



engro fertilizers



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digitizing  
agri-solutions

First Quarter Accounts 2022





engro fertilizers

# company information

## BOARD OF DIRECTORS

Mr. Ghias Khan (Chairman)  
Mr. Nadir Salar Qureshi (Chief Executive)  
Mr. Khawaja Bilal Hussain  
Mr. Asad Said Jafar  
Mr. Asim Murtaza Khan  
Mr. Javed Akbar  
Mr. Ismail Mahmud  
Dr. Shamshad Akhtar

## CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed

## COMPANY SECRETARY

Mr. Sunaib Barkat

## BANKERS

### Conventional Banks

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

### Shariah Compliant Banks

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

### 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](http://www.engrofertilizers.com)  
[www.engro.com](http://www.engro.com)

## PLANT SITES

### Daharki

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

### Zarkhez

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

## SHARE REGISTRAR

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

## SPEAK-OUT, WHISTLEBLOWER HOTLINE

For complaints or concerns in relation to business  
ethics and Compliance

### Engro Fertilizers Limited

Tel: +9221-35296012  
Email: [speakout.fertilizers@engro.com](mailto:speakout.fertilizers@engro.com)  
PO Box 3851, Clifton, Karachi

# directors' report to the shareholders for the quarter ended march 31, 2022

On behalf of the Board of Directors of Engro Fertilizers Limited (the Company), we are pleased to present the unaudited financial statements for the quarter ended March 31, 2022.

## Business Continuity Strategy during COVID 19

By the grace of Allah, Pakistan has witnessed a declining trend in the COVID-19 cases, while our Company witnessed no COVID cases at quarter end. The Company remains committed to strict adherence with COVID-19 SOPs whilst ensuring safety of our employees.

## CSR Initiatives

The Company recognizes its role in supporting communities it operates in and improve the lives of people therein. In this endeavor, key updates for the quarter are as follows:

- **Education:** Inauguration ceremony of new block of Sahara School was held where an additional 200 students will be inducted in the first phase.
- **Healthcare:** 504 snake bite and 282 dog bite patients were treated at the Company's facilities. Moreover, around 220 new patients were registered at our limb's replacement facility for upper and lower limbs. Furthermore, the Company arranged free medical health checkup and health education camp in religious institutions where 190 students were provided free medical check-up and were also educated on basic hygiene standards.
- **Environment:** We carried out Tree Plantation Drives, "Each One – Plant One" and "Hara Rang Dharti Ka" where a total of 6,500+ trees were planted across Pakistan. Apart from this, under our "Clean and Green Environment" campaign, fruit trees were also donated to nearby villages of Daharki.

## Market Overview

On international front, amidst Russia – Ukraine crises, urea prices have increased to USD 1,005/T (landed equivalent PKR 11,741/bag) by the end of Q1 2022 from USD 957/T (landed equivalent of PKR 10,891/bag) prevailing at the end of 2021. The fertilizer industry has ensured that local farmers continue to benefit from low prices of domestically produced urea despite international commodity price escalations. Domestic urea prices are hovering around PKR 1,918/bag and are currently at a discount of approximately 84% to international prices.

DAP international prices continued their upward trajectory and have witnessed a significant jump of 12% during the period with offers being quoted as high as USD 1,025/T by the end of Q1 2022. Consequently, local DAP prices, reflecting a similar trend, have increased from PKR 8,974/bag at the end of 2021 to PKR 10,018/bag by the end of Q1 2022. Increasing DAP prices coupled with slow disbursement of subsidy on phosphatic fertilizers have led to contraction in DAP industry by 24% vs last year. Significant discount on urea coupled with unprecedented increase in prices of other fertilizers will further push unbalanced use of fertilizers, thereby potentially impacting crop yields.

On the domestic front, following the momentum built over last year, farm economics continued to improve driven by better farm output prices and improved support prices.

Local urea market demand stood at 1,633 KT vs 1,397 KT in Q1 2021, translating into an increase of 17% versus same period last year. Growth in demand of urea has resulted from improving farm economics coupled with increasing price disparity of urea when compared with other fertilizers. Meeting this demand has been made possible with operations of all the urea plants as domestic urea production stood at 1,682 KT vs 1,403 KT same period last year.

## Other Key Developments

In the last quarter of 2021, pocket shortages of urea occurred in the local market. However, proactive partnership between the government and industry resulted in alleviating the situation by the end of January 2022. During the quarter, 100 KT of urea has been imported to manage inventory levels. Going forward, the Government is continuing its efforts to ensure adequate supply of fertilizers for the upcoming Kharif season. Industry has been asked to build a safety stock of urea of 200KT by April 20, 2022. Furthermore, operation of RLNG plants throughout the year is also being contemplated to ensure adequate supply of urea.

In February 2022, Senate passed the Weighted Average Cost of Gas (WACOG) bill which allows Oil & Gas Regulatory Authority (OGRA) to charge consumers the weighted average cost of indigenous gas and imported RLNG (re-gasified liquid natural gas). This will pave the way for the Government to address the pressing issue of gas circular debt.

On suits filed for GIDC and end of concessionary gas period, the stay orders are in place. However, for GIDC on concessionary gas, a Counter Affidavit and Written Statement has been filed by the Government of Pakistan.

### **Awards & Recognitions**

During the quarter, the Company's CSR initiatives were recognized at the 14th Annual Corporate Social Responsibility Awards 2022 organized by The National Forum for Environment and Health (NFEH).

### **Company's Operating Performance**

The Company's urea production stood at 568 KT vs 523 KT in Q1 2021. Sales during the period stood at 549 KT vs 601 KT during the same period last year due to higher opening inventory in 2021.

The Company phosphates (DAP, Zorawar & NP) sales during Q1 2022 stood at 79 KT vs 74 KT during the same period last year.

Gross Profit of the Company was recorded at PKR 10.9 Bn for Q1 2022 as compared to PKR 11.6 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 4.7 Bn compared to PKR 6.4 Bn same period last year. Company's consolidated profit stood at PKR 5.5 Bn vs PKR 5.7 Bn in the corresponding period last year, resulting in an EPS of PKR 4.13 vs. PKR 4.30 in the same period last year.

The Board is pleased to announce a cash dividend of PKR 5.5 per share for the period ended March 31, 2022.

### **Near Term Outlook**

The agricultural sector in Pakistan is expected to maintain its growth trajectory owing to continued government support, improved farm economics and availability of urea at significantly discounted prices compared to global levels. We continue to work closely with industry and the Government of Pakistan to formulate a new fertilizer policy to ensure long term food security of the nation.

The Company continues to bear the financial burden of unpaid subsidy and sales tax refunds that now stand at PKR 6.5 Bn and PKR 11.05 Bn respectively at the end of the quarter.

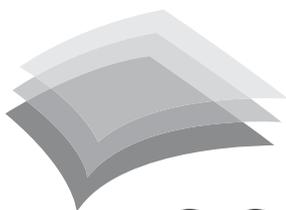
The Company remains committed to continue to play its role in transforming the agricultural landscape of Pakistan. On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support.



Ghias Khan  
Chairman



Nadir Salar Qureshi  
Chief Executive Officer



engro fertilizers

consolidated condensed  
interim financial statements  
(unaudited)  
for the quarter ended  
march 31, 2022

# consolidated condensed interim statement of financial position as at march 31, 2022

(Amounts in thousand)

		Unaudited March 31, 2022	Audited December 31, 2021
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	74,808,954	73,031,490
Intangible assets		5,273,213	5,301,409
Long-term loans, advances and deposits		161,302	60,798
		<u>80,243,469</u>	<u>78,393,697</u>
<b>Current assets</b>			
Stores, spares and loose tools		6,576,571	6,426,976
Stock-in-trade	4	10,807,320	13,489,961
Trade debts		3,168,370	3,069,812
Loans, advances, deposits and prepayments		1,726,619	2,237,144
Other receivables		14,576,187	12,677,009
Accrued income		75,317	19,310
Short-term investments		15,250,587	15,237,752
Cash and bank balances	5	812,002	1,266,722
		<u>52,992,973</u>	<u>54,424,686</u>
<b>TOTAL ASSETS</b>		<u><u>133,236,442</u></u>	<u><u>132,818,383</u></u>

(Amounts in thousand)

	Unaudited March 31, 2022	Audited December 31, 2021
Note	-----Rupees-----	
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Share capital	13,352,993	13,352,993
<b>Reserves</b>		
Share premium	3,384,904	3,384,904
Remeasurement of post employment benefits	(89,866)	(89,866)
Unappropriated profit	29,273,603	30,438,777
	32,568,641	33,733,815
<b>TOTAL EQUITY</b>	45,921,634	47,086,808
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	12,375,192	11,459,534
Government grant	1,024,317	925,494
Deferred taxation	12,548,162	11,942,999
Deferred liabilities	189,246	232,137
Provision for Gas Infrastructure Development Cess (GIDC)	5,368,496	6,363,848
	31,505,413	30,924,012
<b>Current liabilities</b>		
Trade and other payables	32,775,066	26,026,519
Accrued interest / mark-up	344,600	262,571
Taxation - net	2,561,232	1,361,183
Current portion of:		
- borrowings	5,005,811	5,755,811
- government grant	238,653	154,209
- deferred liabilities	63,804	63,804
- provision for GIDC	13,038,701	11,816,337
Short-term borrowings	732,072	4,117,658
Loan from Parent Company	1,000,000	5,200,000
Unclaimed dividend	49,456	49,471
	55,809,395	54,807,563
<b>TOTAL LIABILITIES</b>	87,314,808	85,731,575
<b>Contingencies and Commitments</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	133,236,442	132,818,383

The annexed notes from 1 to 21 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 quarter ended march 31, 2022

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2022	March 31, 2021
-----Rupees-----			
Net sales	10	36,813,078	29,443,723
Cost of sales		(25,952,101)	(17,885,979)
<b>Gross profit</b>		<b>10,860,977</b>	<b>11,557,744</b>
Selling and distribution expenses		(2,015,241)	(1,827,495)
Administrative expenses		(449,070)	(411,516)
Other income	11	8,396,666	9,318,733
Other operating expenses		511,284	479,069
Finance cost		(448,652)	(672,245)
Other losses:			
- Remeasurement loss on provision for GIDC		(226,128)	(297,056)
- (Loss allowance) / unwinding of loss allowance on subsidy receivable from GoP		(85,578)	100,784
		(311,706)	(196,272)
<b>Profit before taxation</b>		<b>7,672,859</b>	<b>8,660,193</b>
Taxation	12	(2,161,536)	(2,918,766)
<b>Profit for the period</b>		<b>5,511,323</b>	<b>5,741,427</b>
<b>Earnings per share - basic and diluted</b>		<b>4.13</b>	<b>4.30</b>

The annexed notes from 1 to 21 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 quarter ended march 31, 2022

(Amounts in thousand)

	Quarter ended	
	March 31, 2022	March 31, 2021
	-----Rupees-----	
<b>Profit for the period</b>	5,511,323	5,741,427
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>5,511,323</u>	<u>5,741,427</u>

The annexed notes from 1 to 21 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 quarter ended march 31, 2022

(Amounts in thousand)

	CAPITAL		RESERVES		Total
	Share capital	Share premium	REVENUE		
			Remeasurement of post employment benefits	Unappropriated profit	
Rupees					
<b>Balance as at January 1, 2022 (Audited)</b>	13,352,993	3,384,904	(89,866)	30,438,777	47,086,808
<b>Transaction with owners</b>					
Dividend:					
- Final 2021: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2022</b>					
Profit for the period	-	-	-	5,511,323	5,511,323
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	5,511,323	5,511,323
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(89,866)</b>	<b>29,273,603</b>	<b>45,921,634</b>
<b>Balance as at January 1, 2021 (Audited)</b>	13,352,993	3,384,904	(50,411)	30,043,254	46,730,740
<b>Transaction with owners</b>					
Dividend:					
- Final 2020: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
<b>Total comprehensive income for the quarter ended March 31, 2021</b>					
Profit for the period	-	-	-	5,741,427	5,741,427
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	5,741,427	5,741,427
<b>Balance as at March 31, 2021 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(50,411)</b>	<b>30,443,485</b>	<b>47,130,971</b>

The annexed notes from 1 to 21 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 quarter ended march 31, 2022

(Amounts in thousand)

Note	Quarter ended			
	March 31, 2022	March 31, 2021		
-----Rupees-----				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	Cash generated from operations	13	16,558,798	6,944,342
	Retirement and other service benefits paid		(61,307)	(68,743)
	Taxes paid		(404,559)	(197,234)
	Long-term loans, advances and deposits - net		(94,779)	63,763
	Net cash generated from operating activities		15,998,153	6,742,128
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	Purchases of property, plant and equipment and intangibles		(2,566,978)	(193,330)
	Proceeds from disposal of operating assets		6,918	5,470
	Purchase of short-term investments		-	(1,020,998)
	Proceeds from sale of short-term investments		-	19,364,314
	Income on deposits / other financial assets		425,898	498,293
	Net cash (utilised in) / generated from investing activities		(2,134,162)	18,653,749
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	Proceeds from long-term borrowings		993,993	-
	Disbursement of loan from Parent Company		2,300,000	-
	Repayments of loan from Parent Company		(6,500,000)	-
	Repayments of long-term borrowings		(750,000)	(2,875,000)
	Finance cost paid		(287,771)	(153,467)
	Dividends paid		(6,676,512)	(2,468)
	Net cash utilised in financing activities		(10,920,290)	(3,030,935)
	Net increase in cash and cash equivalents		2,943,701	22,364,942
	Cash and cash equivalents at beginning of the period		12,377,216	5,126,379
	Cash and cash equivalents at end of the period	14	15,320,917	27,491,321

The annexed notes from 1 to 21 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 quarter ended march 31, 2022

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Fertilizers Limited ('the Holding Company') is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company), which is a subsidiary of Dawood Hercules Corporation (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 & 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 (note 1.2.1).

- 1.2.1 EFERT Agritrade (Private) Limited (EAPL) was incorporated on July 06, 2017 as a wholly owned subsidiary of the Holding Company to carry out trading and distribution of imported fertilizer as part of the business reorganisation. The Holding Company transferred its business of trading and distribution of imported fertilizer to the new subsidiary and holds 10,000 ordinary shares of Rs. 10 each in EAPL.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

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

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

Where the provisions of 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 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, 2021.
- 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, 2021.
- 2.4 The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2021.

(Amounts in thousand)

- 2.5** These consolidated condensed interim financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency. Amounts presented in these consolidated condensed interim financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at quarter-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated condensed interim statement of profit or loss.
- 2.6** Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
	-----Rupees-----	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets at net book value (note 3.1)	62,927,144	60,601,082
Capital work-in-progress (note 3.2)	10,970,351	11,514,282
Major spare parts and stand-by equipment	911,459	916,126
	<u>74,808,954</u>	<u>73,031,490</u>

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

	<b>Unaudited Additions at cost</b>		<b>Unaudited Disposals at net book value</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	-----Rupees-----			
Plant and machinery	91,198	19,826	-	-
Office equipment	9,423	25,335	164	129
Vehicles	9,461	750	6,834	6,667
Aircraft	2,991,875	-	-	-
	<u>3,101,957</u>	<u>45,911</u>	<u>6,998</u>	<u>6,796</u>

The above disposals represent assets having a cost of Rs. 9,444 (March 31, 2021: Rs. 8,076) and net book value of Rs. 6,998 (March 31, 2021: Rs. 6,796), which were disposed off for Rs. 6,918 (March 31, 2021: Rs. 5,470).

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
	-----Rupees-----	
<b>3.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	11,514,282	5,171,126
Add: Additions during the period / year	2,571,645	10,547,207
Transferred to:		
- operating assets	(3,101,957)	(3,857,929)
- intangible assets	(13,619)	(346,122)
Balance at end of the period / year	<u>10,970,351</u>	<u>11,514,282</u>

(Amounts in thousand)

	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees-----	
<b>4. STOCK-IN-TRADE</b>		
Raw materials	3,209,284	2,560,842
Packing materials	380,454	390,934
Work-in-process	472,014	121,854
	<u>4,061,752</u>	<u>3,073,630</u>
Finished goods:		
- manufactured products	1,878,294	1,893,084
- purchased and packaged products	5,014,537	8,669,441
	<u>6,892,831</u>	<u>10,562,525</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	(147,263)	(146,194)
	<u>10,807,320</u>	<u>13,489,961</u>
<b>4.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	1,069	111,129
Written-off during the period / year	-	(196,596)
Balance at end of the period / year	<u>147,263</u>	<u>146,194</u>
<b>5. CASH AND BANK BALANCES</b>		
Cash at banks in:		
- deposit accounts (note 5.1)	564,439	313,486
- current accounts (note 5.2)	237,350	943,023
	<u>801,789</u>	<u>1,256,509</u>
Cash in hand	10,213	10,213
	<u>812,002</u>	<u>1,266,722</u>
<b>5.1</b>	Deposit accounts carry return at the rate of 7.25% (December 31, 2021: 5.75% to 7.25%) per annum.	
<b>5.2</b>	Includes Rs. 237,350 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.	

(Amounts in thousand)

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----		
<b>6. BORROWINGS - Secured (Non-participatory)</b>		
Long term finance utilised under mark-up arrangements (notes 6.1 and 6.2)	13,695,220	14,747,486
Term Economic Refinance Facility (TERF) loans (note 6.3)	4,948,753	3,547,562
Fair value adjustment for below market rate (note 6.3)	(1,262,970)	(1,079,703)
	3,685,783	2,467,859
Less: Current portion shown under current liabilities	(5,005,811)	(5,755,811)
Balance at end of the period / year	<u>12,375,192</u>	<u>11,459,534</u>

**6.1** 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.

**6.2** During the period, the Holding Company made principal repayment of long-term finances to MCB Bank Limited amounting to Rs. 750,000 respectively.

**6.3** During the period, the Holding Company acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up on the newly acquired loans is chargeable at the rates ranging from 1.50% to 2.00% and is payable in quarterly or semi-annual installments starting from January 2023.

In accordance with IFRS 9 Financial Instruments, the Holding Company has recognised these loans at their fair value and the differential markup as deferred government grant income which will be amortised and set off against finance cost over the period of the facilities.

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----		
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors	14,075,390	5,337,920
Accrued liabilities	10,870,305	14,333,278
Advances from customers	5,256,910	4,254,127
Payable to:		
- Parent Company	-	2,089
- FrieslandCampina Engro Pakistan Limited	361	1,271
- Defined Contribution Provident Fund	31,579	32,056
- Defined Contribution Provident Fund NMPT	5,979	6,071
- Defined Contribution Gratuity Fund MPT	15,199	15,359
- Defined Contribution Pension Fund	478	478
- Defined Benefit Gratuity Fund NMPT	103,204	97,008
Deposits / Retention from dealers and contractors	265,828	267,225
Workers' profit participation fund	291,406	-
Workers' welfare fund	1,126,214	1,052,638
Withholding tax payable	242,793	125,145
Others	489,420	501,854
	<u>32,775,066</u>	<u>26,026,519</u>

(Amounts in thousand)

## 8. SHORT-TERM BORROWINGS

### Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 15,125,000 (December 31, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (December 31, 2021: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 730,899 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 3,874,874 (December 31, 2021: Rs. 3,864,957) from the non-funded facilities as at the reporting date.

### Subsidiary Company

The facilities for short-term running finances, available from various banks, aggregate to Rs. 12,725,000 (December 31, 2021: 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 & 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. As at December 31, 2021, the Subsidiary Company has utilized Rs. 1,173 (December 31, 2021: Nil) out of the aforementioned facilities.

## 9. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 9.1 As at March 31, 2022, bank guarantees of Rs. 5,070,858 (December 31, 2021: Rs. 5,332,652) have been issued in favour of third parties.
- 9.2 As at March 31, 2022, there is no material change in the status of matters reported as contingencies in note 24 of the audited financial statements of the Group for the year ended December 31, 2021.

### 9.3 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited March 31, 2022	Audited December 31, 2021
	-----Rupees-----	
	<u>11,947,738</u>	<u>11,420,643</u>

(Amounts in thousand)

		<b>Unaudited</b>	
		<b>Quarter ended</b>	
		<b>March 31,</b>	<b>March 31,</b>
		<b>2022</b>	<b>2021</b>
		-----Rupees-----	
<b>10.</b>	<b>NET SALES</b>		
	Gross sales:		
	- manufactured products	24,480,194	23,055,963
	- purchased and packaged products	13,005,381	6,931,822
	- services, net of sales tax	199,974	177,762
		<u>37,685,549</u>	<u>30,165,547</u>
	Less: Trade discounts	114,288	124,102
	Less: Sales tax	758,183	597,722
		<u>36,813,078</u>	<u>29,443,723</u>
<b>11.</b>	<b>OTHER INCOME</b>		
	<b>On financial assets</b>		
	Income on government securities, term deposit receipts, mutual fund units and bank deposits	481,905	436,622
	<b>On non-financial assets</b>		
	Scrap sales	22,913	-
	Others	6,466	42,447
		<u>29,379</u>	<u>42,447</u>
		<u>511,284</u>	<u>479,069</u>
<b>12.</b>	<b>TAXATION</b>		

As at March 31, 2022, there is no material change in the tax related matters reported in note 33 of the audited financial statements of the Group for the year ended December 31, 2021.

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Quarter ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
	<b>-----Rupees-----</b>	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	7,672,859	8,660,193
Adjustment for non-cash charges and other items:		
Depreciation	768,897	1,289,624
Amortisation of intangibles	41,815	31,118
Amortisation deferred income	(644)	(966)
Loss on disposal of operating assets	80	1,326
Provision for retirement and other service benefits	19,060	19,041
Income on deposits / other financial assets	(481,905)	(436,622)
Finance cost	369,800	373,098
Exchange loss / (gain) on revaluation of long-term borrowings	104,933	(104,788)
Amortisation of transaction cost on borrowings	-	782
Remeasurement loss on provision for GDC	226,128	297,056
Loss allowance / (unwinding of loss allowance) on subsidy receivable from GoP	85,578	(100,784)
Provision for impairment against trade debts	13,159	-
Provision for impairment against stock-in-trade	1,069	60,202
Provision for surplus and slow moving stores and spares	54,268	-
Reversal of provision of stores and spares	(20,569)	-
Working capital changes (note 13.1)	7,704,270	(3,144,938)
	<u>16,558,798</u>	<u>6,944,342</u>
<b>13.1 Working capital changes</b>		
Decrease in current assets		
- Stores, spares and loose tools	(183,294)	(239,645)
- Stock-in-trade	2,681,572	1,776,740
- Trade debts	(111,717)	(555,305)
- Loans, advances, deposits and prepayments	553,035	(17,697)
- Other receivables	(1,984,756)	(766,284)
	<u>954,840</u>	<u>197,809</u>
Increase / (decrease) in current liabilities		
- Trade and other payables	6,749,430	(3,342,747)
	<u>7,704,270</u>	<u>(3,144,938)</u>
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	812,002	2,886,241
Short-term investments	15,240,987	27,026,880
Short-term borrowings	(732,072)	(2,421,800)
	<u>15,320,917</u>	<u>27,491,321</u>

(Amounts in thousand)

## 15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 15.1 Financial risk factors

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

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

### 15.2 Fair value estimation

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

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

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>As at March 31, 2022</b>				
Fair value through profit or loss	<u>-</u>	<u>11,000,000</u>	<u>-</u>	<u>11,000,000</u>
<b>As at December 31, 2021</b>				
Fair value through profit or loss	<u>-</u>	<u>12,032,219</u>	<u>-</u>	<u>12,032,219</u>

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

### 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:

	<b>Unaudited</b>	
	<b>Quarter ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
	-----Rupees-----	
<b>Parent Company</b>		
Reimbursements made:		
- to the Company	238,296	272,038
- by the Company	14,009	79,365
Royalty charged to the Company	336,452	328,419
Mark-up on sub-ordinated loan	124,619	18,370
Dividend paid	3,756,560	3,005,248
Receipt of sub-ordinated loan	2,300,000	-
Repayment of sub-ordinated loan	6,500,000	-
Use of assets	18,917	-
<b>Associated companies</b>		
Purchases and services received	50,244	45,011
Services provided by the Company	59,518	27,724
Reimbursements made:		
- by the Company	6,901	6,234
- to the Company	-	606
Use of assets	24,305	-
Dividend Payable to Trustees of Engro Foods Limited Gratuity Fund	269	290
<b>Contribution to staff retirement benefits</b>		
Pension fund	1,833	1,754
Gratuity fund	40,231	36,121
Provident fund	47,962	40,070
<b>Dividend Payable to staff retirement benefits</b>		
Pension fund	153	26
Gratuity fund	1,154	675
Provident fund	825	-
<b>Others</b>		
Remuneration of key management personnel	103,565	43,495
Directors' fee	4,324	3,873

(Amounts in thousand)

## 17. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	----- Rupees -----									
Sales	19,656,514	19,142,466	14,017,014	5,741,515	3,522,426	4,150,156	416,760	1,078,263	37,612,714	30,112,400
Intersegment sales	1,500,789	855,239	-	-	-	-	332,510	333,001	1,833,299	1,188,240
Sales tax	(397,899)	(380,078)	(278,885)	(114,740)	(74,470)	(88,644)	(6,929)	(14,260)	(758,183)	(597,722)
	20,759,404	19,617,627	13,738,129	5,626,775	3,447,956	4,061,512	742,341	1,397,004	38,687,830	30,702,918
<b>Profit before tax / (Loss before tax)</b>	<b>3,105,766</b>	<b>6,534,664</b>	<b>3,990,434</b>	<b>1,607,164</b>	<b>673,207</b>	<b>550,183</b>	<b>(96,548)</b>	<b>(31,818)</b>	<b>7,672,859</b>	<b>8,660,193</b>
<b>Depreciation &amp; Amortization</b>	<b>695,023</b>	<b>1,222,609</b>	<b>-</b>	<b>-</b>	<b>12,002</b>	<b>10,478</b>	<b>103,687</b>	<b>87,655</b>	<b>810,712</b>	<b>1,320,742</b>
<b>Capital Expenditure</b>	<b>2,535,237</b>	<b>79,981</b>	<b>-</b>	<b>-</b>	<b>35,145</b>	<b>16,833</b>	<b>1,263</b>	<b>133,871</b>	<b>2,571,645</b>	<b>230,685</b>

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	----- Rupees -----									
<b>Segment Assets</b>	94,765,762	92,135,885	3,407,323	8,994,484	9,421,406	6,704,057	9,504,045	8,460,173	117,098,536	116,294,599
<b>Unallocated assets</b>									16,137,906	16,523,784
<b>Total Assets</b>	<b>94,765,762</b>	<b>92,135,885</b>	<b>3,407,323</b>	<b>8,994,484</b>	<b>9,421,406</b>	<b>6,704,057</b>	<b>9,504,045</b>	<b>8,460,173</b>	<b>133,236,442</b>	<b>132,818,383</b>

	Unaudited	
	March 31, 2022	March 31, 2021
<b>Reconciliation of reportable segment net sales</b>	----- Rupees -----	
<b>Net Sales</b>		
Total net sales for reportable segment	38,687,830	30,702,918
Elimination of intersegment net sales	(1,833,299)	(1,188,240)
Elimination of net sales to subsidiary	(41,453)	(70,955)
<b>Total net sales</b>	<b>36,813,078</b>	<b>29,443,723</b>

	Unaudited	
	March 31, 2022	December 31, 2021
<b>Reconciliation of reportable segment total assets</b>	----- Rupees -----	
Total assets for reportable segments	117,098,536	116,294,599
Add : Unallocated assets		
- Accrued income	75,317	19,310
- Short term investments	15,250,587	15,237,752
- Cash and Bank balances	812,002	1,266,722
	16,137,906	16,523,784
<b>Total assets</b>	<b>133,236,442</b>	<b>132,818,383</b>

(Amounts in thousand)

**18. 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.

**19. 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.

**20. NON-ADJUSTING EVENT AFTER REPORTING DATE**

The Board of Directors in its meeting held on April 19, 2022 has approved an interim cash dividend of Rs. 5.5 per share for the quarter ended March 31, 2022, amounting to Rs. 7,344,147. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

**21. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue on April 19, 2022 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 quarter ended  
march 31, 2022

# condensed interim statement of financial position as at march 31, 2022

(Amounts in thousand)

	Note	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	74,808,954	73,031,490
Intangible assets		5,273,213	5,301,409
Investment in subsidiary		100	100
Long-term loans, advances and deposits		161,094	60,577
		<u>80,243,361</u>	<u>78,393,576</u>
<b>Current assets</b>			
Stores, spares and loose tools		6,576,571	6,426,976
Stock-in-trade	4	6,306,302	5,176,330
Trade debts		2,051,187	2,152,193
Working capital loan to subsidiary	5	3,454,000	6,601,772
Loans, advances, deposits and prepayments		1,488,235	1,956,108
Other receivables		13,426,912	12,518,952
Accrued income		368,164	307,417
Short-term investments		14,667,014	14,097,250
Cash and bank balances	6	319,591	1,180,203
		<u>48,657,976</u>	<u>50,417,201</u>
<b>TOTAL ASSETS</b>		<u><u>128,901,337</u></u>	<u><u>128,810,777</u></u>

(Amounts in thousand)

	Note	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----			
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital		13,352,993	13,352,993
<b>Reserves</b>			
Share premium		3,384,904	3,384,904
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(90,220)	(90,220)
Unappropriated profit		27,011,656	28,974,586
		<u>30,002,313</u>	<u>31,965,243</u>
<b>TOTAL EQUITY</b>		43,355,306	45,318,236
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	7	12,375,192	11,459,534
Government grant		1,024,317	925,494
Deferred taxation		12,548,162	11,942,999
Deferred liabilities		185,972	228,292
Provision for Gas Infrastructure Development Cess (GIDC)		5,368,496	6,363,848
		<u>31,502,139</u>	<u>30,920,167</u>
<b>Current liabilities</b>			
Trade and other payables	8	32,292,589	24,026,426
Accrued interest / mark-up		342,413	260,154
Taxation - net		1,282,532	1,129,470
Current portion of:			
- borrowings	7	5,005,811	5,755,811
- government grant		238,653	154,209
- deferred liabilities		62,838	62,838
- provision for GIDC		13,038,701	11,816,337
Short-term borrowings	9	730,899	4,117,658
Loan from Holding Company		1,000,000	5,200,000
Unclaimed dividend		49,456	49,471
		<u>54,043,892</u>	<u>52,572,374</u>
<b>TOTAL LIABILITIES</b>		85,546,031	83,492,541
Contingencies and Commitments	10		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>128,901,337</u>	<u>128,810,777</u>

The annexed notes from 1 to 22 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 quarter ended march 31, 2022

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2022	March 31, 2021
-----Rupees-----			
Net sales	11	24,332,349	22,944,114
Cost of sales		(17,525,248)	(13,115,723)
<b>Gross profit</b>		6,807,101	9,828,391
Selling and distribution expenses		(1,820,823)	(1,643,569)
Administrative expenses		(442,152)	(404,204)
		4,544,126	7,780,618
Other income	12	2,545,579	2,321,729
Other operating expenses		(448,390)	(672,244)
Finance cost		(501,493)	(307,838)
Other losses:			
- Remeasurement loss on provision for GIDC		(226,128)	(297,056)
- (Loss allowance) / unwinding of loss allowance on subsidy receivable from GoP		(85,578)	100,784
		(311,706)	(196,272)
<b>Profit before taxation</b>		5,828,116	8,925,993
Taxation	13	(1,114,549)	(2,487,546)
<b>Profit for the period</b>		4,713,567	6,438,447
<b>Earnings per share</b> - basic and diluted		3.53	4.82

The annexed notes from 1 to 22 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 quarter ended march 31, 2022

(Amounts in thousand)

	Quarter ended	
	March 31, 2022	March 31, 2021
	-----Rupees-----	
<b>Profit for the period</b>	4,713,567	6,438,447
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>4,713,567</b>	<b>6,438,447</b>

The annexed notes from 1 to 22 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 quarter ended march 31, 2022

(Amounts in thousand)

	RESERVES					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Reserve on amalgamation	Re-measurement of post employment benefits	Unappropriated profit	
	-----Rupees-----					
<b>Balance as at January 1, 2022 (Audited)</b>	13,352,993	3,384,904	(304,027)	(90,220)	28,974,586	45,318,236
<b>Transaction with owners:</b>						
Dividends:						
- Final 2021: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2022</b>						
Profit for the period	-	-	-	-	4,713,567	4,713,567
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	4,713,567	4,713,567
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(90,220)</b>	<b>27,011,656</b>	<b>43,355,306</b>
<b>Balance as at January 1, 2021 (Audited)</b>	13,352,993	3,384,904	(304,027)	(50,765)	28,602,702	44,985,807
<b>Transaction with owners:</b>						
Dividends:						
- Final 2020: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
<b>Total comprehensive income for the quarter ended March 31, 2021</b>						
Profit for the period	-	-	-	-	6,438,447	6,438,447
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	6,438,447	6,438,447
<b>Balance as at March 31, 2021 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(50,765)</b>	<b>29,699,953</b>	<b>46,083,058</b>

The annexed notes from 1 to 22 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 quarter ended march 31, 2022

(Amounts in thousand)

Note	Quarter ended	
	March 31, 2022	March 31, 2021
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	14	
Cash generated from operations	11,702,865	5,781,876
Retirement and other service benefits paid	(59,243)	(66,411)
Taxes paid	(356,324)	(103,056)
Long-term loans, advances and deposits - net	(100,517)	62,497
Net cash generated from operating activities	11,186,781	5,674,906
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment and intangibles	(2,566,978)	(193,330)
Proceeds from disposal of property, plant and equipment	6,918	5,470
Disbursement of working capital loan to subsidiary	(3,605,000)	-
Payment received against working capital loan to subsidiary	6,752,772	-
Proceeds from sale of short-term investments	-	19,638,479
Dividend received	1,760,000	-
Income on government securities, term deposit receipts, mutual fund units and bank deposits	508,238	539,374
Net cash generated from investing activities	2,855,950	19,989,993
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	993,993	-
Disbursement of loan from Holding Company	2,300,000	-
Repayments of loan from Holding Company	(6,500,000)	-
Repayments of long-term borrowings	(750,000)	(2,874,999)
Finance cost paid	(314,301)	(401,273)
Dividends paid	(6,676,512)	(2,470)
Net cash utilised in financing activities	(10,946,820)	(3,278,742)
Net increase in cash and cash equivalents	3,095,911	22,386,157
Cash and cash equivalents at beginning of the period	11,159,795	5,071,955
Cash and cash equivalents at end of the period	15 14,255,706	27,458,112

The annexed notes from 1 to 22 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 quarter ended march 31, 2022

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

Engro Fertilizers Limited ('the Company') is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation Limited (the Holding Company), which is a subsidiary of Dawood Hercules Corporation (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 & 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 subsidiary i.e. EFERT Agritrade Private Limited (EAPL) are presented separately. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2021.

**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, 2021.

**2.4** The preparation of these condensed interim financial statements in conformity with the approved 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, 2021.

(Amounts in thousand)

- 2.5** These condensed interim financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. Amounts presented in these condensed interim financial statements have been rounded off to the nearest thousand, unless otherwise stated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at quarter-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the condensed interim statement of profit or loss.
- 2.6** Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
-----Rupees-----		
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets at net book value (note 3.1)	62,927,144	60,601,082
Capital work-in-progress (note 3.2)	10,970,351	11,514,282
Major spare parts and stand-by equipment	911,459	916,126
	<u>74,808,954</u>	<u>73,031,490</u>

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

	<b>Unaudited Additions at cost</b>		<b>Unaudited Disposals at net book value</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
-----Rupees-----				
Plant and machinery	91,198	19,826	-	-
Office equipment	9,423	25,335	164	129
Vehicles	9,461	750	6,834	6,667
Aircraft	2,991,875	-	-	-
	<u>3,101,957</u>	<u>45,911</u>	<u>6,998</u>	<u>6,796</u>

The above disposals represent assets having a cost of Rs. 9,444 (March 31, 2021: Rs. 8,076) and net book value of Rs. 6,998 (March 31, 2021: Rs. 6,796), which were disposed off for Rs. 6,918 (March 31, 2021: Rs. 5,470).

(Amounts in thousand)

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
	-----Rupees-----	
<b>3.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	11,514,282	5,171,126
Add: Additions during the period / year	2,571,645	10,547,207
Transferred to:		
- operating assets	(3,101,957)	(3,857,929)
- intangible assets	(13,619)	(346,122)
Balance at end of the period / year	<u>10,970,351</u>	<u>11,514,282</u>
<b>4. STOCK-IN-TRADE</b>		
Raw materials	3,209,284	2,560,842
Packing materials	185,727	203,030
Work-in-process	472,014	121,854
	<u>3,867,025</u>	<u>2,885,726</u>
Finished goods:		
- manufactured products	1,878,294	1,893,084
- purchased and packaged products	708,246	543,714
	<u>2,586,540</u>	<u>2,436,798</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	(147,263)	(146,194)
	<u>6,306,302</u>	<u>5,176,330</u>
<b>4.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	1,069	111,129
Written-off during the period / year	-	(196,596)
Balance at end of the period / year	<u>147,263</u>	<u>146,194</u>
<b>5. WORKING CAPITAL LOAN TO SUBSIDIARY</b>		
Represents unsecured loan given to EAPL amounting to Rs. 3,454,000 (December 31, 2021: 6,601,772). The mark-up is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%.		

(Amounts in thousand)

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----		
<b>6. CASH AND BANK BALANCES</b>		
Cash at banks in:		
- deposit accounts (note 6.1)	72,028	313,486
- current accounts (note 6.2)	237,350	856,504
	309,378	1,169,990
Cash in hand	10,213	10,213
	<u>319,591</u>	<u>1,180,203</u>

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

**6.2** Includes Rs. 237,350 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.

	Unaudited March 31, 2022	Audited December 31, 2021
-----Rupees-----		
<b>7. BORROWINGS - Secured (Non-participatory)</b>		
Long-term finance utilised under mark-up arrangements (notes 7.1, and 7.2)	13,695,220	14,747,486
Temporary Economic Refinance Facility (TERF) loans (note 7.3)	4,948,753	3,547,562
Fair value adjustment for below market rate (note 7.3)	(1,262,970)	(1,079,703)
	3,685,783	2,467,859
Current portion shown under current liabilities	(5,005,811)	(5,755,811)
Balance at end of the period / year	<u>12,375,192</u>	<u>11,459,534</u>

**7.1** 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.

**7.2** During the period, the Company made principal repayments of long-term finances to MCB Bank Limited Rs. 750,000 respectively.

**7.3** During the period, the Company acquired long-term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up on the newly acquired loans is chargeable at the rates ranging from 1.50% to 2.00% and is payable in quarterly or semi-annual installments starting from January 2023.

In accordance with IFRS 9 Financial Instruments, the Company has recognised these loans at their fair value and the differential markup as deferred government grant income which will be amortised and set off against finance cost over the period of the facilities.

(Amounts in thousand)

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
	-----Rupees-----	
<b>8. TRADE AND OTHER PAYABLES</b>		
Creditors	14,039,628	5,316,647
Accrued liabilities	8,204,869	12,455,292
Advances from customers, contract liabilities	4,996,155	4,184,710
Payable to:		
Subsidiary Company:		
- EFERT Agritrade (Private) Limited	2,501,005	-
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	361	1,271
- Defined Contribution Provident Fund	31,272	31,734
- Defined Contribution Provident Fund NMPT	5,979	6,071
- Defined Contribution Gratuity Fund MPT	15,199	15,359
- Defined Contribution Pension Fund	478	478
- Defined Benefit Gratuity Fund NMPT	103,204	97,008
Deposits / Retention from dealers and contractors	253,828	267,225
Workers' profits participation fund	291,406	-
Workers' welfare fund	1,126,214	1,052,638
Withholding tax payable	234,272	109,291
Others	488,719	488,702
	<b>32,292,589</b>	<b>24,026,426</b>

## 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, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 3,827,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (December 31, 2021: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and 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. 730,899 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 3,874,874 (December 31, 2021: Rs. 3,864,957) from the non-funded facilities as at the reporting date.

## 10. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 10.1** As at March 31, 2022, bank guarantees of Rs. 3,874,874 (December 31, 2021: Rs. 3,864,957) have been issued in favour of third parties.
- 10.2** As at March 31, 2022, there is no material change in the status of matters reported as contingencies in note 26 of the audited financial statements of the Company for the year ended December 31, 2021.

(Amounts in thousand)

	<b>Unaudited March 31, 2022</b>	<b>Audited December 31, 2021</b>
	-----Rupees-----	
<b>10.3 Commitments</b>		
Commitments in respect of capital expenditure and other operational items	<u>6,277,569</u>	<u>9,820,028</u>
	<b>Unaudited March 31, 2022</b>	<b>Unaudited March 31, 2021</b>
	-----Rupees-----	
<b>11. NET SALES</b>		
Gross sales:		
- manufactured products	24,480,194	23,055,963
- purchased and packaged products	258,496	292,983
- services, net of sales tax	199,974	177,762
	<u>24,938,664</u>	<u>23,526,708</u>
Less: Trade discounts	105,450	123,370
Less: Sales tax	500,865	459,224
	<u>24,332,349</u>	<u>22,944,114</u>
<b>12. OTHER INCOME</b>		
<b>On financial assets</b>		
Income on government securities, term deposit receipts, mutual fund units and bank deposits	460,260	430,945
Income from working capital loan to subsidiary company	108,725	-
Dividend income from EAPL	1,760,000	1,744,500
	<u>2,328,985</u>	<u>2,175,445</u>
<b>On non-financial assets</b>		
Commission income from EAPL	175,417	92,201
Sub-licensing income from EAPL	11,798	11,979
Scrap sales	22,913	-
Others	6,466	42,104
	<u>216,594</u>	<u>146,284</u>
	<u>2,545,579</u>	<u>2,321,729</u>
<b>13. TAXATION</b>		

As at March 31, 2022, there is no material change in the tax related matters reported in note 35 of the audited financial statements of the Company for the year ended December 31, 2021.

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Quarter ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
	-----Rupees-----	
<b>14. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	5,828,116	8,925,993
Adjustment for non-cash charges and other items:		
Depreciation	768,897	1,289,624
Amortisation of intangibles	41,815	31,117
Amortisation of deferred income	(644)	(966)
Loss on disposal of property, plant and equipment	80	1,326
Provision for retirement and other service benefits	17,567	16,963
Income on deposits / other financial assets	(568,985)	(430,945)
Finance cost	396,560	411,843
Exchange loss / (gain) on revaluation of long-term borrowings	104,933	(104,787)
Amortisation of transaction cost	-	782
Dividend income	(1,760,000)	(1,744,500)
Remeasurement loss on provision for GIDC	226,128	297,056
Loss allowance / (unwinding of loss allowance) subsidy receivable from GoP	85,578	(100,784)
Provision for impairment against trade debts	13,159	-
Provision for impairment against stock-in-trade	1,069	60,202
Provision for surplus and slow moving stores and spares	54,268	-
Reversal of provision of stores and spares	(20,569)	-
Working capital changes (note 14.1)	6,514,893	(2,871,048)
	<u>11,702,865</u>	<u>5,781,876</u>
<b>14.1 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(183,294)	(239,645)
- Stock-in-trade	(1,131,041)	1,716,581
- Trade debts	87,847	(69,958)
- Loans, advances, deposits and prepayments	467,873	(136,396)
- Other receivables	(993,538)	(778,797)
	<u>(1,752,153)</u>	<u>491,785</u>
Increase / (decrease) in current liabilities		
- Trade and other payables	8,267,046	(3,362,833)
	<u>6,514,893</u>	<u>(2,871,048)</u>
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances (note 6)	319,591	678,728
Short-term investments	14,667,014	27,026,882
Short-term borrowings (note 9)	(730,899)	(247,498)
	<u>14,255,706</u>	<u>27,458,112</u>

(Amounts in thousand)

## 16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 16.1 Financial risk factors

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

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

### 16.2 Fair value estimation

The table below analyses financial instruments carried at fair value 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).

The table below analyses financial instruments carried at fair value by valuation method.

	Level 1	Level 2	Level 3	Total
	-----Rupees -----			
<b>As at March 31, 2022</b>				
Fair value through profit or loss	-	11,000,000	-	11,000,000
<b>As at December 31, 2021</b>				
Fair value through profit or loss	-	12,032,219	-	12,032,219

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

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

	<b>Unaudited</b>	
	<b>Quarter ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>
	-----Rupees-----	
<b>Holding Company</b>		
Reimbursements made:		
- to the Company	238,296	272,038
- by the Company	14,009	79,365
Royalty charged to the Company	336,452	328,419
Mark-up on sub-ordinated loan	124,619	18,370
Dividend Paid	3,756,560	3,005,248
Receipt of sub-ordinated loan	2,300,000	-
Repayment of sub-ordinated loan	6,500,000	-
Use of assets	18,917	-
<b>Subsidiary company</b>		
Payment of funds collected against sales made on behalf of subsidiary	9,191,625	4,400,339
Disbursements of working capital loan to subsidiary	3,605,000	-
Repayment received against working capital loan to subsidiary	6,752,772	-
Services provided by the Company	41,453	70,955
Reimbursements made:		
- by the Company	-	2,082
- to the Company	-	472
Dividend income from subsidiary	1,760,000	1,744,500
Commission income from subsidiary	175,417	92,201
Sub-licensing income from subsidiary	11,798	11,979
Income from working capital loan to subsidiary	108,725	-
Purchase of product from subsidiary	-	19
<b>Associated companies</b>		
Purchases and services received	50,244	45,011
Services provided by the Company	59,518	27,724
Reimbursements made:		
- by the Company	6,901	4,333
- to the Company	-	606
Use of assets	24,305	-
Dividend Payable to Trustees of Engro Foods Limited Gratuity Fund	269	290

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Quarter ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
-----Rupees-----		
<b>Contribution to staff retirement benefits</b>		
Pension fund	1,833	1,754
Gratuity fund	39,942	35,832
Provident fund	47,615	39,724
<b>Dividend Payable to staff retirement benefits</b>		
Pension fund	153	26
Gratuity fund	1,154	675
Provident fund	825	-
<b>Others</b>		
Remuneration of key management personnel	98,451	42,368
Directors' fee	4,274	3,823

## 18. OPERATING SEGMENT RESULTS

	<b>Urea</b>		<b>Specialty Fertilizers Business</b>		<b>Others</b>		<b>Total</b>	
	<b>Unaudited</b>		<b>Unaudited</b>		<b>Unaudited</b>		<b>Unaudited</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
-----Rupees-----								
Sales	19,656,514	19,142,466	2,655,519	3,182,609	2,521,181	1,078,263	24,833,214	23,403,338
Intersegment sales	1,500,789	855,239	-	-	264,233	262,046	1,765,022	1,117,285
Sales tax	(397,899)	(380,078)	(54,203)	(64,886)	(48,763)	(14,260)	(500,865)	(459,224)
	<b>20,759,404</b>	<b>19,617,627</b>	<b>2,601,316</b>	<b>3,117,723</b>	<b>2,736,651</b>	<b>1,326,049</b>	<b>26,097,371</b>	<b>24,061,399</b>
<b>Profit before tax</b>	<b>4,865,766</b>	<b>8,279,164</b>	<b>469,651</b>	<b>418,640</b>	<b>492,699</b>	<b>228,189</b>	<b>5,828,116</b>	<b>8,925,993</b>
<b>Depreciation &amp; Amortization</b>	<b>695,023</b>	<b>1,222,609</b>	<b>12,002</b>	<b>10,478</b>	<b>103,687</b>	<b>87,655</b>	<b>810,712</b>	<b>1,320,742</b>
<b>Capital Expenditure</b>	<b>2,535,237</b>	<b>79,981</b>	<b>35,145</b>	<b>16,833</b>	<b>1,263</b>	<b>133,871</b>	<b>2,571,645</b>	<b>230,685</b>

(Amounts in thousand)

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
<b>Segment Assets</b>	103,491,383	99,842,490	5,465,161	4,911,113	4,590,024	8,472,304	113,546,568	113,225,907
<b>Unallocated assets</b>							15,354,769	15,584,870
<b>Total Assets</b>	<u>103,491,383</u>	<u>99,842,490</u>	<u>5,465,161</u>	<u>4,911,113</u>	<u>4,590,024</u>	<u>8,472,304</u>	<u>128,901,337</u>	<u>128,810,777</u>

	Unaudited	
	March 31, 2022	March 31, 2021
<b>Reconciliation of reportable segment net sales</b>	----- Rupees-----	

**Net Sales**

Total net sales for reportable segment	26,097,371	24,061,399
Elimination of intersegment net sales	(1,765,022)	(1,117,285)
<b>Total net sales</b>	<u>24,332,349</u>	<u>22,944,114</u>

	Unaudited	Audited
	March 31, 2022	December 31, 2021
<b>Reconciliation of reportable segment total assets</b>	----- Rupees-----	

Total assets for reportable segments	113,546,568	113,225,907
Add : Unallocated assets		
- Accrued income	368,164	307,417
- Short term investments	14,667,014	14,097,250
- Cash and Bank balances	319,591	1,180,203
	15,354,769	15,584,870
<b>Total assets</b>	<u>128,901,337</u>	<u>128,810,777</u>

(Amounts in thousand)

**19. SEASONALITY**

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

**20. 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.

**21. NON-ADJUSTING EVENT AFTER THE REPORTING DATE**

The Board of Directors in its meeting held on April 19, 2022 has approved an interim cash dividend of Rs. 5.5 per share for the quarter ended March 31, 2022 amounting to Rs. 7,344,147. These condensed interim financial statements do not include the effect of the said interim dividend.

**22. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 19, 2022 by the Board of Directors of the Company.



Imran Ahmed  
Chief Financial Officer



Nadir Salar Qureshi  
Chief Executive Officer



Ghias Khan  
Chairman

## مستقبل قریب کا جائزہ

پاکستان کے زرعی شعبے میں حکومتی تعاون، زرعی معیشت کی بہتری، بین الاقوامی قیمتوں کے مقابلے میں بہت زیادہ رعایتی قیمتوں پر یوریا کی فراہمی کے نتیجے میں تیزی کاراجان برقرار رہنے کی توقع ہے۔ ہم ملک کے لیے طویل مدتی غذائی ضروریات کو یقینی بنانے کے لیے حکومت پاکستان اور انڈسٹری کے ساتھ مصروف عمل ہیں۔

کمپنی غیر ادا شدہ سبسڈی اور سبزی ٹیکس ریفرنڈ کے مالی بوجھ کو برداشت کر رہی ہے جو اس سہ ماہی کے آخر تک بالترتیب 6.5 ارب اور 11.05 ارب بنتا ہے۔

کمپنی پاکستان کے زرعی شعبے کی مثبت تبدیلی میں اپنے کردار کو جاری رکھنے کے لیے کوشاں ہے۔ بورڈ کی جانب سے، کمپنی اپنے تمام اسٹیک ہولڈر کے اعتماد اور تعاون کا تہ دل سے شکریہ ادا کرتی ہے۔



نادر سالار قریشی  
چیف ایگزیکٹو آفیسر



غیاث خان  
چیرمین

## کمپنی کی کاروباری کارکردگی

کمپنی کی یوریا کی پیداوار 2021 کی پہلی سہ ماہی کے 523 KT کے مقابلے میں 568 KT رہی۔ دوران مدت کی سیلز گزشتہ سال کی اسی مدت کے 601 KT کے مقابلے میں 549 KT رہی کیونکہ 2021 میں اوپننگ انویسٹری زیادہ تھی۔

کمپنی کے فاسفیٹس (ڈی اے پی / اوزور اور / این پی) کے کاروبار میں گزشتہ سال کی سیلز 74 KT کے مقابلے میں 79 KT رہی۔

2022 کی پہلی سہ ماہی کے لیے کمپنی کا مجموعی منافع 10.9 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 11.6 ارب روپے تھا۔

انفرادی طور پر کمپنی کا منافع گزشتہ سال کی اسی مدت کے 6.4 ارب روپے کے مقابلے میں 4.7 ارب روپے ریکارڈ کیا گیا۔ کمپنی کا مشترکہ منافع گزشتہ سال کی اسی مدت کے 5.7 ارب روپے کے مقابلے میں 5.5 ارب روپے رہا۔ نتیجے میں ہر ایک شیئر پر منافع گزشتہ سال کی اسی مدت میں 4.30 روپے فی شیئر کے مقابلے میں 4.13 روپے فی شیئر رہا۔

بورڈ 31 مارچ 2022 کو ختم ہونے والی مدت کے لیے فی شیئر 5.5 کا نقد ڈیویڈنڈ (منافع منقسمہ) دینے کا اعلان کرتے ہوئے خوشی محسوس کر رہا ہے۔

## دیگر نمایاں امور

2021 کی آخری سہ ماہی میں، مقامی مارکیٹ میں کہیں کہیں یوریا کی کمی کے واقعات پیش آئے۔ تاہم حکومت اور انڈسٹری کی موثر شراکت داری کے نتیجے میں جنوری 2022 کے اختتام تک اس صورتحال میں بہتری واقع ہوئی۔ سہ ماہی کے دوران انویسٹری لیول کو برقرار رکھنے کے لیے 100 KT یوریا درآمد کی گئی۔ علاوہ ازیں، آنے والے خریف کے سیزن کے لیے کھادوں کی وافر مقدار میں فراہمی کو یقینی بنانے کے لیے حکومت نے اپنی کوششیں جاری رکھی ہوئی ہیں۔ انڈسٹری کو 20 اپریل 2022 تک 200 KT کا حفاظتی اسٹاک رکھنے کی تاکید کی گئی ہے۔ اس کے ساتھ، یوریا کی وافر مقدار میں فراہمی کو یقینی بنانے کے لیے سال بھر کے لیے RLNG پلانٹ آپریشن جاری رکھنے پر بھی غور کیا جا رہا ہے۔

فروری 2022 میں سینیٹ نے ویڈیو ایوریج کاسٹ آف گیس (WACOG) بل پاس کیا ہے جس سے آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) کو مقامی گیس اور درآمد آریبل این جی (ری گیسیفائیڈ لیکویڈ نیچرل گیس) کی ویڈیو اوسط قیمت لینے کا اختیار ملا ہے۔ اس بل کی منظوری سے حکومت کو گیس سرکلر ڈیٹ کے دیرینہ مسئلے کو حل کرنے میں مدد ملے گی۔

جی آئی ڈی سی اور رعایتی گیس کی مدت سے متعلق دائر کیسز پر اسٹے آرڈر برقرار ہیں۔ البتہ حکومت پاکستان کی جانب سے رعایتی گیس پر جی آئی ڈی سی کے لیے، ایک جوبانی حلف اور تحریری اسٹیٹمنٹ دائر کیا گیا ہے۔

## انعامات اور اعزازات

سہ ماہی کے دوران، نیشنل فورم فار انوائرمینٹل اینڈ ہیلتھ (NFEH) کی جانب سے منعقدہ 14 ویں سالانہ کارپوریٹ سوشل ریسپانسیبلٹی ایوارڈز 2022 میں کمپنی کے سی ایس آر اقدامات کو سراہا گیا۔

## مارکیٹ کا جائزہ

عالمی سطح پر، روس، یوکرین تنازعے کے نتیجے میں یوریا کی قیمتیں بڑھ گئیں اور 2021 کے اختتام پر امریکی ڈالر، 10,891)957/T روپے فی بوری کے مساوی پہنچ) کے مقابلے میں 2022 کی پہلی سہ ماہی کے اختتام پر امریکی ڈالر 1,005/T (11,741 روپے فی بوری مساوی پہنچ) تک پہنچ گئیں۔ اجناس کی بین الاقوامی قیمت میں ہوشربا اضافے کے باوجود مقامی فریٹلائزر رائڈسٹری نے رعایتی قیمت پر کسانوں کو یوریا کی فراہمی جاری رکھی۔ یوریا کی قیمت 1,918 فی بوری رہی جو کہ بین الاقوامی قیمتوں کے مقابلے میں تقریباً 84 فیصد تک رعایتی قیمت پر فراہم کی گئی۔

زیر جائزہ مدت کے دوران ڈی اے پی کی بین الاقوامی قیمتوں میں 12 فیصد تک تیزی دیکھی اور 2022 کی پہلی سہ ماہی کے اختتام تک امریکی ڈالر 1,025/T تک جا پہنچیں۔ نتیجتاً ڈی اے پی کی مقامی قیمتیں بھی بڑھ کر 2021 کے اختتام پر 8,974 روپے فی بوری سے بڑھ کر 2022 کی پہلی سہ ماہی کے اختتام پر 10,018 روپے فی بوری تک پہنچ گئیں۔ ڈی اے پی کی قیمتوں میں اضافے اور فاسفیٹ والے فریٹلائزرز پر سبسڈی کی سست فراہمی کے نتیجے میں ڈی اے پی کی صنعت گزشتہ سال کے مقابلے میں 24 فیصد تک سست روی کا شکار رہی۔ یوریا پر قابل قدر رعایت اور دیگر فریٹلائزرز کی قیمتوں میں ہوشربا اضافے سے فریٹلائزرز کے غیر متوازن استعمال میں اضافہ ہوگا جس سے فصلوں کی پیداوار پر منفی اثرات مرتب ہو سکتے ہیں۔

مقامی سطح پر، گزشتہ سال کے مقابلے میں بہتری کے نتیجے میں، اجناس اور متعلقہ اشیاء کی قیمتوں میں اضافے سے زرعی معیشت میں مثبت رجحان جاری رہا۔

مقامی سطح پر یوریا کی طلب 2021 کی پہلی سہ ماہی میں 1,397 KT کے مقابلے میں 1,633 KT رہی، جو کہ گزشتہ سال سے 17 فیصد زیادہ ہے۔ یہ اضافہ زرعی معاشیات میں بہتری کی وجہ سے قرار دیا جاسکتا ہے جس میں مقامی طور پر تیار کردہ یوریا دیگر اہم فریٹلائزرز کے مقابلے میں نمایاں رعایت پر فراہم کی گئی۔ بڑھتی ہوئی اس طلب کو تمام یوریا پلانٹس کے آپریشنز چلا کر ممکن بنایا گیا اور یوریا کی مقامی پیداوار گزشتہ سال کے 1,403 KT کے مقابلے میں 1,682 KT حاصل کی گئی۔

اینٹرو فرٹیلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے سہ ماہی ختم شدہ 31 مارچ 2022

اینٹرو فرٹیلائزرز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم کمپنی کے غیر آڈٹ شدہ مالی گوشوارے برائے سہ ماہی ختم شدہ 31 مارچ، 2022 پیش کرنے پر خوشی محسوس کر رہے ہیں۔

## COVID-19 کے دوران کاروبار جاری رکھنے کی منصوبہ بندی

اللہ تعالیٰ کے فضل سے ملک میں Covid-19 کے کیسز میں کمی دیکھی جا رہی ہے جبکہ کمپنی میں پوری سہ ماہی کے دوران کرونا کیسز نہیں ہوئے۔ کمپنی اپنے ملازمین کی حفاظت کے لیے Covid-19 کے SOPs پر سختی سے عمل درآمد کے لیے کوشاں ہے۔

## کاروباری، سماجی بہوب (سی ایس آر) اقدامات

کمپنی اپنے ماحققہ آبادیوں میں سماجی بھلائی کے اپنے کردار سے بخوبی واقف ہے اور ان کی زندگیوں میں بہتری لانے کے لیے کوشاں ہے۔ اس ضمن میں سہ ماہی کے دوران درج ذیل اقدامات اہم رہے:

- تعلیم: سہارا اسکول کے نئے بلاک کی افتتاحی تقریب منعقد کی گئی، اس نئے بلاک میں پہلے مرحلے میں 200 مزید طلباء داخل کئے جائیں گے۔
- علاج معالجہ: کمپنی کی طبی سہولیات سے 504 سانپ کے ڈسے اور 282 کتوں کے کاٹنے سے بیمار ہونے والے مریضوں کا علاج کیا گیا۔ علاوہ ازیں، مصنوعی اعضاء لگانے کی سہولت میں مزید 220 نئے مریض رجسٹر کئے جا چکے ہیں۔ اس کے علاوہ کمپنی نے مذہبی اداروں میں مفت طبی امداد اور صفائی سے متعلق آگہی کے کمپ لگائے جہاں 190 طلباء کو مفت طبی امداد اور صفائی کے بنیادوں اصولوں سے متعلق آگہی دی گئی۔
- ماحول: ہم نے شجر کاری مہم ”ہر فرد ایک درخت کاشت کرے“ اور ”سبز رنگ دھرتی کا“ میں پاکستان بھر میں 6,500 سے زائد درخت کاشت کئے۔ اس کے علاوہ، ہماری ”صاف اور سبز ماحول“ کی کمپین کے تحت، ڈھہر کی کے قریبی دیہات میں میوہ جات والے درخت مفت فراہم کئے گئے۔





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