Bank Limited, Bank Alfalah Limited, Soneri Bank Limited and National Bank of Pakistan have filed cases for recovery of their respective loans along with accrued mark-up and other related charges against the Company. All these banks had already given NOC for the restructuring scheme proposed in 2016 which is pending for the approval of the Honorable Lahore High Court. Based on legal opinions, the Board is fully confident that the likelihood of any liability is remote. The markup of these banks has already been recognized in these financial statements in accordance with terms of loan agreements and as referred in Note 2.4 to the financial statements. The company has filed the restructuring scheme with the Honorable Lahore High Court after obtaining NOCs from all these banks.

### Capital Restructuring

Gas curtailment and gas/RLNG price to the Company's Urea plant during the past few years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups further increased its debt burden. In addition to this, few banks and financial institutions have filed cases for recovery of loans extended by them along with accrued markup and other related charges against the Company. In order to streamline this debt burden, a Capital Restructuring Plan was envisaged with the cooperation of lenders to devise a sustainable capital structure, which included the conversion of its existing long term debt including mark-ups into Preference Shares. The plan also includes sale of excess land to payoff long term lenders after seeking the necessary approvals. The infrastructure developments plans of GOP around the Company's both plants will likely to increase the value of its land. Particularly, the participation of the Company in CPEC project's section Hakla-Daudkhel-DI Khan through provision of land for the said project looks very exciting and with the completion of CPEC, the surplus land of the Company has potential for commercial and industrial activities for CPEC related trades in the future. Based on legal opinions, the Company is confident that likelihood of any additional liability is remote as markup has already been recognized in these financial statements in accordance with terms of loan agreements.

This Capital Rehabilitation Plan was filed through a petition in Lahore High Court in June 2016 for the enforceability of the scheme under section 284-288 of the Companies Ordinance, 1984. The hearings at the LHC are continued and the Company is confident to obtain decision through the court for the Rehabilitation Plan and committed to implement the plan to improve the financial position of the company.

### Future Outlook;

The future prospect of Urea plant is relied on expectations of continuous availability of gas and demand of urea in the country for the growth of the agriculture and assuring food security in the country. Pakistan is an Agrarian Economy that contributes 20% to the GDP, employs 42% of Labor Force and provides livelihood to the 66% of the population of the country. Food Security is the most critical aspect of feeding the population of more than 210 million and the country is already forced to import wheat and sugar to meet the rising demand. A renewed focus of GOP will be required to increase the yields of the key staple crops for the long term food security of the country. Fertilizer, especially Urea plays a critical role in the production and yield of the crops. Urea demand in the country since the last Fertilizer Policy issued in 2001 is growing at CAGR of 2.5% and Production has kept the pace of growth at CAGR of 2.2%. Installed Capacity of Urea in the country is of ~6.8 million tonne and production of the available capacity of Agritech and other fertilizer plant on SNGPL will be vital to meet the likely shortages, besides saving precious Foreign Exchange and substituting volatile urea imports.

The Company will continue to streamline other initiatives like Scheme of Arrangement after the necessary court approvals and undertake necessary actions for the long term development of the surplus land to generate additional resources to address its financial obligations.

### Acknowledgement

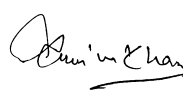
The Board takes this opportunity to thank the Company's valued customers and the financial institutions whose faith and support over the years has cultivated a mutually beneficial relationship, playing a key role in the growth of the businesses.

The Board also wishes to place on record its appreciation for the employees of the Company. The sustainability of business in the difficult business environment was possible due to their hard work and commitment.

On behalf of the Board



**Muhammad Faisal Muzammil**  
Chief Executive Officer



**Mr. Asim Murtaza Khan**  
Director

Lahore

Date : 27 August 2021

## ڈائریکٹرز رپورٹ

ایگریٹیک لمیٹڈ کے ڈائریکٹرز، مینجمنٹ ٹیم کے ساتھ، 30 جون 2021 کو ختم ہونے والے چھ ماہ کے لیے کمپنی کی نظر ثانی شدہ عبوری مالیاتی گوشوارے/ رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

ان عبوری مالیاتی بیانات کی توثیق چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور ایک ڈائریکٹر کی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق، بورڈ آڈٹ کمپنی کی طرف سے منظوری کی سفارش کے بعد بورڈ آف ڈائریکٹرز نے پریزنٹیشن کے لیے منظوری دی۔

کاروباری جائزہ

بنیادی سرگرمیاں

کمپنی بنیادی طور پر کھاد کی تیاری اور مارکیٹنگ کا کاروبار کرتی ہے۔ کمپنی کے پاس صوبہ پنجاب کے شہر میانوالی میں جدید اور موثر ترین یوریا مینوفیکچرنگ پلانٹ موجود ہے۔ کمپنی صوبہ خیبر پختونخواہ کے شہر ہری پور ہزارہ میں GSSP (گرینڈ سکیل سپرفاسفیٹ) کی مینوفیکچرنگ کی سہولت بھی رکھتی ہے۔ کھاد کی صنعت کیسب سے قابل اعتماد برانڈ "TARA" کے تحت کمپنی ان پائپس سے اپنی کھاد کی مارکیٹنگ کرتی ہے۔

تفصیل

نصف سال 30 جون 2020	نصف سال 30 جون 2021	
1,067,804,492	2,510,069,600	میٹ میلز
(1,186,441,370)	(540,833,407)	آپریٹنگ منافع (تقصان)
(1,673,081,960)	(1,349,310,838)	مالیاتی لاگت
(2,859,523,330)	(1,890,144,245)	قبل از ٹیکس منافع (تقصان)
(2,699,673,605)	(1,700,003,127)	بعد از ٹیکس منافع (تقصان)
(6.88)	(4.33)	فی شیئر منافع (تقصان)

کھاد کی صنعت کا جائزہ:

2021 کی پہلی ششماہی کے دوران کھاد کے شعبے بالخصوص SNGPL نیٹ ورک کے پائپس کو گیس/RLNG کی بہتر سپلائی کی وجہ سے 2020 میں یوریا کی پیداوار 5 فیصد (3068 میٹرک ٹن) کے مقابلہ 2910 میٹرک ٹن) بڑھ گئی۔ ایس این جی بی ایل نیٹ ورک پر کھاد کے پائپس کو گیس کی فراہمی مارچ 2021 میں بحال ہوئی۔ زیر جائزہ مدت کے لیے یوریا کی پیداوار 9 فیصد زیادہ 2899 میٹرک ٹن ریکارڈ کی گئی جو کہ پچھلے سال کی اسی مدت میں 2672 میٹرک ٹن تھی۔ بہتر معیشت، گندم کی زیادہ پیداوار خاص طور پر GOP کی طرف سے گندم کی بلند مادی قیمت اور یوریا کی پیداوار میں نمایاں اضافے سے منسوب ہے۔

پلانٹ، مارچ 2021 میں موسم سرما کے لوڈ مینجمنٹ کے بعد دوبارہ چلا اور کمپنی کو سال 2021 کی پہلی ششماہی کے دوران گیس/RLNG کی بہتر سپلائی میسر آئی۔ اس مدت میں کمپنی، 215 میٹرک ٹن کے نصب شدہ صلاحیت کے پلانٹ سے 114 میٹرک ٹن یوریا (صفر میٹرک ٹن: 2020) پیداوار حاصل کرنے میں کامیاب رہی۔ کمپنی نے پچھلے سال (16 میٹرک ٹن: 2020) کے مقابلہ میں 59 میٹرک ٹن یوریا کا اضافہ فروخت کیا۔

فاسفیٹ کی کھپت، 2020 کی پہلی ششماہی کے دوران، پچھلے سال P2O5 غذائی اجزاء کے مقابلے میں 6 فیصد اضافے سے 363 میٹرک ٹن تک پہنچ گئی ہے۔ ملک میں بہتر اقتصادی ریفارمز کی وجہ سے فاسفیٹس مصنوعات کی پیداوار میں بھی 14 فیصد کا اضافہ ہوا (265 میٹرک ٹن غذائی اجزاء 2021 میں 233 میٹرک ٹن غذائی اجزاء 2020 میں)۔ بین الاقوامی مارکیٹ میں ڈی اے پی کی طرف سے فاسفیٹ کی قیمتوں میں تیزی اور مسلسل اضافہ دیکھنے میں آج جس کے تحت سال کے آغاز میں ڈی اے پی کی قیمت تقریباً US\$ 400 امریکی ڈالر فی ٹن CFRKHI والی قیمت دوران ششماہی 600 امریکی ڈالر فی ٹن CFRKHI پر پہنچ گئی۔ ڈی اے پی کی قیمت میں اضافہ ملک میں تمام فاسفیٹک کھادوں کی قیمتوں سے ظاہر ہوتا ہے۔ کمپنی نیا نیک بڑا ایس ایس پی پلیٹیر ہونے کے ناطے، 2021 کی پہلی ششماہی میں 36 میٹرک ٹن ایس ایس پی تیار کیا (29 میٹرک ٹن: 2020) اور اس مدت کے دوران 24 میٹرک ٹن فروخت کیا (24 میٹرک ٹن: 2019)۔

## آڈیٹرز کی رپورٹ میں ترمیم کو ایڈجسٹمنٹس

اس مدت کے لیے آڈیٹرز رپورٹ میں، آڈیٹرز نے توثیق کا اظہار کیا ہے جس میں کہا گیا ہے کہ "مجموعہ نے ٹیکس کے نقصانات پر موثر ٹیکس اثاثوں کی بازیابی کا جائزہ لیا ہے اور بورڈ آف ڈائریکٹرز کے منظور کردہ پانچ سالہ کاروباری منصوبے کی بنیاد پر تجربہ کر کے دعویٰ کیا ہے کہ ان مالی بیانات میں کوئی خرابی نہیں ہے۔ تاہم، ہم کاروباری منصوبے میں استعمال ہونے والے کلیدی مفروضے کے حوالے سے مناسب آڈٹ ثبوت حاصل کرنے سے قاصر ہیں۔ یعنی قدرتی گیس کی دستیابی پر مبنی آپریٹنگ ایام اور گیس کے نرخوں پر مبنی خام مال کی قیمت جو کہ حکومت پاکستان کی جانب سے کمپنی کو گیس کی فراہمی کے لیے راہی نرخوں کے ساتھ ساتھ اس کی فراہمی بھی یقینی نہیں ہے۔ تاہم، انتظامیہ کو یقین ہے کہ گیس کی فراہمی طویل مدتی بنیادوں پر دستیاب ہوگی۔ انتظامیہ کو یقین ہے کہ ملک میں یورپ کی طلب کی فراہمی میں پائے جانے والے فرق کو مد نظر رکھتے ہوئے گیس کی فراہمی طویل مدتی بنیادوں پر دستیاب ہوگی۔ اس کے نتیجے میں، ہم اس بات کا یقین کرنے سے قاصر تھے کہ آیا ان مالیاتی بیانات کے 21968 ملین روپے میں سے 2567 ملین goodwill کی رقم اور موثر ٹیکس اثاثے 6371 ملین روپے کے ٹیکس نقصانات پر کوئی ایڈجسٹمنٹ ضروری تھی یا نہیں۔

مادی غیر یقینی صورتحال۔

آڈیٹرز نے کمپنی کی کام کرنے کی صلاحیت کے بارے میں بھی توثیق کا اظہار کیا جس میں کہا گیا ہے کہ 30 جون 2021 کو ختم ہونے والے ششماہی کے دوران کمپنی کو 1890 ملین روپے قبل از ٹیکس نقصان ہوا ہے اور اس تاریخ تک کمپنی کے ذمہ موجود واجبات اس کے موجودہ اثاثوں سے 43942 ملین روپے سے تجاوز کر گئے ہیں اور اس کا جمع شدہ نقصان 22979 ملین روپے تک پہنچ گیا ہے۔ یہ حالات، دیگر معاملات کے ساتھ ساتھ جو کہ مالیاتی بیانات کے نوٹ 2.4 میں بیان کیے گئے ہیں، مادی غیر یقینی کی نشاندہی کرتے ہیں۔ جو کہ کمپنی کا کاروبار جاری رکھنے کی صلاحیت کے بارے میں اہم شکوک پیدا کر سکتا ہے۔ ہماری رائے اس معاملے میں قابل نہیں ہے۔

تاکید

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے جس میں کہا گیا ہے کہ "ہم مالی بیانات کے نوٹ 11 اور 21 کی طرف توجہ مبذول کراتے ہیں، جس میں یہ بتایا گیا ہے کہ کمپنی کچھ مالیاتی اداروں کی جانب سے اپنے واجبات کی وصولی کے لیے دائر قانونی مقدمات کا دفاع کر رہی ہے کیونکہ وہ مقررہ تاریخوں پر اپنی ذمہ داری ادا نہیں کر سکتی۔ ہمارا نتیجہ اس حوالے سے اہل نہیں ہے۔

آڈیٹرز کی رپورٹ میں ترمیم کی وضاحت

کمپنی کے آپریٹنگ اور لیکویڈیٹی کے مسائل کا سب سے اہم عنصر گیس کی کمی اور یورپ پلانٹ کو گیس کی قیمتوں کا مسئلہ گزشتہ چند سالوں سے کمپنی کو رہا ہے۔ کمپنی کو، ایس این جی پرائیمل نیٹ ورک پر دوسرے پائپس کے ساتھ، پچھلے پانچ سالوں کے دوران گیس کی بہت زیادہ کمی کا سامنا کرنا پڑا۔ کمپنی اپنے اثاثوں اور آپریٹنگ کے کاموں کو اعلیٰ سطح کے قرضوں کے ذریعے فنانس کرتی رہی ہے۔ سسٹم میں گیس کی مجموعی کمی کی وجہ سے، حکومت پاکستان نے کھادیکٹر سے گیس کو ایس این جی پرائیمل نیٹ ورک پر دوسرے شعبوں خصوصاً گرمی کے دوران پاور میکٹر اور سردیوں کے دوران گھریلو میکٹر کی طرف موڑ دیا۔ گیس کی اس کمی نے دستیاب صلاحیت کے مقابلے میں یورپ کی کم پیداوار اور مسلسل آپریٹنگ اور لیکویڈیٹی کے مسائل پیدا کیے جس کے نتیجے میں زائد المیہ قدرے اور متعلقہ مارک اپ جیسے مسائل پیدا ہوئے جن کا حوالہ کنڈینسڈ عبوری مالی معلومات کے نوٹ 21 میں دیا گیا ہے۔ گزشتہ دو سالوں کے دوران، حکومت پاکستان کی طرف سے بائع قدرتی گیس ("LNG") کی باقاعدہ درآمد کے ساتھ کمپنی کو گیس کی فراہمی میں بہتری دیکھی گئی ہے۔ ایل این جی کی مستقل درآمد سے سوئی ناردرن گیس پائپ لائن ملینڈ ("ایس این جی پائپ") کو آرائیل این جی کے بہاؤ میں بہتری آئی ہے جس سے کھاد کے شعبے سمیت صارفین کو فائدہ پہنچ رہا ہے۔

کمپنی کے یورپ پلانٹ کو گیس کی فراہمی تبھی 2018 میں قدرتی گیس اور آرائیل این جی کے استخراج پر بحال ہوئی۔ اس کے بعد 2019 میں کمپنی کو سوسڈی والے نرخ پر آرائیل این جی سپلائی فراہم کی گئی اور پلانٹ باقاعدگی سے چل رہا تھا، تاہم 2019 کے مقابلے میں کم گیس کی فراہمی کے ساتھ 2020 میں جی او پی کی یہ پالیسی جاری رہی۔ موجودہ سال 2021 کے لیے، جی او پی نے سال کے آغاز میں ملک میں بڑھتی ہوئی یورپ کی مانگ کو پورا کرنے کے لیے مارچ سے نومبر 2021 تک آرائیل این جی سپلائی کی منظوری دی ہے۔ تاہم، کمپنی کو دوبارہ موسم گرما کے عروج پر گیس کی کمی کا سامنا کرنا پڑا کیونکہ جی او پی نے گیس / آرائیل این جی کو پاور میکٹر کی طرف موڑ دیا جو کہ تیسرے دو بارہ بحال ہونے کا امکان ہے۔ گیس کی مسلسل دستیابی کی توقع اس حقیقت پر مبنی ہے کہ جی او پی ملک میں دونوں ایل این جی ڈیمینڈ چلاری ہے جس کی مشترکہ گنجائش 1200 ایم ایس سی ایف ڈی ہے۔

## ڈائریکٹر رپورٹ

قطر کی حکومت کے ساتھ ایک ٹریڈل کے لیے آرائیل این جی کی فراہمی 15 سالہ طویل مدتی معاہدے کیا گیا ہے جس کے تحت پاکستان ہرسال تقریباً 3.75 ملین ٹن این جی درآمد کرے گا۔ ایل این جی کی طویل مدتی فراہمی کو قطر کے ساتھ ایک اور معاہدے کے ذریعے مزید بڑھایا گیا ہے۔ مزید برآں جی او پی کے ذریعہ اسپاٹ کارگو کی خریداری بھی جاری ہے۔ swap arrangement کے تحت SNGPL دونوں ٹرمینلز سے LNG درآمدات کا ذریعہ حاصل کر رہا ہے۔ اس سے ایل این جی کی ایل این سسٹم میں گیس کے بہاؤ میں بہتری آئی ہے اور ایل این جی پی ایل نیٹ ورک پر کھاد پائس کے لیے گیس کی مطلوبہ مقدار دستیاب ہو گئی ہے۔

210 ملین سے زائد آبادی کو کھانا کھانا سب سے اہم پہلو ہے جس کے لئے جی او پی کی نئی فوجی ڈیسکوری پر مرکوز بنیاد رکھا، خاص طور پر یورپا فضلوں کی پیداوار بڑھانے میں اہم کردار ادا کر سکتی ہے۔ مٹی قریب میں یورپا کی مانگ پچھلے دو سالوں میں اوسط 5.8 ملین ٹن سے بڑھ کر 62-6 ملین ٹن ہو گئی ہے۔ یورپا کی بڑھتی ہوئی طلب صرف اسی صورت میں پوری کی جاسکتی ہے جب ملک کے تمام پائس باقاعدگی سے چلائے جائیں۔ مقامی پیداوار جی او پی کو قیمتی زرمبادلہ پر نمایاں بچت کے ساتھ ساتھ مٹی کی یورپا درآمدات سے کم سہڑی کے ساتھ یقینی بناتی ہے کہ مٹی کو یقین ہے کہ ان بنیادوں پر گیس کی مسلسل فراہمی کا جی او پی کے ساتھ کام کرنے کا امکان ہے۔

ٹیکوں کے ساتھ مقدمہ

اس سال اور پچھلے سالوں کے دوران، کمپنی مختلف مالیاتی اداروں کے ساتھ کیے گئے زیادہ تر قرض معاہدوں کی شرائط کو پورا نہیں کر سکی۔ لائیڈ بینک لمیٹڈ (اے بی ایل)، پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ، میزان بینک لمیٹڈ، بینک الفلاح لمیٹڈ اور سویری بینک لمیٹڈ نے ان کی طرف سے توسیع شدہ قرضوں کی وصولی کے ساتھ ساتھ جمع شدہ مارک اپ اور دیگر متعلقہ الزامات کے تحت کمپنی کے خلاف مقدمات دائر کیے ہیں۔

اس عرصے کے دوران بینشل بینک آف پاکستان جس نے 2016 میں تنظیم نو کی اسکیم کے لیے پہلے این او سی بھی دیا تھا جو کمزور لاہور ہائی کورٹ کی منظوری کے لیے زیر التوا ہے، اس نے اب 6497 ملین روپے بشمول مارک اپ کے ساتھ لاگت اور دیگر چارجز کی ریکوری کے لیے کمپنی پر مقدمہ دائر کیا ہے۔ قانونی طور پر، بورڈ کو پورا یقین ہے کہ کسی اضافی ذمہ داری کا کوئی امکان نہیں ہے۔

کیونکہ ان ٹیکوں کے مارک اپ کو پہلے ہی ان مالیاتی بیانات کے نوٹ 2.4 میں میں قرض کے معاہدوں کی شرائط کے مطابق تسلیم کیا گیا ہے کمپنی نے الفلاح بینک لمیٹڈ، سویری بینک لمیٹڈ، پاک لیبیا ہولڈنگ کمپنی (پرائیویٹ) لمیٹڈ اور بینشل بینک آف پاکستان سے این او سی حاصل کرنے کے بعد کمزور لاہور ہائی کورٹ میں ری اسٹرکچرنگ اسکیم کی درخواست بھی دائر کی ہے۔

تفصیل نو

پچھلے کچھ سالوں کے دوران کمپنی کے یورپا پائس میں گیس کی کمی اور گیس/آرائیل این جی کی قیمت، کمپنی کے قرض کی عدم فراہمی کی بڑی وجہ تھی اور مارک اپ جمع ہونے سے اس کے قرضوں کا بوجھ مزید بڑھ گیا۔ اس کے علاوہ، چند ٹیکوں اور مالیاتی اداروں نے کمپنی کے خلاف جمع شدہ مارک اپ اور دیگر متعلقہ معاملات اور توسیع شدہ قرضوں کی وصولی کے لیے مقدمات دائر کیے ہیں۔ قرضوں کے اس بوجھ کو ہموار کرنے کے لیے، ایک پائیدار سرمایہ دارانہ ڈھانچہ وضع کرنے کے لیے قرض دہندگان کے تعاون سے ایک کیپیٹل ری سٹرکچرنگ پلان پیش کیا گیا تھا، جس میں اس کے موجودہ طویل مدتی قرض کو مارک اپ سمیت Preference Shares میں تبدیل کرنا شامل تھا۔ اس منصوبے میں (ضروری منظوری حاصل کرنے کے بعد) اضافی زمین فروخت کر کے، طویل مدتی قرض دہندگان کو ادائیگی کرنا شامل ہے۔ کمپنی کے دونوں پائس کے ارد گرد جی او پی کے انفراسٹرکچر ڈیولپمنٹ کے منصوبوں کی بدولت زمین کی قیمت میں اضافے کا قوی امکان ہے۔ خاص طور پر، CPEC پروجیکٹ کے کنکشن ہیکلہ ڈاؤنٹیل-ڈی آئی خان میں کمپنی کی شریعت مذکورہ پروجیکٹ کے لیے زمین کی فراہمی کے ذریعے بہت دلچسپ دکھائی دیتی ہے اور CPEC کی تکمیل کے ساتھ، مستقبل میں کمپنی کی فاضل زمین CPEC کے لیے تجارتی اور صنعتی سرگرمیوں کی صلاحیت رکھتی ہے۔ قانونی طور پر، کمپنی کو یقین ہے کہ اس پر کسی اضافی ذمہ داری کا کوئی امکان نہیں ہے کیونکہ قرض کے معاہدوں کی شرائط کے مطابق ان مالیاتی بیانات میں مارک اپ کو پہلے ہی تسلیم کیا جا چکا ہے۔

یہ کیپیٹل ری سٹرکچرنگ پلان، بحالی منصوبہ کی درخواست کمپنیز آرڈیننس 1984 کے سیکشن 284-288 کے تحت جون 2016 میں لاہور ہائی کورٹ میں دائر کی گئی تھی۔ لاہور ہائی کورٹ میں اس کی سماعت جاری ہے اور کمپنی اس منصوبے کے لیے عدالتی فیصلہ کے بعد اپنی مالی پوزیشن بہتر بنانے کے پلان پر عمل درآمد کے لیے پرعزم ہے۔

مستقبل کا نقطہ نظر



نظر ثانی۔

یوریا پلانٹس کا مستقبل زراعت کی ترقی اور ملک میں غذائی تحفظ کی یقین دہانی کے لیے گیس کی مسلسل دستیابی اور ملک میں یوریا کی طلب کی توقعات پر منحصر ہے۔ پاکستان کی معیشت زرعی ہے جو جی ڈی پی میں 20 فیصد حصہ ڈالتی ہے، 42 فیصد لیبر فورس کو ملازمت دیتی ہے اور ملک کی 66 فیصد آبادی کو روزی فراہم کرتی ہے۔ 210 ملین سے زائد آبادی کو کھانا کھلانے کا سب سے اہم پہلو فوڈ سیکورٹی ہے اور ملک پہلے ہی بڑھتی ہوئی مانگ کو پورا کرنے کے لیے گندم اور چینی درآمد کرنے پر مجبور ہے۔ اہم فصلوں کی پیداوار میں اضافہ، ملک کی طویل مدتی فوڈ سیکورٹی کے لیے جی او پی کی خاص تجدیدی توجہ کی ضرورت ہوگی۔ کھاد، خاص طور پر یوریا فصلوں کی پیداوار میں اہم کردار ادا کرتی ہے۔ 2001 میں جاری کی گئی آخری کھاد پالیسی کے بعد ملک میں یوریا کی طلب 2.5 فیصد سی اے جی آر پر بڑھ رہی ہے اور پیداوار میں اضافہ 2.2 فیصد سی اے جی آر کے تناسب کے ساتھ ہو رہا ہے۔ ملک میں یوریا کی نصب شدہ صلاحیت 6.8 ملین ٹن ہے۔ اور ایس این جی پی ایل پراگریٹک اور دیگر فرٹلائزر پلانٹس کا انحصار ممکنہ پیداواری قلت کو پورا کرنے کے لیے نا صرف اہم ہوگا، بلکہ قیمتی زرمبادلہ بچانے کے علاوہ غیر متحکم یوریا کی درآمد کو بھی تبدیل کرے گا۔

کچنی عدالت کی ضروری منظوریوں کے بعد دیگر اقدامات کرتی رہے گی اور اضافی زمین کی طویل مدتی ترقی کے لیے ضروری اقدامات کرے گی تاکہ اپنی مالی ذمہ داریوں کو پورا کرنے کے لیے اضافی وسائل پیدا کرے۔

اعتراف

یورڈ اس موقع سے کچنی کے قابل قدر صارفین اور مالیاتی اداروں کا شکریہ ادا کرتا ہے جن کے تعاون نے کئی سالوں کے تعلقات کو فروغ دیا ہے، جو کاروبار کی ترقی میں کلیدی کردار ادا کر رہے ہیں۔

یورڈ کچنی کے ملازمین کے لیے اپنی تعریف کو ریکارڈ پر لانا چاہتا ہے۔ مشکل کاروباری ماحول میں کاروبار کی پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی۔

محمد اسیم رازی خان  
ڈائریکٹر

محمد فیصل مول  
چیف ایگزیکٹو آفیسر

لاہور: 27، اگست 2021

# Independent Auditor's Review Report

To the members of Agritech Limited

## Report on Review of Condensed Interim Financial Statements

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Agritech 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 six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 financial statements based on our review.

### **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 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.

### **Basis for Qualified Conclusion**

The management has assessed the recoverability of deferred tax asset on tax losses and tested the impairment of goodwill based on five years business plan approved by the Board of Directors and asserts that no impairment is required in this financial information. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e. operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates as well as its supply is not certain. Management is, however, confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567 million and deferred tax asset amounting to Rs. 6,371 million recognized on tax losses of Rs. 21,968 million in this financial information.

### **Qualified Conclusion**

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### **Material Uncertainty Relating to Going Concern**

Notwithstanding the matter discussed in Basis for the Qualified Conclusion section, the Company during the half year ended 30 June 2021 has incurred loss before tax amounting to Rs.1,890 million and, as of that date, its current liabilities exceeded its current assets by Rs. 43,942 million, and its accumulated losses stood at Rs. 22,979 million. These conditions, along with other matters as set forth in note 2.4 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

### **Emphasis of Matter**

We draw attention to notes 11 & 21 to the accompanying condensed interim financial information, wherein it is stated that the Company is defending legal suits filed by some financial institutions for recovery of their dues as it could not pay its liabilities on due dates. Our conclusion is not qualified in this respect.

### **Other Matter**

We also draw attention that the figures for quarter ended June 30, 2021 in the condensed financial statements of profit or loss have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Imran Afzal.



August 27, 2021

Lahore

Grant Thornton Anjum Rahman

Chartered Accountants



# Condensed Interim Statement of Financial Position

As at 30<sup>th</sup> June 2021

		(Un-audited) 30 June 2021	(Audited) 31 December 2020
	Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
Authorized share Capital		15,000,000,000	15,000,000,000
<u><b>Share capital and reserves</b></u>			
Issued, subscribed and paid-up ordinary share capital	4	3,924,300,000	3,924,300,000
Reserves		9,000,000	9,000,000
Accumulated Losses		(22,979,530,537)	(21,630,116,483)
Surplus on revaluation of property, plant and equipment - net of tax		23,786,891,341	24,137,480,414
		4,740,660,804	6,440,663,931
<u><b>Non-current liabilities</b></u>			
Redeemable capital - Secured	5	-	-
Long term finances - Secured	6	-	-
Convertible, redeemable preference shares	7	1,593,342,690	1,593,342,690
Long term payables - Unsecured	8	1,471,229,563	1,740,315,519
Deferred Liabilities		8,660,579,478	8,892,070,120
		11,725,151,731	12,225,728,329
<u><b>Current liabilities</b></u>			
Current maturity of long term liabilities		19,274,300,610	19,278,671,712
Short term borrowings -secured	9	4,548,834,629	3,646,985,016
Trade and other payables	10	3,631,061,678	2,296,715,315
Interest/mark-up accrued on borrowings		22,669,734,945	21,731,686,709
Preference dividend payable		1,643,016,258	1,556,102,687
		51,766,948,120	48,510,161,439
<b>Total equity and liabilities</b>		68,232,760,655	67,176,553,699
<b>Contingencies and commitments</b>	11		
<b>ASSETS</b>			
<u><b>Non-current assets</b></u>			
Property, plant and equipment	12	57,770,825,624	58,535,893,173
Intangible assets		2,567,310,828	2,567,310,828
Long term loans and advances - considered good		10,553,617	11,941,876
Long term deposits		58,884,712	58,884,712
		60,407,574,781	61,174,030,589
<u><b>Current assets</b></u>			
Stores, spares parts and loose tools		2,053,528,020	2,051,915,868
Stock-in-trade		2,327,059,080	456,581,089
Trade debts		1,008	489,620
Advances, deposits, prepayments and other receivables	13	3,119,858,129	2,569,711,620
Tax refunds due from Government - net		111,721,886	128,486,262
Cash and bank balances		213,017,751	795,338,651
		7,825,185,874	6,002,523,110
<b>Total assets</b>		68,232,760,655	67,176,553,699

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director



## Condensed Interim Statement of Profit or Loss (Un-audited)

For the half year ended 30 June 2021

	Note	For the six months ended		For the quarter ended	
		30 June	30 June	April to June	April to June
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
<b>Sales - net</b>	<b>14</b>	<b>2,510,069,600</b>	1,067,804,492	<b>2,058,680,494</b>	466,229,796
Cost of sales	<b>15</b>	<b>(2,793,243,067)</b>	(2,085,992,511)	<b>(1,925,066,136)</b>	(1,112,275,450)
<b>Gross (loss)/ profit</b>		<b>(283,173,467)</b>	(1,018,188,019)	<b>133,614,358</b>	(646,045,654)
Selling and distribution expenses		<b>(114,141,889)</b>	(37,914,966)	<b>(93,000,787)</b>	(14,737,865)
Administrative and general expenses		<b>(156,245,457)</b>	(145,802,703)	<b>(81,283,637)</b>	(76,361,517)
		<b>(270,387,346)</b>	(183,717,669)	<b>(174,284,424)</b>	(91,099,382)
Other income		<b>12,727,406</b>	15,464,318	<b>(5,131,208)</b>	3,247,496
<b>Operating (loss)</b>		<b>(540,833,407)</b>	(1,186,441,370)	<b>(45,801,274)</b>	(733,897,540)
Finance cost		<b>(1,349,310,838)</b>	(1,673,081,960)	<b>(719,997,888)</b>	(721,627,041)
<b>Loss before taxation</b>		<b>(1,890,144,245)</b>	(2,859,523,330)	<b>(765,799,162)</b>	(1,455,524,581)
Taxation for the period	<b>16</b>	<b>190,141,118</b>	159,849,725	<b>79,462,816</b>	77,238,520
<b>Loss after taxation</b>		<b>(1,700,003,127)</b>	(2,699,673,605)	<b>(686,336,346)</b>	(1,378,286,061)
<b>Loss per share - basic and diluted</b>		<b>(4.33)</b>	(6.88)	<b>(1.75)</b>	(3.51)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director

# Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended 30 June 2021

	For the six months ended		For the quarter ended	
	30 June 2021	30 June 2020	April to June 2021	April to June 2020
	Rupees	Rupees	Rupees	Rupees
Loss after taxation	(1,700,003,127)	(2,699,673,605)	(686,336,346)	(1,378,286,061)
<b>Other comprehensive income:</b>				
Items that will not be reclassified to statement of profit or loss	-	-	-	-
Items that will be reclassified to statement of profit or loss	-	-	-	-
<b>Total comprehensive (loss) for the period</b>	<b>(1,700,003,127)</b>	<b>(2,699,673,605)</b>	<b>(686,336,346)</b>	<b>(1,378,286,061)</b>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

## Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended 30 June 2021

	Note	30 June 2021	30 June 2020
		Rupees	Rupees
<b><u>Cash flows from operating activities</u></b>			
Cash (used in)/ generated from operations	18	(1,280,167,578)	533,912,782
Income tax paid		(20,886,666)	(53,248,182)
Staff retirement benefits paid		(4,850,213)	(209,509)
Long term loans and advances - net		1,388,260	2,621,325
Long term deposits - net		-	(15,514,484)
<b>Net cash (used in)/ from operating activities</b>		<b>(1,304,516,197)</b>	<b>467,561,932</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure incurred		(37,281,164)	(33,359,088)
Interest income received		7,903,007	12,698,829
Proceeds from disposal of property, plant and equipment		1,811,901	-
<b>Net cash used in investing activities</b>		<b>(27,566,256)</b>	<b>(20,660,259)</b>
<b><u>Cash flows from financing activities</u></b>			
(Decrease) in long term finances		(4,371,102)	(24,200,934)
Increase/(decrease) in short term borrowings - net		897,528,370	(14,524)
Finance cost paid		(147,716,959)	(2,095,267)
<b>Net cash from/(used in) financing activities</b>		<b>745,440,309</b>	<b>(26,310,725)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(586,642,144)</b>	<b>420,590,948</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>(1,922,669,425)</b>	<b>(2,134,556,293)</b>
<b>Cash and cash equivalents at the end of period</b>	20	<b>(2,509,311,569)</b>	<b>(1,713,965,345)</b>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Chief Financial Officer

  
Director

# Condensed Interim Statement of Changes in Equity (Un-audited)

## For the half year ended 30 June 2021

	Capital Reserve		Reserves		Accumulated loss	Total
	Ordinary Shares Capital	Surplus on revaluation property, plant and equipment - net of tax	Reserves			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>As at 01 January 2020</b>	3,924,300,000	24,745,841,418	9,000,000	(17,943,049,039)	10,736,092,379	
Loss for the period ended June 30, 2020	-	-	-	(2,699,673,605)	(2,699,673,605)	
<b>Other comprehensive income for the period:</b>						
Re-measurement gain on employee retirement benefits	-	-	-	-	-	-
Related deferred tax liability on re-measurement gain	-	-	-	-	-	-
Total comprehensive loss for the period ended June 30, 2020	-	-	-	(2,699,673,605)	(2,699,673,605)	
<b>Surplus transferred to accumulated losses on account of:</b>						
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(276,537,705)	-	276,537,705	-	-
<b>As at June 30, 2020</b>	3,924,300,000	24,469,303,713	9,000,000	(20,366,184,939)	8,086,418,774	
<b>As at 01 January 2021</b>	3,924,300,000	24,137,480,414	9,000,000	(21,630,116,483)	6,440,663,931	
Loss for the period ended June 30, 2021	-	-	-	(1,700,003,127)	(1,700,003,127)	
<b>Other comprehensive income for the period:</b>						
Re-measurement gain on employee retirement benefits	-	-	-	-	-	-
Related deferred tax liability on re-measurement gain	-	-	-	-	-	-
Total comprehensive loss for the period ended June 30, 2021	-	-	-	(1,700,003,127)	(1,700,003,127)	
<b>Surplus transferred to accumulated losses on account of:</b>						
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(350,589,073)	-	350,589,073	-	-
<b>As at June 30, 2021</b>	3,924,300,000	23,786,891,341	9,000,000	(22,979,530,537)	4,740,660,804	

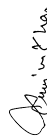
The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

# Notes to the Condensed Interim Financial Information (Un-audited)

## *For the half year ended 30 June 2021*

### 1 Reporting Entity

Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer.

The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. Geographical locations of the manufacturing facilities of the Company are located at:

- 'Unit I located at Iskanderabad, District Mianwali; and
- 'Unit II at Hattar Road, Haripur

### 2 Basis of preparation

#### 2.1 Statement of compliance

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

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of accounting

This condensed interim financial information comprises the condensed interim balance sheet of Agritech Limited ("the Company"), as at 31 June 2021 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended on 31 December 2020.

Comparative condensed interim statement of financial position's numbers are extracted from the proposed annual audited financial statements of the Company for the year ended 31 December 2020, whereas comparative interim statement of profit or loss, interim statement of comprehensive income, interim statement of cash flows and interim statement of changes in equity and related notes are stated from unaudited condensed interim financial statements of the Company for the six months period ended 30 June 2020.

This condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

#### 2.3 Judgments and estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2020.

# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

### 2.4 Going concern assumption

Gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer plants on SNGPL including the Company's Urea plant faced unprecedented gas curtailment since past few years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-ups.

During past couple of years, Gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG. Subsequently in 2019 RLNG supplies at subsidized rate were provided to the company and plant was running on regular basis. In 2020 similar policy by GOP continued, however, with lower gas supplies than in 2019. For the current year 2021, GOP at the start of the year has approved RLNG supply from March to November 2021 to meet the growing Urea demand in the country. However, the company faced gas curtailment at the peak of summer again whereby GOP diverted gas/RLNG to the Power sector which is likely to be restored back from September. These conditions indicate existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

However, the management is confident that the Company will be able to continue as a going concern based on the expectation of continuous availability of gas/RLNG at subsidized rates and restructuring of its existing over-due long-term debts and related mark-up under the rehabilitation plan approved by shareholders which is currently filed in the Honorable Lahore High Court as per the provisions of repealed Companies Ordinance, 1984 and the following factors:

The expectation of continuous availability of gas is based on the fact that the GOP is operating both LNG terminals in the country with having a combined capacity of 1200 mmscfd. Supply of RLNG is contracted for one terminal through a 15 year long term agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The long term LNG supply is further augmented through another contract with Qatar. Additionally the procurement of spot cargoes is also continued by GOP. SNGPL is receiving major flow of LNG imports under swap arrangement from both terminals. This has improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

GOP's renewed focus on the Food Security is the most critical aspect of feeding the population of more than 210 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average 5.8 million tons to 6-6.2 million tons during last two years. Growing urea demand can only be met if all the plants in the country are operated on regular basis. Local production ensures GOP with significant savings on precious Foreign Exchange as well as lower subsidy than expensive urea imports. The company is confident that on these basis, continuous gas supply solution likely to be worked out with GOP.

With the support of its lenders, the management, for rehabilitation of the Company, has prepared a scheme of arrangement ("the Scheme") to restructure its existing over-due long term debts and related markup as of 31 December 2013 (proposed effective date) through issuance of preference shares. The scheme also envisages settlement / restructuring and repayment of that portion of overdue markup that is not converted into preference shares. After the approval by the Board of Directors and Shareholders of the proposed scheme in their meeting held on 05 November 2013 and 10 December 2013 respectively, the said scheme was filed with Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984 on 10 June 2016 for necessary sanction and order. As at the reporting date, the proceedings are in process and the order of the Lahore High Court is awaited.

## Notes to the Condensed Interim Financial Information (Un-audited)

### For the half year ended 30 June 2021

In addition to above, the Company sees strong potential in selling its spare land after the necessary legal and commercial approvals. In 2016, 216 kanals of Company's land was acquired by National Highway Authority (NHA) for the construction of China Pakistan Economic Corridor (CPEC) section Hakla-DI Khan that crosses through the land owned by the Company. With the development of CPEC in coming years, the Company foresees significant appreciation of its surplus land. The proceeds from sale of land will also help settle long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

#### 3 Statement of consistency in accounting policies

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

	30 June 2021	31 December 2020
	Un-audited	Audited
	Rupees	Rupees
<b>4 Issued, subscribed and paid up ordinary share capital</b>		
Class A ordinary shares of Rs. 10 each 383,430,000 (December 31, 2020: 383,430,000) Shares issued fully paid in cash	<b>3,834,300,000</b>	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (December 31, 2020: 9,000,000) Shares issued for consideration as other than Cash	<b>90,000,000</b>	90,000,000
	<b>3,924,300,000</b>	3,924,300,000

#### 4.1 Ordinary shares of the Company held by associated undertaking at period/ year end are as follows:

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(Percentage held)		(Number of shares)	
National Bank of Pakistan Limited	<b>27.01%</b>	27.01%	<b>106,014,632</b>	106,014,632
Faysal Bank Limited	<b>4.56%</b>	4.56%	<b>17,914,040</b>	17,914,040
Summit Bank Limited	<b>8.74%</b>	8.74%	<b>34,306,400</b>	34,306,400
Silk Bank Limited	<b>0.00%</b>	0.00%	<b>1,000</b>	1,000





# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

	30 June 2021 Un-audited Rupees	31 December 2020 Audited Rupees
<b>5 Redeemable Capital - Secured</b>		
<b><u>Under interest/markup arrangement</u></b>		
Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,894,286,800	6,894,286,800
Term Finance Certificates - III	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	618,685,000	618,685,000
Privately Placed Term Finance Certificates - VI	509,874,996	509,874,996
Sukuks	1,599,800,000	1,599,800,000
	<b>12,165,534,546</b>	<b>12,165,534,546</b>
Current maturity presented under current liabilities	<b>(12,165,534,546)</b>	<b>(12,165,534,546)</b>
	-	-
<b>5.1 Types of redeemable capital</b>		
Interest / mark-up based financing	10,565,734,546	10,565,734,546
Islamic mode of financing	1,599,800,000	1,599,800,000
	<b>12,165,534,546</b>	<b>12,165,534,546</b>
<b>5.2</b> Overdue principal and markup are disclosed in Note 21 to the financial information.		
<b>5.3</b> Terms and conditions are same as those disclosed in annual financial statements for the year ended 31 December 2020.		
	30 June 2021 Un-audited Rupees	31 December 2020 Audited Rupees
<b>6 Long term finances</b>		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	471,537,000	471,537,000
Syndicate Term Finance - III	2,840,145,329	2,840,145,329
Bankislami Pakistan - Term Finance	300,000,000	300,000,000
National Bank of Pakistan Limited - Term Finance	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	365,000,000	365,000,000
AL Baraka Bank (Pakistan) Limited - <i>Diminishing Musharika</i>	-	4,371,102
	<b>7,108,766,064</b>	<b>7,113,137,166</b>
Current maturity presented under current liabilities	<b>(7,108,766,064)</b>	<b>(7,113,137,166)</b>
	-	-
<b>6.1 Types of long term finances - secured</b>		
Interest / mark-up based financing	6,743,766,064	6,743,766,064
Islamic mode of financing	365,000,000	369,371,102
	<b>7,108,766,064</b>	<b>7,113,137,166</b>

## Notes to the Condensed Interim Financial Information (Un-audited)

### For the half year ended 30 June 2021

6.2 All terms and conditions of these facilities are same as those disclosed in annual financial statements for the year ended 31 December 2020.

6.3 Overdue principal and markup are disclosed in Note 21 to this financial information.

	30 June 2021 Un-audited Rupees	31 December 2020 Audited Rupees
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#### 7 Convertible, redeemable preference shares

Preference shares of Rs. 10 each

159,334,269 (31 December 2020: 159,334,269)

Shares issued fully paid in cash

1,593,342,690 1,593,342,690

1,593,342,690 1,593,342,690

7.1 The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis (on annual basis).

7.2 Preference shares of the company held by related / associated companies as at period end are as follows:

	--- (Number of shares) ---	
Faysal Bank Limited	31,035,594	31,035,594
National Bank of Pakistan	3,458,756	3,458,756
	34,494,350	34,494,350

	30 June 2021 Un-audited Rupees	31 December 2020 Audited Rupees
--	---	--

#### 8 Long term payables

Payable to Contractor

31,135,199 31,135,199

Payable to SNGPL - GIDC

1,440,094,364 1,709,180,320

1,471,229,563 1,740,315,519

#### 9 Short term borrowings - secured

Interest / mark-up based loans - secured

3,987,099,454 2,946,417,769

Islamic mode of financing - secured

561,735,175 700,567,247

4,548,834,629 3,646,985,016

9.1 All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2020.

9.2 Overdue principal and markup are disclosed in Note 21 to this financial information.



# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

		30 June 2021 Un-audited Rupees	31 December 2020 Audited Rupees
<b>10</b>	<b>Trade and other payables</b>		
	Trade and other creditors	2,508,410,200	1,881,736,485
	Accrued liabilities	143,026,442	113,095,904
	Security deposits and retention money	19,018,660	18,597,680
	Advances from customers	896,967,186	228,827,852
	Others	63,639,190	54,457,394
		<b>3,631,061,678</b>	<b>2,296,715,315</b>

**10.1** This includes current portion of GIDC payable amounting to Rs. 1,229 million (2020: Rs. 849 million). During last year, the company had filed petition against recovery of GIDC which has been decided during this period in favor of the company holding that GIDC is not payable till the exercise of factual determination of GIDC liability is finalized by the higher powered committee formed in compliance of the Supreme Court order.

### **11 Contingencies and commitments**

#### **11.1 Contingencies**

##### **11.1.1 Contingencies relating to Banks**

**11.1.1.1** During the year 2018, a suit has been filed by Allied Bank Limited ("ABL") against the Company under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 201.66 million along with cost of funds, from the date of default by the Company in fulfilling their financial obligations in return of the facility availed. The Company has filed an application for leave to defend in this suit. The legal advisor expects a good likelihood of success in this matter.

**11.1.1.2** During the year 2019, a civil suit no. 1768/2019 has been filed by Pak Libya Holding Company (Private) Limited ("PLHCL") against the Company for Rs. 1,500.92 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2001 before the Honorable Lahore High Court. The Company filed a petition for Leave to Appear (PLA) number 11058/19 under section 10 of the Financial Institution (Recovery Of Finances) Ordinance, 2001 which entails that the instant suit cannot proceed or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring bearing number 21/2016 which is pending adjudication before the Honorable Lahore High Court.

**11.1.1.3** During the year 2019, through a titled suit, the Company seeks, inter alia, the removal of a lien imposed by Meezan Bank Limited ("MBL") on the account of the Company to the extent of Rs. 40.21 million. MBL has imposed lien claiming recovery of alleged outstanding amount due to HSBC Bank (which was acquired by the MBL in 2015). The Company alleges that MBL has imposed this lien without determination of actual liability and without any regard to due process of law. The suit is pending adjudication before the Learned Banking Court Lahore. Meezan Bank Limited (MBL) has filed countersuit for the recovery of Rs. 40.21 million from the Company. The Company has a good likelihood of success in this matter. The suit is pending adjudication before the Learned Banking Court Lahore.

**11.1.1.4** During the year 2019, civil suit no. 29172/2019 has been filed by Soneri Bank against the Company for recovery of Rs. 738,452,864. Application for leave to appear and Defend the above mentioned suit under the provisions of Financial Institutions (Recovery of Finances), Ordinance 2001 has been filed in the Lahore High Court on behalf of the defendant, which is pending before the Honorable Lahore High Court. In view of the legal advisor, this suit lacks merit as it is filed by one of the creditors who has agreed to the Scheme of arrangement date 31-12-2013, which is pending before the Honorable Lahore High Court.

## Notes to the Condensed Interim Financial Information (Un-audited)

### *For the half year ended 30 June 2021*

**11.1.1.5** During last year, civil suit no. 23043/2020 has been filed by Bank Alfalah Limited in the Honorable Lahore High Court in its jurisdiction under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 1,969.88 million including markup along with cost of funds and other charges till the realization of whole amount by sale of mortgaged, hypothecated properties and other assets. The Company has filed PLA No. 40218 in the titled suit in response to which the Bank Alfalah Limited filed the replication which is in process of arguments. The Company has good arguable case in this matter.

**11.1.1.6** During the period, a civil suit has been filed by National Bank of Pakistan (a related party) in the Honorable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 6,497 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring is pending for adjudication before the Honorable Lahore High Court.

#### **11.1.2 Taxation contingencies**

**11.1.2.1** Income tax return for the tax year ended 30 June 2008 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 4,206.80 million and claimed refund of Rs. 26.75 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 December 2013 and assessed tax loss at Rs. 1,106.38 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 17 June 2014 against the aforementioned order. The appeal was heard on 23 July 2014 and was partially decided in favor of the Company. Resultantly, the company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which is pending fixation.

**11.1.2.2** Income tax return for the tax year ended 30 June 2009 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 5,657.31 million and claiming refund of Rs. 140.27 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Income Tax Ordinance vide his order dated 30 January 2015 whereby creating a demand of Rs. 42.88 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue - Appeals (CIR (A)) on 16 June 2015. The case was decided by CIR (A) vide order no. 05 dated 05 April 2018 wherein demand of Rs. 22.11 million was deleted by CIR (A), against which an appeal effect order was passed. Being aggrieved, an appeal has been filed in Appellate Tribunal Inland Revenue ("ATIR") which is pending for fixation.

**11.1.2.3** Income tax return for the tax year ended 30 June 2010 was filed under the self-assessment scheme. Subsequently, the company filed revised return declaring loss of Rs. 8,179 million and claiming refund of Rs. 69.027 million. Income tax audit was conducted by DCIR under section 214C of the Ordinance whereby assessment was amended under section 122(1)/122(5) of the Ordinance wherein various additions were made to the tune of Rs. 7,121 million.

The Company, being aggrieved, filed an appeal before CIR-A who, vide Order No. 13 dated 12 June 2013 annulled the order of DCIR and deleted all additions to the tune of 7,121 million. The tax authority preferred appeal before ATIR, Lahore which is pending for fixation.

**11.1.2.4** Income tax return for tax year 2011 was filed under the self-assessment scheme declaring a tax loss of Rs. 9,327.07 million and a refund of Rs. 1.16 million was claimed. Later on, the said return was revised resulting in increase of refunds due to claim of previous years refunds. The Company was selected for audit under section 214C of the Income tax Ordinance (ITO), 2001 and on completion of audit proceedings, the assessment was amended under section 122(1) and 122(5) of the Income Tax Ordinance, 2001 and additions amounting to Rs. 77.98 million were made to the assessment.

## Notes to the Condensed Interim Financial Information (Un-audited)

### *For the half year ended 30 June 2021*

The Company, being aggrieved, preferred an appeal before CIR-A who vide Order No. 15 dated 17 March 2014 deleted the additions to the tune of Rs. 47.33 million and upheld the remaining amount. The tax authority has filed an appeal before ATIR, Lahore which has been disposed off during the period and order passed of the learned CIR (Appeals) has been upheld. The department has not filed any appeal against this order of ATIR.

- 11.1.2.5** Income tax return for tax year 2012 was filed under the self-assessment scheme declaring loss of Rs. 18,120.36 million and a refund of Rs. 514.29 million was claimed. Later on the said return was revised resulting in increase of refunds at Rs. 542.78 million wherein previous year refunds were also claimed.

The DCIR passed rectification order under section 221 of the Ordinance amending the annual income tax return. Being aggrieved, the Company filed and appeal before CIR-A. The Order was passed in favor of the Company while tax department has filed appeal before ATIR, Lahore which has been disposed off during the period and order passed of the learned CIR (Appeals) has been upheld. The department has not filed any appeal against this order of ATIR.

The Additional Commissioner Inland Revenue ("Adl. CIR") issued an order dated 09 February 2017 to amend the assessment under section 122(5A) of the Income Tax Ordinance, 2001 wherein the Adl. CIR charged turnover tax on other income and creating a demand of Rs. 30.73 million. The Company being aggrieved filed an appeal in the office of CIR-A which is pending for adjudication.

- 11.1.2.6** Income tax return for tax year 30 June 2013 was filed under the self-assessment scheme declaring tax loss for the year amounting to Rs. 21.70 billion and refund of Rs. 109.38 million.

Tax department initiated proceedings under section 161/205 of the Ordinance and demand was created to the tune of Rs. 3.82 million. The Company, being aggrieved filed appeal before CIR-A who vide its Order No. 01 dated 04 March 2020 passed ex-parte Order upholding the demand created by tax department. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

The Adl. CIR initiated proceedings under section 122 of the Ordinance for the amendment of assessment whereby passed Order under section 122(5A) of the Ordinance dated 25 June 2019 through which no demand was created, however, depreciation loss amounting to Rs. 1.8 billion was curtailed. The Company, being aggrieved, filed appeal before CIR-A which is pending for fixation.

- 11.1.2.7** The Company filed its income tax return for tax year 2014 (starting from 01 July 2013 to 31 December 2013.), declaring tax loss for the period amounting to Rs. 457.10 million and tax refund amounting to Rs. 24.32 million.

The Company was selected for audit through computerized random balloting by FBR. DCIR passed order under section 122(1) of the Ordinance dated 31 October 2017 wherein loss was curtailed to Rs. 41.61 million and resultantly refunds come to Rs. 24.28 million. Being aggrieved, the Company filed an appeal before CIR-A that is pending for fixation.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2014 was initiated by the department against the Company and a demand of Rs. 34.61 million was created by order dated 24 May 2017. However, the Company filed an appeal in the office of Commissioner Inland Revenue Appeals-I which is pending for fixation. The said demand has been adjusted against refunds of Tax Year 2016 vide adjustment memo dated 23-06-2017.

- 11.1.2.8** The Company had filed income tax return for tax year 2015 declaring loss of Rs. 4.074 billion and claiming a refund of Rs. 84.593 million.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2015 was initiated by the department against the Company and a demand of Rs. 16.72 million was created by Order dated 24 May 2017. The Company filed an appeal in the office of Commissioner Inland Revenue Appeals-I who have confirmed the demand created by the department. The Company being aggrieved preferred an appeal with the Appellate Tribunal Inland Revenue which is pending for fixation.

## Notes to the Condensed Interim Financial Information (Un-audited)

### For the half year ended 30 June 2021

**11.1.2.9** Income tax return of the Company for the year ended 31 December 2017 (tax year 2018) was filed on 28-11-2018 based on management accounts (due to non-finalization of its audited accounts of 2017) declaring a loss of Rs. 2.776 billion while claiming a refund of Rs. 56.767 million. The Company had received a notice from FBR under section 120(3) of the Income Tax Ordinance, 2001 dated 27 June 2019 for submission of audited accounts, which were furnished on 14 November 2019. It is understood that the changes in management accounts and audited accounts have no material impact on current tax liability, business losses or depreciation losses declared in the tax return.

**11.1.2.10** The Company was selected for sales tax audit under section 72B/25 for tax period July 2010 to June 2011 of the Act wherein the DCIR passed Order by completing the audit proceedings and created demand to the tune of Rs. 4.60 million. The Company, being aggrieved, preferred appeal before CIR-A who reduced the demand to the tune of Rs. 4.19 million vide order No. 06 dated 06 September 2013. Being aggrieved, the Company filed an appeal before ATIR, Lahore which is pending for fixation.

**11.1.2.11** The Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 11(2) of the Sales Tax Act, 1990 for tax period June 2013 to October 2014 dated 26 January 2015 whereby creating demand of Rs. 165.70 million. The Company being aggrieved preferred an appeal before Commissioner Inland Revenue-Appeals (CIR (A)) dated 31 July 2015 against the said order. The Learned CIR (A) passed an order dated 06 October 2015, annulling the said Order. Resultantly, the department preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (A) which is pending for fixation.

**11.1.2.12** The DCIR passed an assessment order under Sales Tax Act, 1990 (the Act) pertaining to the period July 2009 to June 2010 dated 27 June 2012 creating demand of Rs. 4.96 million. The Company, being aggrieved, filed an appeal before CIR-A who passed the Order on 16 November 2012, reduced the said demand to Rs.4.51 million. Being aggrieved, the department filed an appeal before ATIR, Lahore which has been disposed off during the period and order passed of the learned CIR (Appeals) has been upheld. The department has not filed any appeal against this order of ATIR.

Based on opinion of tax advisors handling income tax and sales tax litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.

#### **11.1.3 Other Contingencies**

There is no material change in status of such contingencies from the preceding published financial statements of the Company for the year ended 31 December 2020.

#### **11.2 Commitments**

##### **11.2.1 Commitments under irrevocable letters of credit for:**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>Un-audited</b>	<b>Audited</b>
	<b>Rupees</b>	<b>Rupees</b>
- purchase of plant and machinery	<b>3,304,782</b>	10,594,605
- purchase of raw material	-	46,545,000
	<b>3,304,782</b>	57,139,605



# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

		30 June 2021	31 December 2020
	Note	Un-audited	Audited
		Rupees	Rupees
<b>12 Property, plant and equipment</b>			
Operating fixed assets	12.1	57,770,020,744	58,517,324,878
Capital work in progress		804,880	18,568,295
		<b>57,770,825,624</b>	<b>58,535,893,173</b>
<b>12.1 Operating fixed assets</b>			
Net book value at start of the period/ year		58,517,324,878	59,996,710,030
Add: Additions during the period/ year	12.1.1	55,044,581	117,005,717
Less: Disposals during the period/ year - net book value		681,308	-
Depreciation for the period/ year		801,667,407	1,596,390,869
		<b>802,348,715</b>	<b>1,596,390,869</b>
<b>Net book value at end of the period/ year</b>		<b>57,770,020,744</b>	<b>58,517,324,878</b>
<b>12.1.1 Additions during the period / year - cost</b>			
<b><u>Owned assets</u></b>			
Plant, machinery, electrical and other installations		5,663,818	61,093,796
Buildings on freehold land		16,620,042	-
Residential colony assets		524,016	16,850,404
Furniture, fixtures and office equipment		2,337,719	8,601,647
Vehicles and rail transport		11,481,500	24,145,000
Catalyst		18,417,486	6,314,870
		<b>55,044,581</b>	<b>117,005,717</b>
<b>13 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers - <i>unsecured, considered good</i>		599,970,436	480,492,784
Advances to employees - <i>secured, considered good</i>			
-against salaries and post employment benefits		6,294,477	6,700,629
-against purchases and expenses		12,489,005	15,197,148
Deposit with Islamabad High Court		36,000,000	36,000,000
Prepayments		7,045,294	7,567,322
Deposits against Ijarah		1,916,192	1,916,192
Receivable from Government of Pakistan		6,892,906	1,346,250
Sales Tax Receivable		1,762,116,199	1,345,817,803
Agricultural Subsidy Receivable		812,227,932	812,227,932
Other receivables		89,905,688	82,342,759
		<b>3,334,858,129</b>	<b>2,789,608,819</b>
Less: provision against doubtful receivables		(215,000,000)	(219,897,199)
		<b>3,119,858,129</b>	<b>2,569,711,620</b>



## Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2021

	(Un-audited) 30 June 2021 Rupees	(Un-audited) 30 June 2020 Rupees
<b>14 Sales - net</b>		
Sale of fertilizers	2,524,288,862	1,026,361,958
Other products	104,718,464	105,193,179
<b>Gross sales</b>	<b>2,629,007,326</b>	<b>1,131,555,137</b>
Sales tax	(67,077,333)	(29,208,605)
Trade discount	(51,860,393)	(34,542,040)
	<b>2,510,069,600</b>	<b>1,067,804,492</b>
<b>15 Cost of sales</b>		
Raw and packing material consumed	2,690,509,577	271,355,183
Salaries, wages and benefits	267,725,514	245,374,554
Fuel and power	622,245,132	157,991,471
Stores, spare part and loose tools consumed	104,656,277	55,586,652
Depreciation on property, plant and equipment	798,138,929	815,133,185
Others	105,223,179	113,918,215
<b>Cost of goods manufactured</b>	<b>4,588,498,608</b>	<b>1,659,359,260</b>
Opening work-in-process	89,279,443	95,566,686
Closing work-in-process	(97,437,434)	(130,870,791)
	<b>(8,157,991)</b>	<b>(35,304,105)</b>
Opening finished goods	271,552,598	637,222,060
Closing finished goods	(2,058,650,148)	(175,284,704)
	<b>(1,787,097,550)</b>	<b>461,937,356</b>
	<b>2,793,243,067</b>	<b>2,085,992,511</b>
<b>16 Taxation</b>		
Current	37,651,026	16,141,343
Deferred	(227,792,144)	(175,991,068)
	<b>(190,141,118)</b>	<b>(159,849,725)</b>

- 16.1 Provision for current tax has been made in accordance with the section 113 'Minimum tax on income of certain persons' of the Income Tax Ordinance, 2001.

# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

### 17 Transactions and balances with related parties

Related parties include associated undertakings, key management personnel (comprising the Chief Executive Officer and Directors), post employment benefit plans and other related parties.

Detail of transactions and balances with related parties are as follows:

	(Un-audited) 30 June 2021 Rupees	(Un-audited) 30 June 2020 Rupees
<b>17.1 Transactions with related parties</b>		
<b>17.1.1 Associated Undertakings</b>		
<b>17.1.1.1 <u>Shareholding and common directorship</u></b>		
<b>National Bank of Pakistan</b>		
Markup expense	151,855,545	209,084,748
Preference dividend	1,886,680	1,897,104
Bank Balances - net	3,574,220	(3,122,124)
<b>17.1.1.2 <u>Common directorship</u></b>		
<b>Faysal Bank Limited</b>		
Mark up Expense	88,280,560	121,852,420
Preference dividend	16,929,279	17,022,811
Bank Balances - net	24,837,272	1,001,721
<b>Silk Bank Limited</b>		
Mark-up expense	34,190,630	45,495,083
Markup paid	31,938,485	11,458,467
Short term borrowings - net	200,072,159	(236,099)
<b>Summit Bank Limited</b>		
Mark-up expense	60,013,636	75,024,580
Markup paid	82,984,234	24,857,328
Short term borrowings - net	454,234,203	24,239,388
Bank Balances - net	(241,837,274)	14,654,916
<b>17.1.1.3 Post employment benefit plans</b>		
Contribution to employees provident fund	11,150,299	10,220,468
Contribution to employees gratuity fund	1,151,731	2,169,769
<b>17.1.1.4 Key management personnel</b>		
Short term employee benefits	10,800,000	10,368,738
Post employment benefits	642,600	603,330

## Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2021

	(Un-audited) 30 June 2021 Rupees	(Audited) 31 December 2020 Rupees
<b>17.2 Balances with related parties</b>		
<b>17.2.1 Associated Undertakings</b>		
<b>17.2.1.1 <u>Shareholding and common directorship</u></b>		
<b>National Bank of Pakistan</b>		
Long term finances	2,467,083,735	2,467,083,735
Redeemable capital	462,057,100	462,057,100
Bills payable	187,030,000	187,030,000
Convertible, redeemable Preference shares	34,587,560	34,587,560
Mark-up payable	3,627,313,093	3,475,457,548
Preference dividend payable	188,073,446	186,186,766
Bank account Balances	6,007,313	2,433,094
Advisory fee	738,600,000	738,600,000
Advance for transaction Cost	23,200,000	23,200,000
<b>17.2.1.2 <u>Common directorship</u></b>		
<b>Faysal Bank Limited</b>		
Redeemable capital	1,499,109,500	1,499,109,500
Long term Finance	349,500,000	349,500,000
Convertible, redeemable Preference shares	310,355,940	310,355,940
Mark up payable	2,028,313,152	1,940,032,592
Preference dividend payable	320,066,255	303,136,975
Bank account Balances	28,650,078	3,812,806
Trustee fee	5,668,582	5,668,582
<b>Silk Bank Limited</b>		
Long term finances	130,607,546	130,607,546
Short term borrowings	752,068,588	551,996,429
Mark up payable	284,376,571	282,124,426
<b>Summit Bank Limited</b>		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	1,121,409,683	667,175,480
Mark up payable	521,143,262	544,113,860
Bank account Balances	37,012,775	278,850,049
<b>Others</b>		
Housing colony receivable	14,848,421	4,948,070
<b>17.2.3 Post employment benefit plans</b>		
Payable to Gratuity Trust	3,231,831	6,930,313

# Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2021

	(Un-audited) 30 June 2021	(Audited) 30 June 2020
	Rupees	Rupees
<b>18 Cash flow from operating activities</b>		
<b><u>Loss before tax</u></b>	<b>(1,890,144,245)</b>	<b>(2,859,523,330)</b>
<b>Adjustment for non-cash items:</b>		
Interest / markup expense	1,283,694,291	1,673,081,960
Depreciation on property, plant and equipment	801,667,406	818,851,961
Provision for staff retirement benefit	1,151,731	(2,169,769)
Mark-up / Interest Income	(7,903,007)	(12,698,829)
Loss on sale of property, plant and equipment	(1,130,592)	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>187,335,584</b>	<b>(382,458,007)</b>
<b><u>Changes in working capital</u></b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,612,152)	(3,983,194)
Stock in trade	(1,870,477,991)	407,124,183
Trade receivables	488,612	(1,066,594)
Advances, deposits, prepayments and other receivables	(550,146,509)	678,599,372
	(2,421,748,040)	1,080,673,767
Increase / (decrease) in current liabilities:		
Trade and other payables	954,244,878	(164,302,978)
<b>Cash (used in)/generated from operations</b>	<b>(1,280,167,578)</b>	<b>533,912,782</b>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2021

## 19 Segment reporting

### 19.1 Reportable segments

The Company's reportable segments are as follows:

- Urea fertilizer segment - production of Urea fertilizer and ammonia from natural gas and
- Phosphate fertilizer segment - production of Phosphate fertilizer from rock Phosphate

Information regarding the Company's reportable segments is presented below:

### 19.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees in million					
<b>For the half year ended 30 June</b>						
External revenues	1,887	594	624	474	2,510	1,068
Inter-segment revenue	-	-	-	-	-	-
Reportable segment (loss)/profit before tax	(2,113)	(2,927)	223	67	(1,890)	(2,860)
	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Rupees in million					
<b>Segment assets and liabilities</b>						
As at						
Reportable segment assets	63,397	62,566	6,472	6,147	69,869	68,713
Reportable segment liabilities	63,863	61,706	1,262	567	65,125	62,273

# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

### 19.3 Reconciliation of reportable segment profitable segment profit and loss

	(Un-audited) 30 June 2021 Rupees	(Un-audited) 30 June 2020 Rupees
For the half year ended 30 June 2021		
Total loss for reportable segments before taxation for the period	(1,890,144,245)	(2,859,523,330)
Taxation for the period	190,141,118	159,849,725
Loss after taxation for the period	(1,700,003,127)	(2,699,673,605)

### 20 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,722,329,320)	(2,695,446,876)
Cash and bank balances	213,017,751	981,481,531
	(2,509,311,569)	(1,713,965,345)

### 21 Overdue financial liabilities

The Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 30 June 2021 are as follows:

Nature of Liability	Principal	Interest / mark up	Total
Redeemable capital	12,165,534,546	12,481,899,605	24,647,434,151
Long term finances	7,108,711,231	8,286,623,379	15,395,334,610
Short term borrowings	1,709,291,163	1,811,980,731	3,521,271,894
	20,983,536,940	22,580,503,715	43,564,040,655

### 22 Fair Value of Financial Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table show categories as well as carrying amounts and fair values of the financial assets and financial liabilities according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2021

Particulars	Carrying Amount		Fair Value			
	Amortised Cost	Fair value through profit / loss	Fair value through OCI	Total	Level 1	Level 2
----- Rupees -----						
-----						
<b>As at June 30, 2021</b>						
<b>Financial assets - not measured at fair value</b>						
Long term loans and advances	10,553,617	-	-	10,553,617	-	-
Long term deposits	58,884,712	-	-	58,884,712	-	-
Trade debts	1,008	-	-	1,008	-	-
Advances and other receivables	146,605,362	-	-	146,605,362	-	-
Cash and bank balances	213,017,751	-	-	213,017,751	-	-
	429,062,450	-	-	429,062,450	-	-
-----						
Particulars	Carrying Amount		Fair Value			
	Amortised Cost	Fair value through profit / loss	Fair value through OCI	Total	Level 1	Level 2
----- Rupees -----						
-----						
<b>As at 31 December 2020</b>						
<b>Financial assets - not measured at fair value</b>						
Long term loans and advances	11,941,876	-	-	11,941,876	-	-
Long term deposits	58,884,712	-	-	58,884,712	-	-
Trade debts	489,620	-	-	489,620	-	-
Advances and other receivables	142,156,728	-	-	142,156,728	-	-
Cash and bank balances	795,338,651	-	-	795,338,651	-	-
	1,008,811,587	-	-	1,008,811,587	-	-



# Notes to the Condensed Interim Financial Information (Un-audited)

## For the half year ended 30 June 2021

	(Un-audited) 30 June 2021 Rupees	(Audited) 31 December 2020 Rupees
<b>Financial liabilities at amortised cost</b>		
Redeemable capital	12,165,534,546	12,165,534,546
Long term finances	7,108,766,064	7,113,137,166
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	1,471,229,563	1,740,315,519
Short term borrowings	4,548,834,629	3,646,985,016
Trade and other creditors	2,508,410,200	1,881,736,485
Accrued liabilities	143,026,442	113,095,904
Security deposits and retention money	19,018,660	18,597,680
Other payables	51,647,711	43,870,113
Mark-up accrued on borrowings	22,669,734,945	21,731,686,709
Preference dividend payable	1,643,016,258	1,556,102,687
	<b>53,922,561,709</b>	<b>51,604,404,515</b>

### 23 Financial Risk Management

The Company's financial risk management objective and policies are consistent with the disclosed in the financial statement for the financial year ended on 31 December 2020.

### 24 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on 27 August 2021.

### 25 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.

### 26 General

26.1 Figures have been rounded off to the nearest rupee.

26.2 Corresponding figures have been re-arranged / reclassified in these interim financial information for the purpose of comparison.

  
Chief Executive

  
Chief Financial Officer

  
Director





# AGRITECH LIMITED

Head Office: 2<sup>nd</sup> Floor Asia Centre, 8-Babar Block New Garden Town, Lahore.  
Ph: 042 - 35860341-44, Fax: 042 - 35860339-40