



engro fertilizers



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agri-solutions

Half Yearly Report 2022





engro fertilizers



# company information

## BOARD OF DIRECTORS

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

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## CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed

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## COMPANY SECRETARY

Mr. Sunaib Barkat

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## BANKERS

### Conventional Banks

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

### Shariah Compliant Banks

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

### Microfinance Banks

Mobilink Microfinance Bank  
Telenor Microfinance Bank

## AUDITORS

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

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## 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)

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## 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

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## 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

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## SPEAK-OUT, WHISTLEBLOWER HOTLINE

For complaints or concerns in relation to business  
ethics and Compliance

### Engro Fertilizers Limited

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

# directors' report to the shareholders for the half year ended june 30, 2022

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

## Business Continuity Strategy during COVID-19

By the end of 1H 2022, the Country witnessed a resurgence in the COVID-19 cases. 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 the communities it operates in and improving the lives of people therein. In this endeavor, key updates for the 1H 2022 are as follows:

- **Education:** Construction work of Sahara school new block is in progress which will increase the capacity by 100 students. Apart from this, Noor Lakhin Katcha middle school was converted into secondary school. Furthermore, the Company provided 28 academic sponsorships to orphan children under the children's education program
- **Healthcare:** The Company treated 2,073 snake bite and 509 dog bite patients at its facilities. Moreover, 261 lower limbs and 20 upper limbs patients were treated at our limb's facility.
- **Community Engagements:** The Company launched the Engro Ramadan Dastar Khan drive. Around 11,500 food packets were distributed in 23 villages. Moreover, food baskets were distributed to the families of widows and orphans under the Company's Ehsaas program. 58 widows also received financial support under the Company's widow support program. Engro Fertilizers, in collaboration with Pakistan Rangers, also organized an inter-school cricket tournament.
- **Environment:** The Company carried out tree plantation drives, "Each One – Plant One" and "Hara Rang Dharti Ka" in which more than 11,000 trees have been planted across Pakistan so far this year. Apart from this, under our "Clean and Green Environment" campaign, Engro Fertilizers has signed an MOU with Pakistan Army under which around 100,000 plants will be planted at Bahawalpur border area.

## Market Overview

On the agriculture front domestically, following the momentum built over previous years, farm economics continued to improve driven by better farm output prices and improved support prices.

On international pricing front, urea witnessed a decline in the second quarter, falling to USD 634/T (landed equivalent PKR 8,415/bag) by June end against USD 1,005/T (landed equivalent PKR 11,741/bag) at the end of Q1 2022. The fertilizer industry has ensured that local farmers continue to benefit from low prices of domestically produced urea. Domestic urea prices stood at PKR 1,850/bag as at June 30, 2022 depicting a discount of approximately 78% to international prices.

At the back of favorable farm economics and heavily discounted urea prices, urea demand recorded a growth of 12% and stood at 3,244 KT vs 2,897 KT in 1H 2021. Meeting this demand has been made possible with operations of all the urea plants as domestic urea production stood at 3,355 KT vs 3,071 KT same period last year. The government also imported 100KT of urea during 1H 2022.

DAP international prices remained strong in second quarter as they stood at USD 1,015/T by end of Q2 2022. Domestic DAP prices stood at PKR 12,256/bag by the end of Q2 2022. Increasing DAP prices coupled with challenges around disbursement of subsidy on phosphatic fertilizers have led to contraction in DAP industry by 10% versus last year.

## Key Developments

Through Finance Act 2022, 10% super tax has been levied on the fertilizer sector for Tax Year 2022 (Financial Year 2021) and 4% super tax has also been levied for Tax Year 2023 (Financial Year 2022) and onwards.

The Finance Act 2022 has exempted fertilizers from the levy of sales tax w.e.f. July 01, 2022. Consequently, output sales tax on fertilizers has been removed from pricing and input taxes levied on gas and other purchases by the Company is no longer claimable and is charged to cost. The challenge of rising sales tax refunds going forward has been addressed through this exemption.

On July 1, 2022, the Company increased urea prices by PKR 350/bag to pass on impact of additional costs resulting from changes in GST law, rising fuel prices, rupee devaluation and increasing financing cost of funding receivables from the Government. Super tax impact has not yet been passed through this price increase.

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

With respect to plant performance, the EnVen plant tripped on June 26, 2022. After detailed evaluation, the Company decided to address plant vulnerabilities which will ensure reliable operations going forward. After a 28-days outage, the plant has come back online on July 24, 2022.

### **Awards & Recognitions**

During the quarter, the Company won the following awards:

- Third position in Employer of Choice - Gender Diversity Awards, jointly organized by Pakistan Business Council and International Finance Corporation.
- British Safety Council's, International Safety award in recognition of its world class HSE systems and outstanding HSE performance.
- 3 awards at the Pakistan Digital Awards 2022 for its dealer management system, "Engro Humsafar".

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

The Company's urea production stood at 1,118 KT vs 1,070 KT in 1H 2021. Sales during the period stood at 1,098 KT versus 1,167 KT during the same period last year due to higher opening inventory in 2021.

The Company's phosphates (DAP, Zorawar & NP) sales during 1H 2022 stood at 154 KT vs 125 KT during the same period last year.

Gross Profit of the Company was recorded at PKR 22.6 Bn for 1H 2022 as compared to PKR 21.4 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 7.4 Bn compared to PKR 10.7 Bn same period last year. Company's consolidated profit stood at PKR 5.4 Bn versus PKR 10.5 Bn in the corresponding period last year, resulting in an EPS of PKR 4.05 versus PKR 7.87 in the same period last year.

The Board announced NIL dividend for the year ending December 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. The Company foresees significant challenges arising from imposition of super tax, rupee devaluation and inflationary pressure. 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 remains committed to continue to play its role in transforming the agricultural landscape of Pakistan. On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support.



**Ahsan Zafar Syed**  
Chief Executive Officer



**Ghias Khan**  
Chairman



engro fertilizers

consolidated condensed  
interim financial statements  
(unaudited)  
for the half year ended  
june 30, 2022



# independent auditor's review report

To the members of Engro Fertilizers Limited

## Report on review of Consolidated Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Engro Fertilizers Limited and its subsidiary (the Group) as at June 30, 2022 and the related consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity, and consolidated condensed interim statement of cash flows, and notes to the consolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

The figures of the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2022.

### Scope of Review

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

### Conclusion

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

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

**Chartered Accountants  
Karachi**

**Date: August 25, 2022**

**UDIN: RR202210113nfu9J2jHP**

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A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

■ KARACHI ■ LAHORE ■ ISLAMABAD

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

(Amounts in thousand)

	Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	75,335,258	73,031,490
Intangible assets		5,335,512	5,301,409
Long-term investments	4	705,833	-
Long-term loans, advances and deposits		59,103	60,798
		81,435,706	78,393,697
<b>Current assets</b>			
Stores, spares and loose tools	5	7,069,703	6,426,976
Stock-in-trade	6	25,195,981	13,489,961
Trade debts		3,448,725	3,069,812
Loans, advances, deposits and prepayments		3,191,798	2,237,144
Other receivables		15,691,558	12,677,009
Accrued income		130,143	19,310
Short term investments	7	4,534,344	15,237,752
Cash and bank balances	8	1,263,676	1,266,722
		60,525,928	54,424,686
<b>TOTAL ASSETS</b>		<b>141,961,634</b>	<b>132,818,383</b>

(Amounts in thousand)

		Unaudited June 30, 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
Remeasurement of post employment benefits		(89,866)	(89,866)
Unappropriated profit		21,831,140	30,438,777
		25,126,178	33,733,815
<b>TOTAL EQUITY</b>		<b>38,479,171</b>	<b>47,086,808</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	9	8,174,712	11,459,534
Government grant		1,015,941	925,494
Deferred taxation		13,600,989	11,942,999
Deferred liabilities		205,050	232,137
Provision for Gas Infrastructure Development Cess (GIDC)		4,275,710	6,363,848
		27,272,402	30,924,012
<b>Current liabilities</b>			
Trade and other payables	10	34,855,087	26,026,519
Accrued interest / mark-up		230,207	262,571
Taxation - net		6,538,202	1,361,183
Current portion of:			
- borrowings	9	6,200,060	5,755,811
- government grant		259,739	154,209
- deferred liabilities		62,351	63,804
- provision for GIDC		14,261,080	11,816,337
Short-term borrowings	11	6,653,916	4,117,658
Loan from Parent Company	12	7,100,000	5,200,000
Unclaimed dividend		49,419	49,471
		76,210,061	54,807,563
<b>TOTAL LIABILITIES</b>		<b>103,482,463</b>	<b>85,731,575</b>
<b>Contingencies and Commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>141,961,634</b>	<b>132,818,383</b>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2022

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Half year ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----					
Net sales	14	38,323,193	25,915,534	75,136,271	55,359,257
Cost of sales		(26,632,491)	(16,064,901)	(52,584,592)	(33,950,880)
<b>Gross profit</b>		11,690,702	9,850,633	22,551,679	21,408,377
Selling and distribution expenses		(1,778,195)	(2,036,231)	(3,793,436)	(3,863,726)
Administrative expenses		(930,937)	(494,731)	(1,380,007)	(906,247)
		8,981,570	7,319,671	17,378,236	16,638,404
Other income	15	587,902	491,575	1,099,186	970,644
Other operating expenses		(1,403,819)	(451,989)	(1,852,471)	(1,124,234)
Finance cost		(582,719)	(570,454)	(1,057,452)	(839,546)
Other losses:					
- Remeasurement loss on provision for GIDC		(130,477)	(219,220)	(356,605)	(516,276)
- (Loss allowance) / reversal of loss allowance on subsidy receivable from GoP		(303,595)	63,633	(389,173)	164,417
		(434,072)	(155,587)	(745,778)	(351,859)
<b>Profit before taxation</b>		7,148,862	6,633,216	14,821,721	15,293,409
Taxation	16	(7,247,179)	(1,865,516)	(9,408,715)	(4,784,282)
<b>(Loss) / Profit for the period</b>		(98,317)	4,767,700	5,413,006	10,509,127
<b>(Loss) / Earnings per share - basic and diluted</b>		(0.07)	3.57	4.05	7.87

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	-----Rupees-----			
<b>(Loss) / Profit for the period</b>	(98,317)	4,767,700	5,413,006	10,509,127
Other comprehensive income:	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(98,317)</b>	<b>4,767,700</b>	<b>5,413,006</b>	<b>10,509,127</b>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of changes in equity for the half year ended june 30, 2022

(Amounts in thousand)

	RESERVES				Total
	CAPITAL	REVENUE			
	Share capital	Share premium	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>Transactions with owners</b>					
Dividends					
- Final 2021: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2022: Rs. 5.5 per share	-	-	-	(7,344,146)	(7,344,146)
	-	-	-	(14,020,643)	(14,020,643)
<b>Total comprehensive income for the half year ended June 30, 2022</b>					
Profit for the period	-	-	-	5,413,006	5,413,006
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	5,413,006	5,413,006
<b>Balance as at June 30, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(89,866)</b>	<b>21,831,140</b>	<b>38,479,171</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>					
Dividends:					
- Final 2020: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
- 1st interim 2021: Rs. 4.00 per share	-	-	-	(5,341,196)	(5,341,196)
	-	-	-	(10,682,392)	(10,682,392)
<b>Total comprehensive income for the half year ended June 30, 2021</b>					
Profit for the period	-	-	-	10,509,127	10,509,127
Other comprehensive income for the period:	-	-	-	-	-
	-	-	-	10,509,127	10,509,127
<b>Balance as at June 30, 2021 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(50,411)</b>	<b>29,869,989</b>	<b>46,557,475</b>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

	Note	Half year ended	
		June 30, 2022	June 30, 2021
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	9,395,206	2,663,739
Retirement and other service benefits paid		(63,980)	(66,289)
Taxes paid		(2,933,044)	(593,777)
Long-term loans, advances and deposits		1,695	61,066
Income on deposits / other financial assets		927,314	1,063,402
Net cash generated from operating activities		7,327,191	3,128,141
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangibles		(4,040,012)	(2,439,211)
Proceeds from disposal of operating assets		31,049	5,470
Purchase of short term and long term investments		(1,170,444)	(193,341)
Proceeds from sale of short term investments		5,600	24,813,334
Net cash (utilised in) / generated from investing activities		(5,173,807)	22,186,252
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		993,993	789,368
Disbursement of loan from Parent Company		10,300,000	-
Repayments of loan from Parent Company		(8,400,000)	-
Repayment of long-term borrowings		(3,828,001)	(4,657,742)
Finance cost paid		(900,404)	(725,492)
Dividends paid		(14,020,695)	(10,689,445)
Net cash utilised in financing activities		(15,855,107)	(15,283,311)
Net (decrease) / increase in cash and cash equivalents		(13,701,723)	10,031,082
Cash and cash equivalents at beginning of the period		12,377,216	5,126,379
Cash and cash equivalents at end of the period	18	(1,324,507)	15,157,461

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# notes to the consolidated condensed interim financial statements (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

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

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

## 1.2 The 'Group' consists of:

**Holding Company:** Engro Fertilizers Limited

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

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

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

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

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

2.2 The cumulative figures for the half year ended June 30, 2022 presented in these consolidated condensed interim financial statements have been subjected to limited scope review by the auditors of the Group, as required under section 237 of the Act. These consolidated condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

2.3 The significant accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.

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

(Amounts in thousand)

- 2.5** During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to the audited annual consolidated financial statements of the Group for the year ended December 31, 2021.
- 2.6** Taxes on income in the interim periods are accrued using the effective tax rate that would be applicable to expected total annual profit or loss.

<b>Unaudited June 30, 2022</b>	<b>Audited December 31, 2021</b>
-----Rupees-----	

**3. PROPERTY, PLANT AND EQUIPMENT**

Operating assets at net book value (note 3.1)	62,085,872	60,601,082
Capital work in progress (note 3.2)	11,708,484	11,031,660
Major spare parts and stand-by equipment	1,540,902	1,398,748
	<u>75,335,258</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 / write-offs at net book value)</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
-----Rupees-----				
Building on freehold land	-	41,688	-	-
Plant and machinery	120,004	159,898	-	20,153
Office equipment	18,800	59,582	1,504	130
Vehicles	88,219	154,411	32,153	9,317
Aircraft	2,875,687	-	-	-
	<u>3,102,710</u>	<u>415,579</u>	<u>33,657</u>	<u>29,600</u>

The above disposals / write-offs represent assets having a cost of Rs. 56,203 (June 30, 2021: Rs. 49,918) and net book value of Rs. 33,657 (June 30, 2021: Rs. 29,600), which were disposed off for Rs. 31,049 (June 30, 2021: Rs. 5,470).

<b>Unaudited June 30, 2022</b>	<b>Audited December 31, 2021</b>
-----Rupees-----	

**3.2 Capital work in progress**

Balance at beginning of the period / year	11,031,660	4,769,483
Add: Additions during the period / year	3,897,860	10,466,228
Transferred to:		
- operating assets	(3,102,710)	(3,857,929)
- intangible assets	(118,326)	(346,122)
Balance at end of the period / year	<u>11,708,484</u>	<u>11,031,660</u>

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>4. LONG-TERM INVESTMENTS</b>		
<b>At amortised cost</b>		
Pakistan Investment Bonds (note 4.1)	705,833	-
<b>4.1</b>	These bonds carry interest at the rates ranging between 13.04% to 14.19% and have maturity terms ranging between two to five years.	
	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>5. STORES, SPARES AND LOOSE TOOLS</b>		
Consumable stores, spares and loose tools	7,947,850	7,284,899
Less: Provision for surplus and slow moving items (note 5.1)	(878,147)	(857,923)
	<u>7,069,703</u>	<u>6,426,976</u>
<b>5.1 Provision for surplus and slow moving items</b>		
Balance at beginning of the period / year	857,923	640,750
Charge for the period / year	52,633	241,970
Reversal / written-off during the period / year	(32,409)	(24,797)
Balance at the end of period / year	<u>878,147</u>	<u>857,923</u>
<b>6. STOCK-IN-TRADE</b>		
Raw materials	4,708,512	2,560,842
Packing materials	458,673	390,934
Work in process	1,044,715	121,854
	<u>6,211,900</u>	<u>3,073,630</u>
Stock-in-transit	21,356	-
Finished goods:		
- manufactured products	2,470,542	1,893,084
- purchased and packaged products	16,658,002	8,669,441
	<u>19,128,544</u>	<u>10,562,525</u>
Less: Provision for impairment against stock-in-trade (note 6.1)	(165,819)	(146,194)
	<u>25,195,981</u>	<u>13,489,961</u>
<b>6.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	89,666	111,129
Reversal / written-off during the period / year	(70,041)	(196,596)
Balance at end of the period / year	<u>165,819</u>	<u>146,194</u>

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>7. SHORT-TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Investment in units of mutual funds	-	12,032,219
<b>At amortised cost</b>		
- Pakistan Investment Bonds	-	1,263,708
- Treasury Bills (note 7.1)	4,530,344	1,686,775
- Term Deposit Receipts (note 7.2)	4,000	255,050
	4,534,344	3,205,533
	4,534,344	15,237,752
<b>7.1</b>	These represent Treasury Bills carrying interest at the rates ranging between 13.80% to 14.71% (December 31, 2021: ranging between 10.35% to 10.84%) per annum.	
<b>7.2</b>	These represent term deposit receipts carrying interest at the rate of 7.52% (December 31, 2021: 6.90% to 7.52%) per annum.	
	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>8. CASH AND BANK BALANCES</b>		
Cash at banks in:		
- deposit accounts (notes 8.1 and 8.2)	362,903	313,486
- current accounts	890,560	943,023
	1,253,463	1,256,509
Cash in hand	10,213	10,213
	1,263,676	1,266,722
<b>8.1</b>	Deposit accounts carry return at the rate of 8.25% (December 31, 2021: 5.75% to 7.25%) per annum.	
<b>8.2</b>	Includes Rs. 362,903 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.	
	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>9. BORROWINGS - Secured (Non-participatory)</b>		
Long term finance utilised under mark-up arrangements (notes 9.1 and 9.2)	10,701,699	14,747,486
Temporary Economic Refinance Facility (TERF) loans (note 9.3)	4,948,753	3,547,562
Less: Fair value adjustment for below market rates (note 9.3)	(1,275,680)	(1,079,703)
	3,673,073	2,467,859
Less: Current portion shown under current liabilities	(6,200,060)	(5,755,811)
Balance at end of the period / year	8,174,712	11,459,534

(Amounts in thousand)

- 9.1** All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over current and future operating assets excluding immovable property of the Holding Company.
- 9.2** During the period, the Holding Company made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions- und Entwicklungsgesellschaft amounting to Rs. 2,291,667, Rs. 941,667, Rs. 250,000 and Rs. 344,667, respectively.
- 9.3** During the period, the Holding Company acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2022. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the consolidated condensed interim statement of profit or loss.

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>10. TRADE AND OTHER PAYABLES</b>		
Creditors	8,862,859	5,825,712
Accrued liabilities (note 10.1)	19,469,836	14,334,213
Advances from customers	4,386,101	4,254,127
Payable to:		
Parent Company	559	2,089
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	358	1,271
- Engro Vopak Terminal Limited	2	-
- Defined Contribution Provident Fund	34,321	32,056
- Defined Contribution Provident Fund NMPT	5,830	6,071
- Defined Contribution Gratuity Fund MPT	16,429	15,359
- Defined Contribution Pension Fund	585	478
- Defined Benefit Gratuity Fund NMPT	109,421	97,008
Deposits / Retention from dealers and contractors (note 10.2)	275,137	279,725
Workers' profit participation fund	734,133	-
Workers' welfare fund	888,102	1,052,638
Withholding tax payable	70,458	125,145
Others	956	627
	<b>34,855,087</b>	<b>26,026,519</b>

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

The SHC was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Holding Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 4,893,185 (December 31, 2021: Rs. 2,494,496) in these consolidated condensed interim financial statements.

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

(Amounts in thousand)

## **11. SHORT-TERM BORROWINGS**

### **11.1 Holding Company**

**11.1.1** The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 14,225,000 (December 31, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.02% to 0.5% (December 31, 2021: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 4,643,704 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 3,263,447 (December 31, 2021: Rs. 3,864,957) from non-funded facilities as at the reporting date.

**11.1.2** This also includes a financial liability amounting to Rs. 1,989,120 in respect of an agreement entered into by the Holding Company for sale and subsequent repurchase of treasury bills carrying yield of 14.6% (December 31, 2021: Nil) per annum and having settlement date in July 2022.

### **11.2 Subsidiary Company**

**11.2.1** The facilities for short-term running finances, available from various banks, aggregate to Rs. 14,225,000 (December 31, 2021: Rs. 12,725,000). The rates of mark-up on funded bank overdraft facilities ranged from 0.02% to 0.5% per annum over 1-month & 3-month KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Subsidiary Company. As at June 30, 2022, the Subsidiary Company has utilised Rs. 21,092 (December 31, 2021: Nil) out of the aforementioned facilities.

## **12. LOAN FROM PARENT COMPANY**

Represents subordinated loan from the Parent Company amounting to Rs. 7,100,000 (December 31, 2021: Rs. 5,200,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2021: 3 months KIBOR + 0.1%) per annum.

## **13. CONTINGENCIES AND COMMITMENTS**

### **Contingencies**

**13.1** As at June 30, 2022, bank guarantees of Rs. 5,156,431 (December 31, 2021: Rs. 5,332,652) have been issued in favour of third parties.

**13.2** As at June 30, 2022, there is no material change in the status of matters reported as contingencies in note 26 of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2021, except for the below.

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

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

(Amounts in thousand)

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

During the period, the Holding Company received orders from the Commissioner Inland Revenue Appeals (CIRA) in respect of Tax Years (TY) 2015, 2016, 2018 and 2020 on the appeals filed by the Holding Company against the order of Deputy Commissioner Inland Revenue (DCIR). In these orders, the CIRA has remanded back certain disallowances with a tax impact of Rs. 13,364,756 to the DCIR for reconsideration / further verification. Further, the CIRA has upheld and maintained the decision of DCIR on disallowances with a tax impact of Rs. 1,213,624 on account of lack of documentary evidences provided by the Holding Company. CIRA has upheld the contention of the Holding Company in respect of certain disallowances with a tax impact of Rs. 3,987,210.

In respect of the matters where CIRA has upheld and maintained the decision of DCIR with a tax impact of Rs. 1,213,624, the Holding Company is in the process of filing appeal before the Appellate Tribunal Inland Revenue (ATIR).

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

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>13.3 Commitments</b>		
Commitments in respect of capital expenditure and other operational items	15,514,958	11,420,643

	Unaudited			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----				

#### 14. NET SALES

Manufactured product				
- Gross sales	25,641,544	20,509,671	50,121,739	43,565,634
- Less: Sales tax	(523,480)	(415,077)	(1,017,417)	(871,522)
	25,118,064	20,094,594	49,104,322	42,694,112
Purchased and packaged product				
- Gross sales	13,589,895	5,998,274	26,595,276	12,930,096
- Less: Sales tax	(301,563)	(126,696)	(565,810)	(267,975)
	13,288,332	5,871,578	26,029,466	12,662,121
Services				
- Gross sales	123,787	194,097	350,955	395,303
- Less: Sales tax	(25,238)	(18,881)	(52,432)	(42,325)
	98,549	175,216	298,523	352,978
Less: Trade discount	(181,752)	(225,854)	(296,040)	(349,954)
	38,323,193	25,915,534	75,136,271	55,359,257

(Amounts in thousand)

	<b>Unaudited</b>			
	<b>Quarter ended</b>		<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----			
<b>15. OTHER INCOME</b>				
<b>On financial assets</b>				
Income on deposits / other financial assets	556,241	482,094	1,038,146	918,716
<b>On non-financial assets</b>				
Scrap sales	32,865	4,754	55,778	4,754
Others	(1,204)	4,727	5,262	47,174
	31,661	9,481	61,040	51,928
	<u>587,902</u>	<u>491,575</u>	<u>1,099,186</u>	<u>970,644</u>

## 16. TAXATION

### Current

- for the period (note 16.3)	2,642,181	2,177,071	4,782,979	5,299,943
- for prior year (note 16.4)	2,967,746	-	2,967,746	-
	<u>5,609,927</u>	<u>2,177,071</u>	<u>7,750,725</u>	<u>5,299,943</u>
Deferred (note 16.5)	1,637,252	(311,555)	1,657,990	(515,661)
	<u>7,247,179</u>	<u>1,865,516</u>	<u>9,408,715</u>	<u>4,784,282</u>

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

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

During the period, CIRA passed an order allowing deletion of proration of expenses to exempt income and claim of WWF / WPPF as deductible allowances whilst maintaining some of the additions made by taxation officer in the amendment order. The Holding Company is in the process of filing appeal against CIRA's order before the ATIR.

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

**16.3** This also includes an amount of Rs. 594,026 on account of provision made in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

(Amounts in thousand)

- 16.4** Represents provision made in accordance with section 4C 'Super Tax on high earning persons' introduced in the Ordinance through the Act, whereby a super tax at ten percent has been imposed on the specified sectors (including the fertilizer sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022).
- 16.5** Includes deferred tax expense arising on account of recognition of deferred tax asset / liability on the deductible / taxable temporary differences at the rate of 33% (including 4% super tax as explained in note 16.3 above) being the new rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realised or the liability is settled. Liability as at December 31, 2021 was recognised at 29% being the rate then enacted.

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----	
<b>17. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	14,821,721	15,293,409
Adjustment for non-cash charges and other items:		
Depreciation	1,584,261	2,592,213
Amortisation of intangibles	84,223	61,620
Amortisation deferred income	(1,933)	(1,933)
Loss on disposal of operating assets	2,608	24,130
Provision for retirement and other service benefits	37,372	32,100
Income on deposits / other financial assets	(1,038,146)	(918,716)
Finance cost	868,040	872,223
Exchange loss / (gain) on revaluation of long term borrowings	189,412	(34,220)
Amortisation of transaction cost on borrowings	-	1,543
Provision for impairment against trade debts - net	7,418	-
Remeasurement loss on provision for GIDC	356,605	516,276
Loss allowance / (reversal of loss allowance) on subsidy receivable from GoP	389,173	(164,417)
Provision for impairment against stock-in-trade - net	19,625	78,526
Provision for surplus and slow moving stores and spares - net	20,224	39,793
Working capital changes (note 17.1)	(7,945,397)	(15,728,808)
	<b>9,395,206</b>	<b>2,663,739</b>
<b>17.1 Working capital changes</b>		
Increase in current assets		
- Stores, spares and loose tools	(662,951)	(293,463)
- Stock-in-trade	(11,725,645)	(7,080,532)
- Trade debts	(386,331)	(881,555)
- Loans, advances, deposits and prepayments	(595,316)	(113,641)
- Other receivables (net)	(3,403,722)	(2,011,610)
	(16,773,965)	(10,380,801)
Increase / (decrease) in trade and other payables	8,828,568	(5,348,007)
	<b>(7,945,397)</b>	<b>(15,728,808)</b>

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----	
<b>18. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances (note 8)	1,263,676	2,991,066
Short term investments	4,065,733	13,198,115
Short-term borrowings	(6,653,916)	(1,031,720)
	<u>(1,324,507)</u>	<u>15,157,461</u>

**19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**19.1 Financial risk factors**

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

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

**19.2 Fair value estimation**

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	-----Rupees-----			
<b>As at June 30, 2022 (Unaudited)</b>				
Financial assets at fair value through profit or loss	-	-	-	-
<b>As at December 31, 2021 (Audited)</b>				
Financial assets at fair value through profit or loss	-	12,032,219	-	12,032,219

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

**19.3 Valuation techniques used to determine fair values**

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

**19.4 Fair value of financial assets and liabilities**

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

(Amounts in thousand)

## 20. TRANSACTIONS WITH RELATED PARTIES

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

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2021</b>
	<b>-----Rupees-----</b>	
<b>Parent Company</b>		
Dividend paid	7,889,416	6,010,496
Mark-up on sub-ordinated loan from the Parent Company	232,670	44,496
Reimbursements made:		
- to the Company	524,920	592,479
- by the Company	23,992	25,017
Royalty charged to the Company	688,980	627,382
Repayment of sub-ordinated loan from the Holding Company	8,400,000	-
Receipt of subordinated loan from the Holding Company	10,300,000	-
Use of assets	160,406	-
<b>Associated Companies</b>		
Purchases and services received	11,982,703	121,113
Services provided by the Company	97,163	55,030
Reimbursements made:		
- by the Company	11,914	34,906
- to the Company	589	606
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	566	503
Use of assets	171,479	-
<b>Contribution to staff retirement benefits</b>		
Pension fund	3,988	3,587
Gratuity fund	83,762	75,450
Provident fund	99,708	83,969
<b>Dividend paid to staff retirement benefits</b>		
Pension fund	321	53
Gratuity fund	2,423	1,468
Provident fund	4,430	-
<b>Others</b>		
Remuneration of key management personnel	194,766	106,471
Directors' fee	9,739	7,833

(Amounts in thousand)

## 21. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Speciality Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rupees										
Sales	36,784,881	36,908,881	28,378,996	11,567,429	10,590,317	7,175,220	1,123,604	1,027,648	76,877,798	56,679,178
Intersegment sales	3,348,942	2,134,276	-	-	-	-	592,510	566,312	3,941,452	2,700,588
Sales tax	(821,972)	(739,130)	(564,516)	(231,121)	(169,249)	(161,009)	(79,921)	(8,237)	(1,635,658)	(1,139,497)
	39,311,851	38,304,027	27,814,480	11,336,308	10,421,068	7,014,211	1,636,193	1,585,723	79,183,592	58,240,269
<b>Profit before tax / (Loss before tax)</b>	<b>8,718,013</b>	<b>12,643,811</b>	<b>4,913,198</b>	<b>2,013,598</b>	<b>1,337,409</b>	<b>676,225</b>	<b>(146,899)</b>	<b>(40,225)</b>	<b>14,821,721</b>	<b>15,293,409</b>
Depreciation & Amortisation	1,441,206	2,504,735	-	-	30,946	20,315	196,332	129,783	1,668,484	2,653,833
Capital Expenditure	3,790,361	2,077,777	-	-	31,934	27,541	75,565	365,878	3,897,860	2,471,196

	Urea		Phosphates		Speciality Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Rupees										
Segment assets	98,571,416	92,135,885	17,608,671	8,994,484	9,836,180	6,704,057	9,311,371	8,460,173	135,327,638	116,294,599
Unallocated assets	-	-	-	-	-	-	-	-	6,633,996	16,523,784
<b>Total assets</b>	<b>98,571,416</b>	<b>92,135,885</b>	<b>17,608,671</b>	<b>8,994,484</b>	<b>9,836,180</b>	<b>6,704,057</b>	<b>9,311,371</b>	<b>8,460,173</b>	<b>141,961,634</b>	<b>132,818,383</b>

(Amounts in thousand)

	Unaudited	
	June 30, 2022	June 30, 2021
----- Rupees -----		
<b>21.1 Reconciliation of reportable segment net sales</b>		
Total net sales for reportable segment	79,183,592	58,240,269
Elimination of intersegment net sales	(3,941,452)	(2,700,588)
Elimination of net sales to subsidiary	(105,869)	(180,424)
<b>Total net sales</b>	<b>75,136,271</b>	<b>55,359,257</b>

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

<b>21.2 Reconciliation of reportable segment total assets</b>		
Total assets for reportable segments	<b>135,327,638</b>	<b>116,294,599</b>
Add: Unallocated assets		
- Accrued income	130,143	19,310
- Short term investments	4,534,344	15,237,752
- Long term investments	705,833	-
- Cash and bank balances	1,263,676	1,266,722
	<b>6,633,996</b>	<b>16,523,784</b>
<b>Total assets</b>	<b>141,961,634</b>	<b>132,818,383</b>

## 22. SEASONALITY

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

## 23. CORRESPONDING FIGURES

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

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

(Amounts in thousand)

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

The Board of Directors in its meeting held on July 28, 2022 has approved an interim cash dividend of Rs. nil per share for the year ending December 31, 2022, amounting to Rs. nil. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

**25. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue on July 28, 2022 by the Board of Directors of the Holding Company.



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman



engro fertilizers

condensed interim financial  
statements (unaudited)  
for the half year ended  
june 30, 2022



# independent auditor's review report

To the members of Engro Fertilizers Limited

## Report on review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Engro Fertilizers Limited as at June 30, 2022 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 condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and notes thereto for the quarters ended June 30, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2022.

### Scope of Review

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

### Conclusion

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

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

**Chartered Accountants  
Karachi**

**Date: August 25, 2022**

**UDIN: RR202210113LjweNCphi**

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A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

# condensed interim statement of financial position as at june 30, 2022

(Amounts in thousand)

	Note	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	75,335,258	73,031,490
Intangible assets		5,335,512	5,301,409
Investment in subsidiary		100	100
Long-term investments	4	352,915	-
Long-term loans, advances and deposits		59,048	60,577
		81,082,833	78,393,576
<b>Current assets</b>			
Stores, spares and loose tools	5	7,069,703	6,426,976
Stock-in-trade	6	9,227,368	5,176,330
Trade debts		2,572,898	2,152,193
Working capital loan to subsidiary	7	14,590,261	6,601,772
Loans, advances, deposits and prepayments		2,602,121	1,956,108
Other receivables		14,217,104	12,518,952
Accrued income		546,305	307,417
Short-term investments	8	3,855,348	14,097,250
Cash and bank balances	9	1,181,120	1,180,203
		55,862,228	50,417,201
<b>TOTAL ASSETS</b>		<b>136,945,061</b>	<b>128,810,777</b>

(Amounts in thousand)

	Note	Unaudited June 30, 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		22,375,192	28,974,586
		25,365,849	31,965,243
<b>TOTAL EQUITY</b>		38,718,842	45,318,236
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	10	8,174,712	11,459,534
Government grant		1,015,941	925,494
Deferred taxation		13,600,989	11,942,999
Deferred liabilities		201,499	228,292
Provision for Gas Infrastructure Development Cess (GIDC)		4,275,710	6,363,848
		27,268,851	30,920,167
<b>Current liabilities</b>			
Trade and other payables	11	32,008,311	24,026,426
Accrued interest / mark-up		225,370	260,154
Taxation - net		4,159,180	1,129,470
Current portion of:			
- borrowings	10	6,200,060	5,755,811
- government grant		259,739	154,209
- deferred liabilities		61,385	62,838
- provision for GIDC		14,261,080	11,816,337
Short-term borrowings	12	6,632,824	4,117,658
Loan from Holding Company	13	7,100,000	5,200,000
Unclaimed dividend		49,419	49,471
		70,957,368	52,572,374
<b>TOTAL LIABILITIES</b>		98,226,219	83,492,541
<b>Contingencies and Commitments</b>	14		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		136,945,061	128,810,777

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of profit or loss (unaudited) for the half year ended june 30, 2022

(Amounts in thousand except for earnings per share)

Note	Quarter ended		Half year ended		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
-----Rupees-----					
Net sales	15	25,616,767	20,581,021	49,949,116	43,525,134
Cost of sales		(15,964,057)	(11,584,659)	(33,489,305)	(24,700,382)
<b>Gross profit</b>		9,652,710	8,996,362	16,459,811	18,824,752
Selling and distribution expenses		(1,610,553)	(1,949,524)	(3,431,376)	(3,593,093)
Administrative expenses		(921,578)	(482,393)	(1,363,730)	(886,597)
		7,120,579	6,564,445	11,664,705	14,345,062
Other income	16	3,584,169	591,659	6,129,748	2,913,387
Other operating expenses		(822,360)	(450,992)	(1,270,750)	(1,123,236)
Finance cost		(593,777)	(577,288)	(1,095,270)	(885,126)
Other losses:					
- Remeasurement loss on provision for GIDC		(130,477)	(219,220)	(356,605)	(516,276)
- (Loss allowance) / reversal of loss allowance on subsidy receivable from GoP		(303,595)	63,633	(389,173)	164,417
		(434,072)	(155,587)	(745,778)	(351,859)
<b>Profit before taxation</b>		8,854,539	5,972,237	14,682,655	14,898,228
Taxation	17	(6,146,857)	(1,668,606)	(7,261,406)	(4,156,152)
<b>Profit for the period</b>		2,707,682	4,303,631	7,421,249	10,742,076
<b>Earnings per share - basic and diluted</b>		2.03	3.22	5.56	8.04

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of comprehensive income (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	-----Rupees-----			
<b>Profit for the period</b>	2,707,682	4,303,631	7,421,249	10,742,076
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>2,707,682</u>	<u>4,303,631</u>	<u>7,421,249</u>	<u>10,742,076</u>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of changes in equity for the half year ended june 30, 2022

(Amounts in thousand)

	CAPITAL		RESERVES			Total
	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)
- 1st interim 2022: Rs. 5.50 per share	-	-	-	-	(7,344,146)	(7,344,146)
	-	-	-	-	(14,020,643)	(14,020,643)
<b>Total comprehensive income for the half year ended June 30, 2022</b>						
Profit for the period	-	-	-	-	7,421,249	7,421,249
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	7,421,249	7,421,249
<b>Balance as at June 30, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(90,220)</b>	<b>22,375,192</b>	<b>38,718,842</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)
- 1st interim 2021: Rs. 4.00 per share	-	-	-	-	(5,341,196)	(5,341,196)
	-	-	-	-	(10,682,392)	(10,682,392)
<b>Total comprehensive income for the half year ended June 30, 2021</b>						
Profit for the period	-	-	-	-	10,742,076	10,742,076
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	10,742,076	10,742,076
<b>Balance as at June 30, 2021 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(50,765)</b>	<b>28,662,386</b>	<b>45,045,491</b>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of cash flows (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

Note	Half year ended	
	June 30, 2022	June 30, 2021
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	12,672,190	8,176,814
18	(63,247)	(66,290)
	(2,573,706)	(273,367)
	1,529	59,503
	1,132,795	1,059,474
	<b>11,169,561</b>	<b>8,956,134</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	(4,040,014)	(2,439,211)
	31,049	5,470
	(29,971,085)	(7,707,000)
	21,982,596	1,847,000
	(817,526)	(193,341)
	-	23,134,502
	4,320,000	1,744,500
	<b>(8,494,980)</b>	<b>16,391,920</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	993,993	789,368
	10,300,000	-
	(8,400,000)	-
	(3,828,001)	(4,657,742)
	(14,020,695)	(10,689,445)
	(940,640)	(772,736)
	<b>(15,895,343)</b>	<b>(15,330,555)</b>
	<b>(13,220,762)</b>	<b>10,017,499</b>
	11,159,795	5,071,955
19	<b>(2,060,967)</b>	<b>15,089,454</b>

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



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# notes to the condensed interim financial statements (unaudited) for the half year ended june 30, 2022

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

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

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

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

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

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

**2.2** These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its wholly owned subsidiary i.e. EFERT Agritrade (Private) Limited (EAPL) are presented separately. The cumulative figures for the half year ended June 30, 2022 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors of the Company, as required under section 237 of the Act. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2021.

**2.3** The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited annual financial statements of the Company for the year ended December 31, 2021.

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

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

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

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets at net book value (note 3.1)	62,085,872	60,601,082
Capital work in progress (note 3.2)	11,708,484	11,031,660
Major spare parts and stand-by equipment	1,540,902	1,398,748
	<u>75,335,258</u>	<u>73,031,490</u>

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

	Unaudited (Additions at cost)		Unaudited (Disposals / write-offs at net book value)	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----				
Building on freehold land	-	41,688	-	-
Plant and machinery	120,004	159,898	-	20,153
Office equipment	18,800	59,582	1,504	130
Vehicles	88,219	154,411	32,153	9,317
Aircraft	2,875,687	-	-	-
	<u>3,102,710</u>	<u>415,579</u>	<u>33,657</u>	<u>29,600</u>

The above disposals / write-offs represent assets having a cost of Rs. 56,203 (June 30, 2021: Rs. 49,918) and net book value of Rs. 33,657 (June 30, 2021: Rs. 29,600), which were disposed off for Rs. 31,049 (June 30, 2021: Rs. 5,470).

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>3.2 Capital work in progress</b>		
Balance at beginning of the period / year	11,031,660	4,769,483
Add: Additions during the period / year	3,897,860	10,466,228
Transferred to:		
- operating assets	(3,102,710)	(3,857,929)
- intangible assets	(118,326)	(346,122)
Balance at end of the period / year	<u>11,708,484</u>	<u>11,031,660</u>

#### 4. LONG-TERM INVESTMENTS

##### At amortised cost

Pakistan Investment Bonds (note 4.1)	<u>352,915</u>	<u>-</u>
--------------------------------------	----------------	----------

4.1 These bonds carry interest at the rates ranging between 13.04% to 14.19% and have maturity terms ranging between two to five years.

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
	-----Rupees-----	
<b>5. STORES, SPARES AND LOOSE TOOLS</b>		
Consumable stores, spares and loose tools	7,947,850	7,284,899
Less: Provision for surplus and slow moving items (note 5.1)	(878,147)	(857,923)
	<u>7,069,703</u>	<u>6,426,976</u>
<b>5.1 Provision for surplus and slow moving items</b>		
Balance at beginning of the period / year	857,923	640,750
Charge for the period / year	52,633	241,970
Reversal during the period / year	(32,409)	(24,797)
Balance at the end of period / year	<u>878,147</u>	<u>857,923</u>
<b>6. STOCK-IN-TRADE</b>		
Raw materials	4,708,512	2,560,842
Packing materials	271,919	203,030
Work in process	1,044,715	121,854
	6,025,146	2,885,726
Stock-in-transit	13,153	-
Finished goods:		
- manufactured products	2,470,542	1,893,084
- purchased and packaged products	884,346	543,714
	3,354,888	2,436,798
Less: Provision for impairment against stock-in-trade (note 6.1)	(165,819)	(146,194)
	<u>9,227,368</u>	<u>5,176,330</u>
<b>6.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	146,194	231,661
Charge for the period / year	89,666	111,129
Reversal / written-off during the period / year	(70,041)	(196,596)
Balance at end of the period / year	<u>165,819</u>	<u>146,194</u>
<b>7. WORKING CAPITAL LOAN TO SUBSIDIARY</b>		

Represents unsecured loan given to EAPL amounting to Rs. 14,590,261 (December 31, 2021: Rs. 6,601,772). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5% (December 31, 2021: 1 month KIBOR + 0.5%) per annum.

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>8. SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Investment in units of mutual funds	-	12,032,219
<b>At amortised cost</b>		
- Pakistan Investment Bonds	-	132,806
- Treasury Bills (note 8.1)	3,855,348	1,686,775
- Term Deposit Receipts	-	245,450
	3,855,348	2,065,031
	<u>3,855,348</u>	<u>14,097,250</u>

**8.1** These represent Treasury Bills carrying interest at the rates ranging between 14.19% to 14.71% (December 31, 2021: ranging between 10.35% to 10.84%) per annum.

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>9. CASH AND BANK BALANCES</b>		
Cash at banks in:		
- deposit accounts (notes 9.1 and 9.2)	362,903	313,486
- Current accounts	808,004	856,504
	1,170,907	1,169,990
Cash in hand	10,213	10,213
	<u>1,181,120</u>	<u>1,180,203</u>

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

**9.2** Includes Rs. 362,903 (December 31, 2021: Rs. 237,350) held in foreign currency bank accounts.

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>10. BORROWINGS - Secured (Non-participatory)</b>		
Long term finance utilised under mark-up arrangements (notes 10.1 and 10.2)	10,701,699	14,747,486
Temporary Economic Refinance Facility (TERF) loans (note 10.3)	4,948,753	3,547,562
Less: Fair value adjustment for loan at below market rates (note 10.3)	(1,275,680)	(1,079,703)
	3,673,073	2,467,859
Less: Current portion shown under current liabilities	(6,200,060)	(5,755,811)
Balance at end of the period / year	<u>8,174,712</u>	<u>11,459,534</u>

(Amounts in thousand)

- 10.1** All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future operating assets excluding immovable property of the Company.
- 10.2** During the period, the Company made principal repayments of long-term finances to MCB Bank Limited, Allied Bank Limited, National Bank of Pakistan and Deutsche Investitions-und Entwicklungsgesellschaft amounting to Rs. 2,291,667, Rs. 941,667, Rs. 250,000 and Rs. 344,667, respectively.
- 10.3** During the period, the Company acquired long term borrowings from Habib Bank Limited and MCB Bank Limited amounting to Rs. 744,186 and Rs. 249,807 respectively under "Temporary Economic Refinance Facility" (TERF) introduced by the State Bank of Pakistan in 2020. These borrowings have the same charge as the borrowings from other Senior Lenders on operating assets. Mark-up is chargeable at concessional rates ranging from 1.50% to 2.00% per annum and is payable in quarterly or semi-annual installments starting from January 2022. Fair value adjustment arising on account of acquisition of these loans at below market rates has been recognised in the condensed interim statement of profit or loss.

	<b>Unaudited June 30, 2022</b>	<b>Audited December 31, 2021</b>
-----Rupees-----		

**11. TRADE AND OTHER PAYABLES**

Creditors	8,855,192	5,804,439
Accrued liabilities (note 11.1)	16,430,594	12,456,202
Advances from customers, contract liabilities	4,135,993	4,184,710
Payable to:		
Subsidiary Company:	476,076	-
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	358	1,271
- Engro Vopak Terminal Limited	2	-
- Defined Contribution Provident Fund	34,321	31,734
- Defined Contribution Provident Fund NMPT	5,830	6,071
- Defined Contribution Gratuity Fund MPT	16,429	15,359
- Defined Contribution Pension Fund	585	478
- Defined Benefit Gratuity Fund NMPT	109,421	97,008
Deposits / Retention from dealers and contractors (note 11.2)	263,137	267,225
Workers' profits participation fund	734,133	-
Workers' welfare fund	888,102	1,052,638
Withholding tax payable	58,138	109,291
	<b>32,008,311</b>	<b>24,026,426</b>

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

The SHC was pleased to grant an ad interim stay vide its order dated June 21, 2021, directing the parties to maintain status quo with regard to disconnection of gas supply and pricing. The Company, without prejudice to the pending Suit and any admission of liability, has on prudent basis recorded a provision of Rs. 4,893,185 (December 31, 2021: Rs. 2,494,496) in these condensed interim financial statements.

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

(Amounts in thousand)

## **12. SHORT-TERM BORROWINGS**

**12.1** The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 14,225,000 (December 31, 2021: Rs. 15,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2021: Rs. 3,827,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.02% to 0.5% (December 31, 2021: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packing materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 4,643,704 (December 31, 2021: Rs. 4,117,658) from funded facilities and Rs. 3,890,447 (December 31, 2021: Rs. 3,864,957) from non-funded facilities as at the reporting date.

**12.2** This also includes a financial liability amounting to Rs. 1,989,120 in respect of an agreement entered into by the Company for sale and subsequent repurchase of treasury bills carrying yield of 14.6% (December 31, 2021: Nil) per annum and having settlement date in July 2022.

## **13. LOAN FROM HOLDING COMPANY**

Represents subordinated loan from the Holding Company amounting to Rs. 7,100,000 (December 31, 2021: Rs. 5,200,000) for a period of eleven months. The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2021: 3 months KIBOR + 0.1%) per annum.

## **14. CONTINGENCIES AND COMMITMENTS**

### **Contingencies**

**14.1** As at June 30, 2022, bank guarantees of Rs. 3,890,447 (December 31, 2021: Rs. 3,864,957) have been issued in favour of third parties.

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

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

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

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

During the period, the Company received orders from the Commissioner Inland Revenue Appeals (CIRA) in respect of Tax Years (TY) 2015, 2016, 2018 and 2020 on the appeals filed by the Company against the order of Deputy Commissioner Inland Revenue (DCIR). In these orders, the CIRA has remanded back certain disallowances with a tax impact of Rs. 13,364,756 to the DCIR for reconsideration / further verification. Further, the CIRA has upheld and maintained the decision of DCIR on disallowances with a tax impact of Rs. 1,213,624 on account of lack of documentary evidences provided by the Company. CIRA has upheld the contention of the Company in respect of certain disallowances with a tax impact of Rs. 3,987,210.

In respect of the matters where CIRA has upheld and maintained the decision of DCIR with a tax impact of Rs. 1,213,624, the Company is in the process of filing appeal before the Appellate Tribunal Inland Revenue (ATIR).

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

(Amounts in thousand)

	Unaudited June 30, 2022	Audited December 31, 2021
-----Rupees-----		
<b>14.3 Commitments</b>		
Commitments in respect of capital expenditure and other operational items	12,738,136	9,820,028

	Unaudited			
	Quarter ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----				

**15. NET SALES**

Manufactured product				
- Gross sales	25,641,544	20,509,671	50,121,739	43,565,634
- Less: Sales tax	(523,480)	(415,077)	(1,017,417)	(829,195)
	25,118,064	20,094,594	49,104,322	42,736,439
Purchased and packaged product				
- Gross sales	498,393	540,877	756,889	833,860
- Less: Sales tax	(8,486)	(5,455)	(15,415)	(8,236)
	489,907	535,422	741,474	825,624
Services				
- Gross sales	215,144	194,097	442,312	352,978
- Less: Sales tax	(25,238)	(18,881)	(52,432)	(42,325)
	189,906	175,216	389,880	310,653
Less: Trade discount	(181,110)	(224,211)	(286,560)	(347,582)
	25,616,767	20,581,021	49,949,116	43,525,134

**16. OTHER INCOME**

**On financial assets**

Income on deposits / other financial assets	379,408	468,383	839,668	899,328
Income on working capital loan to subsidiary company	423,290	30,278	532,015	30,278
Dividend income from subsidiary company	2,560,000	-	4,320,000	1,744,500
	3,362,698	498,661	5,691,683	2,674,106

**On non-financial assets**

Commission income from subsidiary company	178,746	76,246	354,163	168,446
Sub-licensing income from subsidiary company	11,064	7,270	22,862	19,249
Scrap sales	32,865	4,754	55,778	4,754
Others	(1,204)	4,728	5,262	46,832
	221,471	92,998	438,065	239,281
	3,584,169	591,659	6,129,748	2,913,387

(Amounts in thousand)

Unaudited			
Quarter ended		Half year ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
-----Rupees-----			

## 17. TAXATION

### Current

- for the period (note 17.3)
- for prior year (note 17.4)

2,216,450	1,980,161	3,310,249	4,671,813
2,293,167	-	2,293,167	-
4,509,617	1,980,161	5,603,416	4,671,813
1,637,240	(311,555)	1,657,990	(515,661)
6,146,857	1,668,606	7,261,406	4,156,152

### Deferred (note 17.5)

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

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

During the period, CIRA passed an order allowing deletion of proration of expenses to exempt income and claim of WWF / WPPF as deductible allowances whilst maintaining some of the additions made by taxation officer in the amendment order. The Company is in the process of filing appeal against CIRA's order before the ATIR.

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

**17.3** This also includes an amount of Rs. 415,492 on account of provision made by the Company in accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through Finance Act, 2022 (the Act), whereby a super tax at four percent has been levied on income exceeding Rs. 300,000 for the year ending December 31, 2022 (tax year 2023) and onwards.

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

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

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----	
<b>18. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	14,682,655	14,898,228
Adjustment for non-cash charges and other items:		
Depreciation	1,584,261	2,592,213
Amortisation of intangibles	84,223	61,620
Amortisation of deferred income	(1,933)	(1,933)
Loss on disposal of operating assets	2,608	24,130
Provision for retirement and other service benefits	36,934	31,184
Income on deposits / other financial assets	(1,371,683)	(899,328)
Finance cost	905,858	917,803
Exchange loss / (gain) on revaluation of long term borrowings	189,412	(34,220)
Amortisation of transaction cost on borrowings	-	1,543
Dividend income	(4,320,000)	(1,744,500)
Remeasurement loss on provision for GIDC	356,605	516,276
Loss allowance / (reversal of loss allowance) on subsidy receivable from GoP	389,173	(164,417)
Provision for impairment against trade debts - net	7,418	-
Provision for impairment against stock-in-trade - net	19,625	78,526
Provision for surplus and slow moving stores and spares - net	20,224	39,793
Working capital changes (note 18.1)	86,810	(8,140,104)
	<b>12,672,190</b>	<b>8,176,814</b>
<b>18.1 Working capital changes</b>		
Increase in current assets		
- Stores, spares and loose tools	(662,951)	(293,463)
- Stock-in-trade	(4,070,663)	(874,100)
- Trade debts	(428,123)	(398,287)
- Loans, advances, deposits and prepayments	(646,013)	(152,754)
- Other receivables (net)	(2,087,325)	(1,053,111)
	(7,895,075)	(2,771,715)
Increase / (decrease) in trade and other payables	7,981,885	(5,368,389)
	<b>86,810</b>	<b>(8,140,104)</b>
<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances (note 9)	1,181,120	2,031,509
Short term investments	3,390,737	13,198,115
Short-term borrowings	(6,632,824)	(140,170)
	<b>(2,060,967)</b>	<b>15,089,454</b>

(Amounts in thousand)

## 20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 20.1 Financial risk factors

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

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

### 20.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>As at June 30, 2022 (Unaudited)</b>				
Financial assets at fair value through profit or loss	-	-	-	-
<b>As at December 31, 2021 (Audited)</b>				
Financial assets at fair value through profit or loss	-	12,032,219	-	12,032,219

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

### 20.3 Valuation techniques used to determine fair values

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

### 20.4 Fair value of financial assets and liabilities

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

(Amounts in thousand)

## 21. TRANSACTIONS WITH RELATED PARTIES

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

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----	
<b>Holding Company</b>		
Dividend paid	7,889,416	6,010,496
Mark-up paid on sub-ordinated loan from the Holding Company	232,670	44,496
Reimbursements made:		
- by the Company	23,992	25,017
- to the Company	524,920	592,479
Royalty charged to the Company	688,980	627,382
Repayment of sub-ordinated loan from the Holding Company	8,400,000	-
Receipt of sub-ordinated loan from the Holding Company	10,300,000	-
Use of assets	160,406	-
<b>Subsidiary Company</b>		
Funds collected against sales made on behalf of Subsidiary Company	19,203,717	10,716,187
Income on working capital loan to Subsidiary Company	532,015	30,278
Disbursement of working capital loan to Subsidiary Company	29,971,085	7,707,000
Repayment received against working capital loan to Subsidiary Company	21,982,596	1,847,000
Services provided by the Company	91,357	132,284
Reimbursements made:		
- by the Company	-	2,082
- to the Company	-	472
Dividend income	4,320,000	1,744,500
Commission income	354,163	168,446
Sub-licensing fee charged by the Company	22,862	19,249
Purchase of products	14,512	2,747
Sale of product	-	45,414
<b>Associated companies</b>		
Purchases and services received	2,514,681	121,113
Services provided by the Company	97,163	55,030
Reimbursements made:		
- by the Company	11,490	34,906
- to the Company	-	606
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	566	503
Use of assets	171,479	-

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Half year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
-----Rupees-----		
<b>Contribution to staff retirement benefits</b>		
Pension fund	3,988	3,587
Gratuity fund	83,135	74,825
Provident fund	98,955	83,219
<b>Dividend paid to staff retirement benefits</b>		
Pension fund	321	53
Gratuity fund	2,423	1,468
Provident fund	4,430	-
<b>Others</b>		
Remuneration of key management personnel	183,614	103,586
Directors' fee	9,639	7,733

## 22. OPERATING SEGMENT RESULTS

	Urea		Speciality Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Half year ended		Half year ended		Half year ended		Half year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- Rupees -----								
Sales	36,784,881	36,908,881	8,562,340	5,307,878	5,687,159	2,188,131	51,034,380	44,404,890
Intersegment sales	3,348,942	2,134,276	-	-	592,510	566,312	3,941,452	2,700,588
Sales tax	(821,972)	(739,130)	(92,697)	(110,136)	(170,595)	(30,490)	(1,085,264)	(879,756)
	39,311,851	38,304,027	8,469,643	5,197,742	6,109,074	2,723,953	53,890,568	46,225,722
<b>Profit before tax</b>	13,038,014	14,388,309	584,342	414,875	1,060,299	95,044	14,682,655	14,898,228
<b>Depreciation &amp; amortisation</b>	1,441,206	2,504,735	30,948	20,314	196,330	128,784	1,668,484	2,653,833
<b>Capital expenditure</b>	3,790,361	2,077,777	31,934	27,541	75,565	365,878	3,897,860	2,471,196
	Urea		Speciality Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
<b>Segment assets</b>	113,637,753	99,842,490	8,060,150	4,911,113	9,311,470	8,472,304	131,009,373	113,225,907
<b>Unallocated assets</b>	-	-	-	-	-	-	5,935,688	15,584,870
<b>Total assets</b>	113,637,753	99,842,490	8,060,150	4,911,113	9,311,470	8,472,304	136,945,061	128,810,777

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	-----Rupees-----	
<b>22.1 Reconciliation of reportable segment net sales</b>		
Total net sales for reportable segment	53,890,568	46,225,722
Elimination of intersegment net sales	(3,941,452)	(2,700,588)
<b>Total net sales</b>	<b>49,949,116</b>	<b>43,525,134</b>

	<b>Unaudited</b>	<b>Audited</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	-----Rupees-----	

<b>22.2 Reconciliation of reportable segment total assets</b>		
Total assets for reportable segments	<b>131,009,373</b>	<b>113,225,907</b>
Add: Unallocated assets		
- Accrued income	546,305	307,417
- Short term investments	3,855,348	14,097,250
- Long-term investments	352,915	-
- Cash and bank balances	1,181,120	1,180,203
	5,935,688	15,584,870
<b>Total assets</b>	<b>136,945,061</b>	<b>128,810,777</b>

## 23. SEASONALITY

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

## 24. CORRESPONDING FIGURES

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

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

(Amounts in thousand)

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

The Board of Directors in its meeting held on July 28, 2022 has approved an interim cash dividend of Rs. nil per share for the year ending December 31, 2022, amounting to Rs. nil. These condensed interim financial statements do not include the effect of the said interim dividend.

**26. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on July 28, 2022 by the Board of Directors of the Company.



Imran Ahmed  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

انفرادی طور پر خالص منافع گزشتہ سال کے 10.7 بلین روپے کے مقابلے میں 7.4 بلین روپے رہا۔ کمپنی کا مشترکہ خالص منافع گزشتہ سال کے 10.5 بلین روپے کے مقابلے میں 5.4 بلین روپے رہا، نتیجے میں ہر ایک شیئر پر منافع 4.05 روپے بنتا ہے، گزشتہ سال کا ہر ایک شیئر پر منافع 7.87 روپے تھا۔

بورڈ 30 جون 2022 کو ختم ہونے والی مدت کے لیے کوئی منافع منقسمہ نہ دینے کا اعلان کیا ہے۔

### مستقبل قریب کا جائزہ

پاکستان کے زرعی شعبہ میں حکومتی کے جاری تعاون، فارم اکنامس میں بہتری اور عالمی قیمتوں کے مقابلے میں رعایتی قیمتوں پر یوریا کی فراہمی کے سبب ترقی کی رفتار جاری رہنے کی توقع ہے۔ کمپنی کو سپر ٹیکس کے نفاذ، روپے کی ناقدری اور مہنگائی کے دباؤ سے واضح مسائل کا سامنا ہوگا۔ ہم طویل مدتی ملکی خوراک کے تحفظ اور دستیابی کو یقینی بنانے کے لیے نئی فرٹیلایزر پالیسی تشکیل دینے کے لیے انڈسٹری اور حکومت پاکستان سے باقاعدہ سرگرم عمل ہیں۔

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



احسن ظفر سید  
چیف ایگزیکٹو آفیسر



غیاث خان  
چیئر مین

یکم جولائی 2022 کو کمپنی نے جی ایس ٹی کے قانون میں تبدیلی، تیل کی قیمتوں میں اضافے، روپے کی ناقدری اور حکومت کی جانب سے وصولیوں کے بڑھتے ہوئے اخراجات کے نتیجے میں اضافی بوجھ کے اثر کو منتقل کرتے ہوئے یوریا کی فی بوری قیمت پر 350 روپے اضافہ کیا۔ قیمت میں اس اضافے سے ابھی تک سپر ٹیکس کے اثر کو منتقل نہیں کیا گیا۔

جی آئی ڈی سی کے لیے درج کردہ دعویٰ جات اور رعایتی گیس کی مدت کے خاتمے کے حوالے سے، اسٹے آرڈر موجود ہیں۔ دوران مدت، رعایتی قیمت پر گیس حاصل کرنے کے معاملے پر حکومت نے اپنے موقف کی تائید میں جوابی دعویٰ داخل کیا ہے۔ کمپنی نے حکومتی موقف کے خلاف جوابی دعویٰ دائر کرنے کا عمل شروع کر دیا ہے۔

پلانٹ کی کارکردگی کے حوالے سے، EnVen پلانٹ 26 جون 2022 کو بند ہو گیا۔ تفصیلی جائزے کے بعد، کمپنی نے پلانٹ کی کمزوریوں کو ختم کرنے کا فیصلہ کیا ہے جس سے مستقبل میں پلانٹ کے دیر پا اور مستحکم آپریشنز یقینی ہوں گے۔ پلانٹ کو 28 دن کی بندش کے بعد 24 جولائی 2022 کو واپس چلایا گیا۔

## اعزازات اور انعامات

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

- پاکستان بزنس کونسل اور انٹرنیشنل فنانس کارپوریشن کی جانب سے منعقدہ ایسپلائر آف چوائس، صیڈرڈ ایسیورسٹی ایوارڈز میں تیسری پوزیشن حاصل کی۔
- عالمی معیار کے HSE سسٹم کے اعتراف اور شاندار HSE کارکردگی پر برٹش سیفٹی کونسل کا انٹرنیشنل سیفٹی ایوارڈ حاصل کیا۔
- کمپنی نے اپنے ڈیپارٹمنٹ سسٹم ”اینگر و ہمسفر“ کے لیے پاکستان ڈیجیٹل ایوارڈز 2022 میں تین انعامات حاصل کئے۔

## کمپنی کی کاروباری کارکردگی

کمپنی کی یوریا پیداوار گزشتہ سال کی پہلی ششماہی کے 1,070 KT کے مقابلے میں 1,118 KT رہی۔ کمپنی کی یوریا کی سیلز گزشتہ سال کی اسی مدت کے 1,167 KT کے مقابلے میں 1,098 KT رہی کیونکہ 2021 میں اوپننگ انویسٹری زائد رہی۔

2022 کی پہلی ششماہی کے دوران کمپنی کی فاسفیس (ڈی اے پی، زور آور اور این پی) کی سیلز گزشتہ سال کے 125 KT کے مقابلے میں 154 KT رہی۔

کمپنی کا پہلی ششماہی کا مجموعی منافع 22.6 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 21.4 بلین روپے رہا۔

## مارکیٹ کا جائزہ

ملکی سطح پر زراعت کے شعبے میں گزشتہ سالوں کی بہتر کارکردگی کے تسلسل میں فارم اکٹانس میں بہتری دیکھی جا رہی ہے جس میں پیداوار کے بہتر ریٹس اور متعلقہ اشیاء کی بہتر قیمتوں نے کردار ادا کیا۔

عالمی طور پر قیمتوں کے اعتبار سے، دوسری سہ ماہی کے دوران کی کارحجان دیکھا گیا جس کے تحت پہلی سہ ماہی کے آخر تک یوریا کی قیمت امریکی ڈالر 1,005/T یعنی (11,741 روپے فی بوری کے مساوی پہنچ) کے مقابلے میں جون کے آخر تک امریکی ڈالر 634/T (8,415 روپے فی بوری کے مساوی پہنچ) تک کمی دیکھنے میں آئی۔ فریلائزر رائڈسٹری نے اس بات کو یقینی بنایا ہوا ہے کہ مقامی فارمرز کو ملکی سطح پر تیار شدہ سستے یوریا کی فراہمی کا سلسلہ جاری رہے۔ یوریا کی مقامی قیمتیں عالمی قیمتوں سے تقریباً 78 فیصد تک رعایت کے ساتھ برقرار ہیں اور 30 جون 2022 کے مطابق یوریا کی قیمت 1,850 روپے فی بوری تھی۔

فصلوں کی منافع بخش پیداوار اور یوریا کی قیمتوں میں زبردست رعایت کے نتیجے میں، یوریا کی طلب میں 12 فیصد اضافہ دیکھا گیا اور طلب سال 2021 کی پہلی ششماہی کے 2,897 KT کے مقابلے میں 3,244 KT رہی۔ طلب کو پورا کرنے کے لیے یوریا کے تمام پلانٹس کے آپریشنز جاری رکھے گئے اور یوریا کی مقامی پیداوار گزشتہ سال کے 3,071 KT کے مقابلے میں 3,355 KT رہی۔ حکومت نے بھی سال 2022 کی پہلی ششماہی کے دوران 100 KT یوریا درآمد کی۔

دوسری سہ ماہی کے دوران ڈی اے پی کی عالمی قیمتوں مستحکم رہیں اور 2022 کی دوسری ششماہی کے آخر تک امریکی ڈالر 1,015/T رہیں۔ ڈی اے پی کی مقامی قیمتیں دوسری سہ ماہی کے اختتام تک 12,256 روپے فی بوری تک پہنچ گئیں۔ ڈی اے پی کی بڑھتی ہوئی قیمتوں اور فاسفیٹ والے فریلائزرز پر سبسڈی کی فراہمی میں مسائل سے یہ انڈسٹری گزشتہ سال کے مقابلے میں 10 فیصد سے کم ہو گئی ہے۔

## دیگر نمایاں امور

فنانس ایکٹ 2022 کے ذریعے فریلائزر کے شعبے پر سال 2022 (مالی سال 2021) کے لیے 10 فیصد سپر ٹیکس عائد کیا گیا ہے اور 2023 کے ٹیکس سال (مالی سال 2022) اور آئندہ کے سالوں کے لیے 4 فیصد سپر ٹیکس عائد کیا گیا ہے۔

فنانس ایکٹ 2022 کے مطابق کم جولائی 2022 سے فریلائزر کے شعبے کو سب ٹیکس سے مستثنیٰ قرار دیا گیا ہے۔ نتیجتاً فریلائزرز کی قیمتوں سے آؤٹ پٹ سب ٹیکس ہٹا دیا گیا ہے اور گیس اور کمپنی کی دیگر خریداریوں پر عائد شدہ ان پٹ ٹیکس قابل دعویٰ نہیں ہے اور قیمت میں شامل ہے۔ سب ٹیکس ریفرنڈم بڑھنے کے مسئلے کو اس استثنیٰ سے حل کرنے کی کوشش کی جائے گی۔

## اینگروفر ٹیلانز رزلیمیٹڈ

### ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

### برائے اختتام ششماہی 30 جون، 2022

اینگروفر ٹیلانز رزلیمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم غیر آڈٹ شدہ، منجمد، عبوری مالی گوشوارے (مشترکہ اور غیر مشترکہ) برائے اختتام ششماہی 30 جون 2022 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

### COVID-19 کے دوران کاروباری تسلسل کی منصوبہ بندی

سال 2022 کی پہلی ششماہی کے اختتام کے قریب، ملک میں Covid-19 کیسز ایک بار پھر نمودار ہونا شروع ہوئے۔ کمپنی اپنے ملازمین کی حفاظت کو یقینی بنانے کے لیے کرنا سے متعلق SOPs پر سخت عمل درآمد کے لیے پرعزم ہے۔

### کاروباری سماجی بہبود (سی ایس آر) کے اقدامات

کمپنی اپنے متعلقہ علاقوں میں کمیونٹی کی فلاح کے اپنے کردار سے واقف ہے اور ان علاقوں میں افرادی بہبود اور زندگیوں میں بہتری لانے کے لیے مختلف اقدامات اٹھائے گئے ہیں۔ 2022 کی پہلی ششماہی کے دوران درج ذیل اقدامات اٹھائے گئے ہیں:

- تعلیم: سہارا اسکول کے نئے بلاک کی تعمیر کا کام جاری ہے جس کی بدولت 100 مزید طلباء کو تعلیمی سہولت میسر ہوگی۔ اس کے علاوہ نور لکھن کچھ مڈل اسکول کو بھی سینڈری اسکول کا درجہ دیا جا چکا ہے۔ مزید برآں، کمپنی نے بچوں کی تعلیم کے پروگرام کے تحت یتیم بچوں کے لیے 28 تعلیمی اسکالرشپس فراہم کئے۔

- صحت: کمپنی نے اپنے صحت کے مراکز سے 2,073 سانپ کے ڈسے ہوئے مریضوں کے علاوہ 509 کتے کے کاٹے ہوئے مریضوں کو علاج کی سہولیات فراہم کی۔ علاوہ ازیں، ہماری مصنوعی اعضاء کی سہولت والے مراکز سے 261 مصنوعی ٹانگ اور 20 مصنوعی بازو مفت میں لگائے گئے۔

- کمیونٹی میں فلاح و بہبود: کمپنی نے اینگروفر رمضان دسترخوان کی ہم چلائی۔ جس کے تحت 23 دیہات میں 11,500 فوڈ بیکیج تقسیم کئے گئے۔ اس کے علاوہ، کمپنی کے احساس پروگرام کے تحت بیوہ اور یتیموں کے خاندان میں فوڈ باسکٹ بھی تقسیم کئے گئے۔ کمپنی کے بیواؤں کو معاہدہ فراہم کرنے کے پروگرام کے تحت 58 بیواؤں کو مالی امداد فراہم کی گئی۔ اینگروفر ٹیلانز نے پاکستان رینجرز کے اشتراک سے اسکولوں کے درمیان مقابلے پر مبنی کرکٹ ٹورنامنٹ کا انعقاد بھی کیا۔

- ماحول: کمپنی نے ”ہرفرد، ایک درخت لگائے“ اور ”ہر رنگ دھرتی کا“ کے نام سے درخت لگانے سے متعلق کمپین کئے جس میں اس سال کے دوران پاکستان بھر میں 11,000 سے زائد درخت لگائے جا چکے ہیں۔ اس کے علاوہ، ہمارے ”کلیمن اور گرین ماحول“ کمپین کے تحت، اینگروفر ٹیلانز نے پاکستان آرمی کے ساتھ ایک مفاہمت کی یادداشت پر دستخط کئے ہیں جس کے تحت بہاولپور کے بارڈر کے علاقے میں 100,000 سے زائد درخت لگائے جائیں گے۔







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