



engro fertilizers

# enabling growth for productivity



1<sup>st</sup> quarter  
accounts  
2023

# company information

## board of directors

### Chairman & Non-Executive Director

Mr. Ghias Khan

### Non-Executive Director

Mr. Javed Akbar

Mr. Ismail Mehmud

Mr. Khawaja Bilal Hussain

### Independent Director

Mr. Asad Said Jafar

Dr. Shamshad Akhtar

Mr. Asim Murtaza Khan

### Chief Executive Officer

Mr. Ahsan Zafar Syed

### Chief Financial Officer

Mr. Farooq Barkat Ali

### Company Secretary

Mr. Sunaib Barkat

## banking partners

### Conventional Banks

Allied Bank Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Citi Bank N.A

Deutsche Investitions und

Entwicklungsgesellschaft (DEG)

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan

Samba Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited

The Bank of Punjab

United Bank Limited

Industrial and Commercial Bank of China

### Shariah Compliant Banks

BankIslami Pakistan Limited

Al Baraka Islamic Bank (Pakistan) Limited

Dubai Islamic Bank (Pakistan) Limited

Meezan Bank Limited

MCB Islamic Bank Limited

### Microfinance Bank

Mobilink Microfinance Bank

Telenor Microfinance Bank

## auditors

A.F. Ferguson & Co

Chartered Accountants

State Life Building No. 1-C,

I.I. Chundrigar Road, Karachi-74000, Pakistan

Tel: +92(21) 32426682-6 / 32426711-5

Fax +92(21) 32415007 / 32427938

## registered office

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

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## plant sites

### Daharki

Daharki, District Ghotki, Sindh  
PABX: +92723 641001 – 10  
Fax: +92723 641028 – 9

### Zarkhez

EZ-1 P-I-II Eastern Industrial Zone Port Qasim, Karachi  
PABX: 021-34740044-49  
Fax: +9221 3474 0051

## 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  
Ph: +92 (21) 35296012  
Email: [speakout.fertilizers@engro.com](mailto:speakout.fertilizers@engro.com)  
P.O.Box: 3851, Clifton, Karachi

# director's report

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# directors' report to the shareholders for the quarter ended march 31, 2023

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 quarter ended March 31, 2023.

## CSR Initiatives

The Company is cognizant of its role in supporting the communities it operates in and uplifting the lives of people therein. Key community uplift initiatives for the Q1 2023 are as follows:

- Education: New block of Sahara School inaugurated by Mr. & Mrs. Hussain Dawood at Daharki.
- Healthcare: The Company treated 502 snake bite and 533 dog bite patients at its facilities. Moreover, 107 lower limbs patients were treated at our limb's facility. The Company is running 11 RO plants with the coordination of Alkhidimat. Eye clinic has been operational at Sahara Clinic and approximately 211 patients visited the clinic during the quarter.
- Community Engagements: Engro Fertilizers has initiated fumigation drive in surrounding villages and Daharki city with the help of District health department. Solar lights have been installed at Village Kotlo Mirza and ASF base camp Sukkur. Benches have been installed at ASF base camp Sukkur and Motorway Police Base Camp, Kashmore. To promote sports, material has been provided to ASF base camp Sukkur staff. Benches have also been installed at a public park in Mirpur Matherlo.
- Environment: The Company carried out tree plantation drives, "Each One – Plant One" in which more than 200 trees have been planted at ASF base camp Sukkur and different areas at Daharki.

## Market Overview

On the international pricing front, global fertilizer prices continued to decline during the period. Urea price witnessed a massive decrease, falling to USD 253/ton (landed equivalent PKR 4,715/bag) by the end of March 2023 compared to USD 1,005/ton (landed equivalent PKR 11,741/bag) at the end of March 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 2,994/bag as at March 31, 2023 depicting a discount of 37% to international prices.

Urea demand during the quarter remained largely similar to same period last year and stood at 1,620 KT vs 1,633 KT in Q1 2022. Domestic urea production stood at 1,435 KT vs 1,682 KT same period last year; the decline in production can be attributed to unplanned shutdowns of certain fertilizer manufacturing plants, including a 6-day shutdown of Engro Fertilizer's Base plant.

DAP international prices also continued their downward momentum during the period, due to high stocks in consuming countries coupled with declining crop prices globally and stood at USD 603/ton by the end of Q1 2023 compared to USD 730/ton at the start of the quarter, and USD 1,025/ton during the same period last year. However, this decrease in price was negated by the substantial rupee devaluation during the period due to which the Company took multiple price increases, taking local prices to PKR 11,192/bag by end of Q1 2023 compared to PKR 10,018/bag during the same period last year.

## Key Developments

Due to rising cost of production, Engro Fertilizers increased Urea price by PKR 190/bag in January 2023. Further, the Company had to increase urea price by PKR 554/bag effective from March 31, 2023, due to

additional cost resulting from, inter alia, significant rupee devaluation impacting Petroleum Policy, 2012 gas pricing applicable on its 950KT Base Plant. Super tax impact has not yet been factored in the price increase.

During Q1-23, the Supreme Court issued an ad interim order, providing interim relief to FBR by ordering the encashment of BGs to the extent of 4% of Super Tax. As a result, EFERT's BG of PKR 1,122 Mn was encashed.

Regarding suits filed for GIDC and end of concessionary gas period, the stay orders are in place. During 2022, 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 prepared a rejoinder to the stance submitted by the Government and has submitted the same before the Sindh High Court during Q1 2023.

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

The Company's urea production stood at 577 KT vs 568 KT in Q1 2022. Sales during the period stood at 551 KT versus 549 KT during the same period last year.

The Company's phosphates (DAP, Zorawar & NP) sales during Q1 2023 stood at 65 KT vs 79 KT during the same period last year.

The Consolidated Revenue of the Company stood at PKR 44.0 Bn for Q1 2023 as compared to PKR 36.8 Bn in the same period last year. Gross Profit of the Company was recorded at PKR 10.8 Bn for Q1 2023 as compared to PKR 10.9 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 5.5 Bn compared to PKR 4.7 Bn same period last year. The Company's consolidated profit stood at PKR 4.4 Bn versus PKR 5.5 Bn in the corresponding period last year, resulting in an EPS of PKR 3.30 versus PKR 4.13 in the same period last year.

The Board is pleased to announce a cash dividend of PKR 3.5 per share for the period ended March 31, 2023.

### **Near Term Outlook**

The Company foresees significant challenges arising from political instability, massive inflationary pressures, and rupee devaluation. We continue to work closely with the industry and the Government of Pakistan to overcome these challenges to ensure uninterrupted production of urea and 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

سال 2023 کی پہلی سہ ماہی کے دوران کمپنی کی فاسفیٹس (ڈی اے پی / زور آور / این پی) کی فروخت 65KT رہی جو گزشتہ سال کی اسی مدت کے دوران 79KT تھی۔

کمپنی کی مجموعی آمدنی 2023 کی پہلی سہ ماہی میں 44 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے دوران 36.8 بلین روپے تھی۔ کمپنی کا مجموعی منافع 2023 کی پہلی سہ ماہی میں 10.8 بلین روپے ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت میں 10.9 بلین روپے تھا۔

انفرادی طور پر کمپنی کا منافع گزشتہ سال کی اسی مدت کے 4.7 بلین روپے کے مقابلے میں 5.5 بلین روپے ریکارڈ کیا گیا۔ کمپنی کا مشترکہ منافع گزشتہ سال کی اسی مدت کے دوران 5.5 بلین روپے کے مقابلے میں 4.4 بلین روپے رہا۔ نتیجتاً، ہر ایک شیئر پر منافع گزشتہ سال کی اسی مدت میں 4.13 روپے فی شیئر کے مقابلے میں 3.30 روپے فی شیئر رہا۔

بورڈ 31 مارچ 2023 کو ختم ہونے والی مدت کے لیے فی شیئر 3.5 کا نقد ڈیویڈنڈ (منافع منقسمہ) دینے کا اعلان کرتے ہوئے خوشی محسوس کر رہا ہے۔

مستقبل قریب کا جائزہ

کمپنی کو سیاسی عدم استحکام، بڑے پیمانے پر افراط زر کے دباؤ اور روپے کی قدر میں کمی سے پیدا ہونے والے اہم مسائل کا بخوبی اندازہ ہے۔ ہم ان مسائل کا بوجھلنے کے لیے صنعت اور حکومت پاکستان کے ساتھ مل کر کام جاری رکھے ہوئے ہیں تاکہ یوریا کی بلا تعلق پیداوار اور قوم کی طویل مدتی غذائی تحفظ کو یقینی بنایا جاسکے۔

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



غیاث خان  
چیئر مین



احسن ظفر سید  
چیف ایگزیکٹو آفیسر

زیر جائزہ مدت کے دوران یوریا کی طلب بڑی حد تک گزشتہ سال کی اسی مدت کے برابر ہی دیکھی گئی ہے جو 2022 کی پہلی سہ ماہی کے دوران KT 1,620 کے مقابلے میں 1,633KT رہی۔ مقامی طور پر یوریا کی پیداوار 1,435KT کے مقابلے میں 1,682KT رہی جو گزشتہ سال کی اسی مدت کے برابر رہی۔ پیداوار میں کمی کی وجہ بعض کھاد بنانے والے پلانٹس کی غیر اعلانیہ طور پر بندش کے باعث ہو سکتی ہے جس میں اینگروفریٹلائزر کے بیس پلانٹس کی 6 روزہ بندش بھی شامل ہے۔

ڈی اے پی کی اس مدت کے دوران بین الاقوامی قیمتوں کی رفتار میں کمی رہی۔ عالمی سطح پر فصلوں کی قیمتوں میں اس کمی کے ساتھ ساتھ زیادہ اسٹاک استعمال کرنے والے ممالک کی وجہ سے سہ ماہی کے آغاز میں 730 امریکی ڈالر/ٹن کے مقابلے میں 2023 کی پہلی سہ ماہی کے اختتام تک 603 امریکی ڈالر/ٹن تک پہنچ گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 1,025 امریکی ڈالر/ٹن دیکھی گئی تھی۔ تاہم قیمتوں میں یہ گراؤ کو اسی مدت کے دوران روپے کی قدر میں کمی سے نفی کر دیا گیا جس کے باعث کمپنی نے قیمتوں میں متعدد اضافہ کیا ہے اور اس کے باعث گزشتہ سال کی اسی مدت کے دوران 10,018 پاکستانی روپے/ایگ کے مقابلے میں سال 2023 کی پہلی سہ ماہی کے اختتام تک مقامی قیمتوں کو 11,192 روپے/ایگ تک لے جایا گیا ہے۔

#### نمایاں امور

بڑھتی ہوئی پیداواری لاگت کے باعث اینگروفریٹلائزرز نے جنوری 2023 میں یوریا کی قیمت میں 190 روپے/ایگ اضافہ کیا۔ مزید برآں، کمپنی نے یوریا کی قیمت میں 554 روپے/ایگ کا اضافہ کیا جو 31 مارچ 2023 سے لاگو شدہ ہے۔ دیگر عوامل کے ساتھ ساتھ روپے کی قدر میں نمایاں کمی نے 2012 کی پیٹرولیم پالیسی کو متاثر کیا جس کا اطلاق اینگروفریٹلائزرز کے 950KT کے بیس پلانٹ پر ہوتا ہے۔ قیمتوں کے اضافے میں سپر فیکس کا اطلاق ابھی نہیں کیا گیا۔

سال 2023 کی پہلی سہ ماہی کے دوران، سپریم کورٹ آف پاکستان نے ایک اشتہاری عبوری حکم نامہ جاری کیا جس میں ایف بی آر کو سپر فیکس کی 4 فیصد شرح تک بینک گارنٹی کی ان کیشنمنٹ کا حکم دے کر عبوری ریلیف فراہم کیا۔ نتیجتاً، EFERT کی بینک گارنٹی 1,122 ملین پاکستانی روپے تک نقد کی صورت میں وصول کی گئی۔

جی آئی ڈی سی کے لیے دائر کردہ مقدمات اور گیس کی رعایتی مدت کے اختتام کے حوالے سے حکم امتناع جاری ہے۔ سال 2022 کے دوران رعایتی گیس پر جی آئی ڈی سی کے معاملے پر حکومت پاکستان نے اپنا موقف بیان کرتے ہوئے جواب جمع کرایا ہے۔ کمپنی نے حکومت کی جانب سے پیش کیے گئے موقف پر جواب تیار کیا اور اسے 2023 کی پہلی سہ ماہی کے دوران سندھ ہائی کورٹ میں جمع کر دیا ہے۔

#### کمپنی کی کاروباری کارکردگی

کمپنی کی یوریا کی پیداوار 2022 کی پہلی سہ ماہی میں 568KT کے مقابلے میں 577KT رہی۔ اس عرصے کے دوران فروخت 551KT رہی جو گزشتہ سال کی اسی عرصے کے دوران 594KT تھی۔



اینٹرفریٹلائزرز لمیٹڈ

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے سہ ماہی ختم شدہ 31 مارچ 2023

اینٹرفریٹلائزرز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم کمپنی کے غیر آڈٹ شدہ مالی گوشوارے برائے سہ ماہی ختم شدہ 31 مارچ 2023 پیش کرنے پر خوشی محسوس کر رہے ہیں۔

## CSR اقدامات

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

- تعلیم: سہارا اسکول کے نئے بلاک کا افتتاح مسٹر اینڈ مسز حسین داؤد نے ڈھر کی میں کیا۔
- علاج معالجہ: کمپنی کی طبی سہولیات سے 502 سانپ کے ڈسے اور 533 کتوں کے کاٹنے سے بیمار ہونے والے مریضوں کا علاج کیا گیا۔ علاوہ ازیں، انسانوں کے نچلے دھر کے مصنوعی اعضاء لگانے کی سہولت میں مزید 107 نئے مریضوں کا علاج کیا جا چکا ہے۔ کمپنی الخدمت کے تعاون سے گیارہ (11) پلانٹس کو بھی عمل میں لارہی ہے۔ سہارا کلینک میں آنکھوں کے علاج کے لیے بھی اقدامات لیے جا چکے ہیں اور اس سہ ماہی کے دوران تقریباً 211 مریضوں نے شفاء خانہ سے استفادہ حاصل کیا۔
- سماجی میل جول: اینٹرفریٹلائزرز نے ضلعی محکمہ صحت کی مدد سے آس پاس کی ملحقہ آبادیوں اور ڈھر کی شہر میں جراثیم کش مہم شروع کی ہے۔ کوٹلو مرزا گاؤں اور اے ایس ایف بیس کیمپ سکھر میں سولر لائٹس لگائی گئی ہیں۔ اے ایس ایف بیس کیمپ سکھر اور موٹروے پولیس بیس کیمپ کشمور میں پنچر لگائی گئیں ہیں۔ کھیلوں کو مزید فروغ دینے کے لیے اے ایس ایف بیس کیمپ سکھر کے عملے کو مواد فراہم کیا گیا ہے۔ اسی کے ساتھ ساتھ میر پور ماتھرو کے ایک پبلک پارک میں بھی پنچ لگائے گئے ہیں۔
- ماحولیات: کمپنی نے "Each one - Plant one" کے نام سے شجر کاری کی مہم چلائی جس میں اے ایس ایف بیس کیمپ سکھر اور ڈھر کی کے مختلف علاقوں میں 200 سے زائد درخت لگائے گئے ہیں۔

## مارکیٹ کا جائزہ

عالمی سطح پر، بین الاقوامی قیمتوں میں اسی مدت کے دوران کمی دیکھنے میں آئی اور یورپ کی قیمت متاثر کن حد تک گر گئی۔ مارچ 2022 کے اختتام پر 1,005 امریکی ڈالر / ٹن (پاکستانی روپے کے مساوی 11,741 روپے / بیگ) کے مقابلے میں مارچ 2023 کے اختتام تک گر کر 253 امریکی ڈالر / ٹن (پاکستانی روپے کے مساوی 4,715 روپے / بیگ) تک گر گئی۔ کھاد بنانے والی صنعت نے یقینی بنایا ہے کہ مقامی کسانوں کو مقامی طور پر تیار کردہ یوریا کی کم قیمتوں سے مستفید کیا جاتا رہے۔ مقامی یوریا کی قیمتیں 31 مارچ 2023 تک 2,994 روپے فی بیگ تھی جو بین الاقوامی قیمتوں کے مقابلے میں 37 فیصد کی بچت کو ظاہر کرتی ہے۔

consolidated condensed interim financial statements (unaudited)  
**for the quarter ended march 31, 2023**

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# consolidated condensed interim statement of financial position as at march 31, 2023

(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	78,758,897	77,879,522
Intangible assets		5,237,814	5,287,980
Long term investments		2,511,111	2,204,759
Long-term loans, advances and deposits		184,501	206,531
		86,692,323	85,578,792
<b>Current assets</b>			
Stores, spares and loose tools		6,754,099	6,495,230
Stock-in-trade	4	11,421,325	16,868,436
Trade debts		4,007,188	3,772,128
Loans, advances, deposits and prepayments		2,246,250	2,795,316
Other receivables		17,020,176	17,226,238
Accrued income		533,032	175,078
Short-term investments		10,381,409	9,668,016
Cash and bank balances	5	1,034,941	2,834,098
		53,398,420	59,834,540
<b>TOTAL ASSETS</b>		<b>140,090,743</b>	<b>145,413,332</b>

(Amounts in thousand)

		<b>Unaudited March 31, 2023</b>	<b>Audited December 31, 2022</b>
	<b>Note</b>	-----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		(99,994)	(99,994)
Unappropriated profit		26,143,236	28,415,525
		29,428,146	31,700,435
<b>TOTAL EQUITY</b>		42,781,139	45,053,428
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	6	6,327,518	5,841,898
Government grant		831,817	890,939
Deferred taxation		8,189,046	8,154,634
Deferred liabilities		191,744	235,241
Provision for Gas Infrastructure Development Cess (GIDC)		1,293,274	2,315,163
		16,833,399	17,437,875
<b>Current liabilities</b>			
Trade and other payables	7	51,767,957	45,156,293
Accrued interest / mark-up		461,809	520,010
Taxation - net		3,983,945	4,511,651
Current portion of:			
- borrowings	6	5,402,329	6,827,730
- government grant		250,769	255,874
- deferred liabilities		64,165	70,193
- provision for GIDC		17,927,335	16,704,957
Short-term borrowings	8	569,207	7,826,110
Loan from Parent Company		-	1,000,000
Unclaimed dividend		48,689	49,211
		80,476,205	82,922,029
<b>TOTAL LIABILITIES</b>		97,309,604	100,359,904
<b>Contingencies and Commitments</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		140,090,743	145,413,332

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Farooq Barkat Ali  
Chief Financial Officer

Ahsan Zafar Syed  
Chief Executive Officer

Ghias Khan  
Chairman

# consolidated condensed interim statement of profit or loss (unaudited) for the quarter ended march 31, 2023

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
-----Rupees-----			
Net sales	10	43,991,099	36,813,078
Cost of sales		(33,216,023)	(25,952,101)
<b>Gross profit</b>		10,775,076	10,860,977
Selling and distribution expenses		(2,467,646)	(2,015,241)
Administrative expenses		(554,792)	(449,070)
		7,752,638	8,396,666
Other income	11	717,033	511,284
Other operating expenses		(611,265)	(448,652)
Finance cost		(435,318)	(474,733)
Other gains / (losses):			
- Remeasurement loss on provision for GIDC		(200,508)	(226,128)
- (Loss allowance) on subsidy receivable from GoP		(432,449)	(85,578)
		(632,957)	(311,706)
<b>Profit before taxation</b>		6,790,131	7,672,859
Taxation	12	(2,385,923)	(2,161,536)
<b>Profit for the period</b>		4,404,208	5,511,323
<b>Earnings per share - basic and diluted</b>		3.30	4.13

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

**consolidated condensed interim  
statement of comprehensive income (unaudited)  
for the quarter ended march 31, 2023**

(Amounts in thousand)

	Quarter ended	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
<b>Profit for the period</b>	4,404,208	5,511,323
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>4,404,208</u>	<u>5,511,323</u>

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.



**Farooq Barkat Ali  
Chief Financial Officer**



**Ahsan Zafar Syed  
Chief Executive Officer**



**Ghias Khan  
Chairman**

# consolidated condensed interim statement of changes in equity for the quarter ended march 31, 2023

(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, 2023 (Audited)</b>	13,352,993	3,384,904	(99,994)	28,415,525	45,053,428
<b>Transaction with owners</b>					
Dividend:					
- Final 2022: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2023</b>					
Profit for the period	-	-	-	4,404,208	4,404,208
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	4,404,208	4,404,208
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(99,994)</b>	<b>26,143,236</b>	<b>42,781,139</b>
<b>Balance as at January 1, 2022 (Audited)</b>	13,352,993	3,384,904	(89,866)	30,438,777	47,086,808
<b>Transaction with owners</b>					
Dividend:					
- Final 2021: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2022</b>					
Profit for the period	-	-	-	5,511,323	5,511,323
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	5,511,323	5,511,323
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(89,866)</b>	<b>29,273,603</b>	<b>45,921,634</b>

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of cash flows (unaudited) for the quarter ended march 31, 2023

(Amounts in thousand)

Note	Quarter ended	
	March 31, 2023	March 31, 2022
-----Rupees-----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	13	
Cash generated from operations	13,318,899	16,558,798
Retirement and other service benefits paid	(68,157)	(61,307)
Taxes paid	(2,879,217)	(404,559)
Long-term loans, advances and deposits - net	22,030	(94,779)
Income on deposits / other financial assets	311,325	-
Net cash generated from operating activities	10,704,880	15,998,153
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment and intangibles	(1,763,119)	(2,566,978)
Proceeds from disposal of operating assets	33,779	6,918
Short-term investments - net	(1,915,191)	-
Net cash (utilised in) investing activities	(3,644,531)	(2,134,162)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	-	993,993
Disbursement of loan from Parent Company	-	2,300,000
Repayments of loan from Parent Company	(1,000,000)	(6,500,000)
Repayments of long-term borrowings	(1,194,944)	(750,000)
Finance cost paid	(302,583)	(287,771)
Dividends paid	(522)	(6,676,512)
Net cash utilised in financing activities	(2,498,049)	(10,920,290)
Net increase in cash and cash equivalents	4,562,300	2,943,701
Cash and cash equivalents at beginning of the period	(4,096,566)	12,377,216
Cash and cash equivalents at end of the period	14 465,734	15,320,917

The annexed notes from 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman



# notes to the consolidated condensed interim financial statements (unaudited) for the quarter ended march 31, 2023

(Amounts in thousand)

## 1. LEGAL STATUS AND OPERATIONS

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

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

### 1.2 The 'Group' consists of:

**Holding Company:** Engro Fertilizers Limited

**Subsidiary Company:** EFert Agritrade (Private) Limited (EAPL) which is a wholly owned subsidiary of the Holding Company (note 1.2.1).

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

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

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

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

- 2.2 These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary i.e. EFERT Agritrade Private Limited (EAPL) are presented separately. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Holding Company for the year ended December 31, 2022.

(Amounts in thousand)

- 2.3** The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Group for the year ended December 31, 2022.
- 2.4** The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these consolidated condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Group for the year ended December 31, 2022.

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

### 3. PROPERTY, PLANT AND EQUIPMENT

Operating assets at net book value (note 3.1)  
Capital work-in-progress (note 3.2)  
Major spare parts and stand-by equipment

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----		
	69,041,720	68,564,208
	8,185,973	7,793,135
	1,531,204	1,522,179
	<u>78,758,897</u>	<u>77,879,522</u>

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

	Unaudited Additions at cost		Unaudited Disposals at net book value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
-----Rupees-----				
Plant and machinery	1,316,415	91,198	-	-
Building on freehold land	30,456	-	-	-
Office equipment	14,385	9,423	168	164
Vehicles	-	9,461	26,294	6,834
Aircraft	-	2,991,875	-	-
	<u>1,361,256</u>	<u>3,101,957</u>	<u>26,462</u>	<u>6,998</u>

The above disposals represent assets having a cost of Rs. 49,379 (March 31, 2022: Rs.9,444 ) and net book value of Rs. 26,462 (March 31, 2022: Rs. 6,998), which were disposed off for Rs. 33,779 (March 31, 2022: Rs. 6,918).

(Amounts in thousand)

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>3.2 Capital work-in-progress</b>		
Balance at beginning of the period / year	7,793,135	11,031,660
Add: Additions during the period / year	1,754,094	8,254,083
Transferred to:		
- operating assets	(1,361,256)	(11,324,128)
- intangible assets	-	(168,480)
Balance at end of the period / year	<u>8,185,973</u>	<u>7,793,135</u>
<b>4. STOCK-IN-TRADE</b>		
Raw materials	1,310,128	1,636,382
Packing materials	686,320	411,964
Work-in-process	516,304	133,161
	<u>2,512,752</u>	<u>2,181,507</u>
Finished goods:		
- manufactured products	3,374,650	5,581,621
- purchased and packaged products	5,712,534	9,313,718
	<u>9,087,184</u>	<u>14,895,339</u>
Less: Provision for impairment against stock-in-trade (note 4.1)	<u>(178,611)</u>	<u>(208,410)</u>
	<u>11,421,325</u>	<u>16,868,436</u>
<b>4.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	187,697	146,194
Charge for the period / year	3,969	173,758
Reversal during the period / year	-	(93,450)
Written off during the period / year	(13,055)	(18,092)
Balance at end of the period / year	<u>178,611</u>	<u>208,410</u>
<b>5. CASH AND BANK BALANCES</b>		
Cash at banks in:		
- deposit accounts (note 5.1)	877,123	481,955
- current accounts (note 5.2)	146,605	2,340,930
	<u>1,023,728</u>	<u>2,822,885</u>
Cash in hand	11,213	11,213
	<u>1,034,941</u>	<u>2,834,098</u>
<b>5.1</b> Deposit accounts carry return at the rate of 7.25% (December 31, 2022: 8.25% to 14.5% ) per annum.		
<b>5.2</b> Includes Rs. 237,350 (December 31, 2022: Rs. 402,089) held in foreign currency bank accounts.		

(Amounts in thousand)

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----		
<b>6. BORROWINGS - Secured (Non-participatory)</b>		
Long term finance utilised under mark-up arrangements (notes 6.1 & 6.2)	7,869,892	8,867,688
Term Economic Refinance Facility (TERF) loans (note 6.3)	4,942,541	4,948,753
Fair value adjustment for below market rate (note 6.3)	(1,082,586)	(1,146,813)
	3,859,955	3,801,940
Less: Current portion shown under current liabilities	(5,402,329)	(6,827,730)
Balance at end of the period / year	<u>6,327,518</u>	<u>5,841,898</u>

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

**6.2** During the period, the Holding Company made principal repayments of long term finances to MCB Bank Limited, and Allied Bank Limited Rs. 1,166,667, and Rs. 22,065 respectively.

**6.3** During the period, the Holding Company repaid long term borrowings from Habib Bank Limited and Allied Bank Limited amounting to Rs. 3,540 and Rs. 2,672 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.

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

On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Company's DEG loan since the 6-month LIBOR is applicable on the loan which will be discontinued after June 30, 2023.

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----		
<b>7. TRADE AND OTHER PAYABLES</b>		
Creditors	6,507,646	4,976,897
Accrued liabilities	26,582,983	26,382,389
Advances from customers	9,775,209	11,509,307
Payable to:		
- Parent Company	162,477	179,170
- FrieslandCampina Engro Pakistan Limited	-	361
- Engro Foundation	127,927	127,927
- Defined Contribution Provident Fund	34,005	35,960
- Defined Contribution Provident Fund NMPT	6,558	6,326
- Defined Contribution Gratuity Fund MPT	16,110	16,561
- Defined Contribution Pension Fund	983	984
- Defined Benefit Gratuity Fund NMPT	133,374	127,063
Deposits / Retention from dealers and contractors	288,613	307,664
Workers' profit participation fund	18,662	-
Workers' welfare fund	1,032,591	939,941
Withholding tax payable	324,018	233,479
	6,676,497	
Others	80,304	312,264
	<u>51,767,957</u>	<u>45,156,293</u>

(Amounts in thousand)

## 8. SHORT-TERM BORROWINGS

### Holding Company

The Holding Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 12,625,000 (December 31, 2022: Rs. 14,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2022: Rs. 5,100,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (December 31, 2022: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Holding Company. The Holding Company has utilised Rs. 567,361 (December 31, 2022: Rs. 7,826,110) from funded facilities and Rs. 5,910,325 (December 31, 2022: Rs. 7,366,087) from the non-funded facilities as at the reporting date.

### Subsidiary Company

The facilities for short-term running finances, available from various banks, aggregate to Rs. 14,225,000 (December 31, 2022: Rs. 14,225,000). The rates of mark-up on the funded bank overdraft facilities ranged from 0.02% to 0.5% per annum over 1-month & 3-months KIBOR. These facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores, and spares, and other merchandise and on all present and future book debts, outstanding monies, receivable claims, and bills of the Holding Company. As at March 31, 2023, the Subsidiary Company has utilised 1,846 (December 31, 2022: Nil) out of the aforementioned facilities.

## 9. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 9.1 As at March 31, 2023, bank guarantees of Rs. 7,661,309 (December 31, 2022: Rs. 9,117,070) have been issued in favour of third parties.
- 9.2 As at March 31, 2023, there is no material change in the status of matters reported as contingencies in note 25 of the audited financial statements of the Group for the year ended December 31, 2022 except for the below.
- 9.2.1 During the quarter, the Holding Company received an order from Assistant Commissioner Inland Revenue (ACIR) disallowing amortization on intangibles amounting to Rs. 293,480 for the tax year 2017 having a tax impact of Rs. 90,978. Further, the order incorporated other amended assessments, thereby creating a demand of Rs. 494,107. The Company has filed an appeal with CIRA and hearing is yet to be held.

### 9.3 Commitments

Commitments in respect of capital expenditure and other operational items

	Unaudited March 31, 2023	Audited December 31, 2022
	-----Rupees-----	
	23,348,146	14,239,254

(Amounts in thousand)

	Unaudited Quarter ended	
	March 31, 2023	March 31, 2022
-----Rupees-----		
<b>10. NET SALES</b>		
Gross sales:		
- manufactured products	32,718,751	24,480,194
- purchased and packaged products	11,217,897	13,005,381
- services, net of sales tax	326,817	199,974
	<u>44,263,465</u>	<u>37,685,549</u>
Less: Trade discounts	232,980	114,288
Less: Sales tax	39,386	758,183
	<u>43,991,099</u>	<u>36,813,078</u>
<b>11. OTHER INCOME</b>		
<b>On financial assets</b>		
Income on government securities, term deposit receipts, mutual fund units and bank deposits	669,279	481,905
<b>On non-financial assets</b>		
Scrap sales	13,092	22,913
Others	34,662	6,466
	<u>47,754</u>	<u>29,379</u>
	<u>717,033</u>	<u>511,284</u>
<b>12. TAXATION</b>		

As at March 31, 2023, there is no material change in the tax related matters reported in note 34 of the audited financial statements of the Group for the year ended December 31, 2022 except for the below.

On February 16, 2023, SCP passed an interim order granting relief to the Petitioner (FBR) by ordering the payment of super tax to the extent of 4% for the Tax Year 2022. The Company has till date paid Super Tax amounting to Rs. 1,122,913 against the relevant tax year.

(Amounts in thousand)

	Unaudited Quarter ended	
	March 31, 2023	March 31, 2022
<b>13. CASH GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	6,790,131	7,672,859
Adjustment for non-cash charges and other items:		
Depreciation	857,282	768,897
Amortisation of intangibles	50,166	41,815
Amortisation deferred income	(966)	(644)
Gain on disposal of operating assets	(7,317)	80
Provision for retirement and other service benefits	19,598	19,060
Income on deposits / other financial assets	(669,279)	(481,905)
Finance cost	244,382	369,800
Exchange loss / (gain) on revaluation of long-term borrowings	190,936	104,933
Remeasurement loss on provision for GIDC	200,508	226,128
Loss allowance subsidy receivable from GoP	432,449	85,578
Provision for impairment against trade debts	2,946	13,159
Provision for impairment against stock-in-trade	3,969	1,069
Provision for surplus and slow moving stores and spares	1,062	54,268
Reversal of provision of stores and spares	-	(20,569)
Working capital changes (note 13.1)	5,203,031	7,704,270
	<b>13,318,899</b>	<b>16,558,798</b>
<b>13.1 Working capital changes</b>		
Decrease in current assets		
- Stores, spares and loose tools	(259,931)	(183,294)
- Stock-in-trade	5,443,142	2,681,572
- Trade debts	(238,006)	(111,717)
- Loans, advances, deposits and prepayments	549,066	553,035
- Other receivables	(226,387)	(1,984,756)
	<b>5,267,884</b>	<b>954,840</b>
Increase / (decrease) in current liabilities		
- Trade and other payables	(64,853)	6,749,430
	<b>5,203,031</b>	<b>7,704,270</b>

(Amounts in thousand)

	March 31, 2023	March 31, 2022
	-----Rupees-----	
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,034,941	812,002
Short-term investments	-	15,240,987
Short-term borrowings	(569,207)	(732,072)
	<u>465,734</u>	<u>15,320,917</u>

## 15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 15.1 Financial risk factors

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

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

### 15.2 Fair value estimation

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

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

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

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>As at March 31, 2023</b>				
Fair value through profit or loss	<u>-</u>	<u>1,719,000</u>	<u>-</u>	<u>1,719,000</u>
<b>As at December 31, 2022</b>				
Fair value through profit or loss	<u>-</u>	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>

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

### 15.3 Fair value of financial assets and liabilities

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



(Amounts in thousand)

## 16. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited Quarter ended	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
<b>Parent Company</b>		
Reimbursements made:		
- to the Company	337,314	238,296
- by the Company	32,444	14,009
Royalty charged to the Company	533,635	336,452
Mark-up on sub-ordinated loan	34,180	124,619
Dividend paid	3,756,560	3,756,560
Receipt of sub-ordinated loan	-	2,300,000
Repayment of sub-ordinated loan	1,000,000	6,500,000
Use of assets	257,793	18,917
<b>Associated companies</b>		
Purchases and services received	5,270,897	50,244
Services provided by the Company	18,418	59,518
Reimbursements made:		
- by the Company	42,849	6,901
- to the Company	240,761	-
Use of assets	210,512	24,305
Dividend Payable to Trustees of Engro Foods Limited Gratuity Fund	18,000	269
	144	
<b>Contribution to staff retirement benefits</b>		
Pension fund	3,288	1,833
Gratuity fund	43,007	40,231
Provident fund	53,080	47,962
<b>Dividend Payable to staff retirement benefits</b>		
Pension fund	71	153
Gratuity fund	1,614	1,154
Provident fund	3,477	825
<b>Others</b>		
Remuneration of key management personnel	83,694	103,565
Directors' fee	7,113	4,324

(Amounts in thousand)

## 17. OPERATING SEGMENT RESULTS

### OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees									
Sales	21,987,487	19,656,514	11,809,980	14,017,014	9,839,888	3,522,426	972,655	416,760	44,610,010	37,612,714
Intersegment sales	3,593,447	1,500,789	-	-	-	-	-	332,510	3,593,447	1,833,299
Sales tax	-	(397,899)	-	(20,267)	(175)	(291,255)	(39,211)	(48,763)	(39,386)	(758,183)
	25,580,934	20,759,405	11,809,980	13,996,747	9,839,713	3,231,171	933,444	700,507	48,164,071	38,687,830
Profit before tax / (Loss before tax)	4,309,889	3,105,766	1,156,005	3,990,434	1,245,739	673,207	78,498	(96,548)	6,790,131	7,672,859
Depreciation & Amortization	806,272	695,023	-	-	18,232	12,002	82,944	103,687	907,448	810,712
Capital Expenditure	1,688,345	2,353,237	-	-	807	35,145	64,942	1,263	1,754,094	2,389,645

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Rupees									
Segment Assets	93,945,510	97,967,739	6,750,955	12,750,432	4,874,771	7,850,667	20,059,020	11,962,543	125,630,256	130,531,381
Unallocated assets									14,460,487	14,881,951
Total Assets	93,945,510	97,967,739	6,750,955	12,750,432	4,874,771	7,850,667	20,059,020	11,962,543	140,090,743	145,413,332

	Unaudited	
	March 31, 2023	March 31, 2022
	Rupees	
Reconciliation of reportable segment net sales		
Net Sales		
Total net sales for reportable segment	48,164,071	38,687,830
Elimination of intersegment net sales	(3,593,447)	(1,833,299)
Elimination of net sales to subsidiary	(579,526)	(41,453)
Total net sales	43,991,098	36,813,078

	Unaudited		Audited	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Rupees			
Reconciliation of reportable segment total assets				
Total assets for reportable segments	125,630,256	130,531,381		
Add : Unallocated assets				
- Long term investments	2,511,110	2,204,759		
- Accrued income	533,032	175,078		
- Short term investments	10,381,409	9,668,016		
- Cash and Bank balances	1,034,936	2,834,098		
Tota assets	140,090,743	145,413,332		

(Amounts in thousand)

## 18. SEASONALITY

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

## 19. CORRESPONDING FIGURES

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

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

## 20. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on April 14, 2023 has approved an interim cash dividend of Rs. 3.5 per share for the quarter ended March 31, 2023, amounting to Rs. 4,673,546. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

## 21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 14, 2023 by the Board of Directors of the Holding Company.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

condensed interim financial statements (unaudited)  
**for the quarter ended march 31, 2023**

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# condensed interim statement of financial position as at march 31, 2023

(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	78,758,897	77,879,522
Intangible assets		5,237,814	5,287,980
Long-term investments		2,103,692	2,103,692
Investment in subsidiary		100	100
Long-term loans, advances and deposits		184,501	206,531
		86,285,004	85,477,825
<b>Current assets</b>			
Stores, spares and loose tools		6,754,099	6,495,230
Stock-in-trade	4	6,301,977	8,426,837
Trade debts		3,218,471	2,477,857
Working capital loan to subsidiary	5	7,662,310	2,731,067
Loans, advances, deposits and prepayments		1,558,182	2,272,406
Other receivables		16,721,375	19,806,771
Accrued income		523,144	803,807
Short-term investments		4,171,558	8,553,169
Cash and bank balances	6	741,379	2,710,215
		47,652,495	54,277,359
<b>TOTAL ASSETS</b>		<b>133,937,499</b>	<b>139,755,184</b>

(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
-----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		(100,348)	(100,348)
Unappropriated profit		25,199,941	26,356,179
		28,180,470	29,336,708
<b>TOTAL EQUITY</b>		41,533,463	42,689,701
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	7	6,327,518	5,841,898
Government grant		831,817	890,939
Deferred taxation		8,195,645	8,161,234
Deferred liabilities		187,172	231,176
Provision for Gas Infrastructure Development Cess (GIDC)		1,293,274	2,315,163
		16,835,426	17,440,410
<b>Current liabilities</b>			
Trade and other payables	8	48,276,323	42,808,977
Accrued interest / mark-up		461,450	508,933
Taxation - net		2,570,379	3,574,054
Current portion of:			
- borrowings	7	5,402,329	6,827,730
- government grant		250,769	255,874
- deferred liabilities		63,975	69,227
- provision for GIDC		17,927,335	16,704,957
Short-term borrowings	9	567,361	7,826,110
Loan from Holding Company		-	1,000,000
Unclaimed dividend		48,689	49,211
		75,568,610	79,625,073
<b>TOTAL LIABILITIES</b>		92,404,036	97,065,483
Contingencies and Commitments	10		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		133,937,499	139,755,184

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.

Farooq Barkat Ali  
Chief Financial Officer

Ahsan Zafar Syed  
Chief Executive Officer

Ghias Khan  
Chairman

## condensed interim statement of profit or loss (unaudited) for the quarter ended march 31, 2023

(Amounts in thousand except for earnings per share)

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
-----Rupees-----			
Net sales	11	33,327,407	24,332,349
Cost of sales		(24,740,405)	(17,525,248)
<b>Gross profit</b>		<b>8,587,002</b>	<b>6,807,101</b>
Selling and distribution expenses		(2,260,752)	(1,820,823)
Administrative expenses		(553,009)	(442,152)
		5,773,241	4,544,126
Other income	12	3,166,846	2,545,579
Other operating expenses		(591,112)	(448,390)
Finance cost		(457,039)	(501,493)
Other losses:			
- Remeasurement loss on provision for GIDC		(200,508)	(226,128)
- (Loss allowance) on subsidy receivable from GoP		(432,449)	(85,578)
		(632,957)	(311,706)
<b>Profit before taxation</b>		<b>7,258,979</b>	<b>5,828,116</b>
Taxation	13	(1,738,720)	(1,114,549)
<b>Profit for the period</b>		<b>5,520,259</b>	<b>4,713,567</b>
<b>Earnings per share - basic and diluted</b>		<b>4.13</b>	<b>3.53</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of comprehensive income (unaudited) for the quarter ended march 31, 2023

(Amounts in thousand)

	Quarter ended	
	March 31, 2023	March 31, 2022
	-----Rupees-----	
<b>Profit for the period</b>	5,520,259	4,713,567
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>5,520,259</u>	<u>4,713,567</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman



# condensed interim statement of changes in equity for the quarter ended march 31, 2023

(Amounts in thousand)

	RESERVES					Total
	CAPITAL		REVENUE			
	Share capital	Share premium	Reserve on amalgamation	Re-measurement of post employment benefits	Unappropriated profit	
	-----Rupees-----					
<b>Balance as at January 1, 2023 (Audited)</b>	13,352,993	3,384,904	(304,027)	(100,348)	26,356,179	42,689,701
<b>Transaction with owners:</b>						
Dividends:						
- Final 2022: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2023</b>						
Profit for the period	-	-	-	-	5,520,259	5,520,259
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	5,520,259	5,520,259
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(100,348)</b>	<b>25,199,941</b>	<b>41,533,463</b>
<b>Balance as at January 1, 2022 (Audited)</b>	13,352,993	3,384,904	(304,027)	(90,220)	28,974,586	45,318,236
<b>Transaction with owners</b>						
Dividends:						
- Final 2021: Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
<b>Total comprehensive income for the quarter ended March 31, 2022</b>						
Profit for the period	-	-	-	-	4,713,567	4,713,567
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	4,713,567	4,713,567
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(90,220)</b>	<b>27,011,656</b>	<b>43,355,306</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of cash flows (unaudited) for the quarter ended march 31, 2023

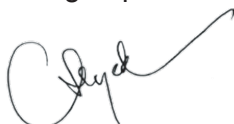
(Amounts in thousand)

	Note	Quarter ended	
		March 31, 2023	March 31, 2022
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	16,278,789	11,702,865
Retirement and other service benefits paid		(67,618)	(59,243)
Taxes paid		(2,707,984)	(356,324)
Long-term loans, advances and deposits - net		22,030	(100,517)
Income on deposits / other financial assets		911,218	508,238
Net cash generated from operating activities		14,436,434	11,695,019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangibles		(1,763,119)	(2,566,978)
Proceeds from disposal of property, plant and equipment		33,779	6,918
Disbursement of working capital loan to subsidiary		(15,711,157)	(3,605,000)
Payment received against working capital loan to subsidiary		10,779,914	6,752,772
Purchase and proceeds of short-term investments		(2,540,336)	-
Dividend received		2,318,000	1,760,000
Net cash (utilised in) / generated from investing activities		(6,882,919)	2,347,712
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		-	993,993
Disbursement of loan from Holding Company		-	2,300,000
Repayments of loan from Holding Company		(1,000,000)	(6,500,000)
Repayments of long-term borrowings		(1,194,944)	(750,000)
Finance cost paid		(313,586)	(314,301)
Dividends paid		(522)	(6,676,512)
Net cash utilised in financing activities		(2,509,052)	(10,946,820)
Net increase in cash and cash equivalents		5,044,463	3,095,911
Cash and cash equivalents at beginning of the period		(4,870,445)	11,159,795
Cash and cash equivalents at end of the period	15	174,018	14,255,706

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# notes to the condensed interim financial statements (unaudited) for the quarter ended march 31, 2023

(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 Company), which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The Company is listed on Pakistan Stock Exchange Limited (PSX).

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

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

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

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

**2.2** These condensed interim financial statements represent the condensed interim financial statements of the Company on a standalone basis. The consolidated condensed interim financial statements of the Company and its subsidiary i.e. EFERT Agritrade Private Limited (EAPL) are presented separately. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2022.

**2.3** The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the audited financial statements of the Company for the year ended December 31, 2022.

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

During the preparation of these condensed interim financial statements, the significant judgements and estimates made by the management are the same as those that were applied to audited financial statements of the Company for the year ended December 31, 2022.

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

**Unaudited**  
**March 31,**  
**2023**

**Audited**  
**December 31,**  
**2022**

-----Rupees-----

**3. PROPERTY, PLANT AND EQUIPMENT**

Operating assets at net book value (note 3.1)	69,041,720	68,564,208
Capital work-in-progress (note 3.2)	8,185,973	7,793,135
Major spare parts and stand-by equipment	1,531,204	1,522,179
	78,758,897	77,879,522

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

	<b>Unaudited</b> <b>Additions at cost</b>		<b>Unaudited</b> <b>Disposals at net book value</b>	
	<b>March 31,</b> <b>2023</b>	<b>March 31,</b> <b>2022</b>	<b>March 31,</b> <b>2023</b>	<b>March 31,</b> <b>2022</b>
	-----Rupees-----			
Building on freehold land	30,456	-	-	-
Leasehold land	-	-	-	-
Plant and machinery	1,316,415	91,198	-	-
Office equipment	14,385	9,423	168	164
Vehicles	-	9,461	26,294	6,834
Aircraft	-	2,991,875	-	-
	1,361,256	3,101,957	26,462	6,998

The above disposals represent assets having a cost of Rs. 49,379 (March 31, 2022: Rs.9,444 ) and net book value of Rs. 26,462 (March 31, 2022: Rs. 6,998), which were disposed off for Rs. 33,779 (March 31, 2022: Rs. 6,918).

**Unaudited**  
**March 31,**  
**2023**

**Audited**  
**December 31,**  
**2022**

-----Rupees-----

**3.2 Capital work-in-progress**

Balance at beginning of the period / year	7,793,135	11,031,660
Add: Additions during the period / year	1,754,094	8,254,083
Transferred to:		
- operating assets	(1,361,256)	(11,324,128)
- intangible assets	-	(168,480)
Balance at end of the period / year	8,185,973	7,793,135

**Unaudited**                      **Audited**  
**March 31,**                      **December 31,**  
**2023**                              **2022**

-----Rupees-----

**4. STOCK-IN-TRADE**

Raw materials	1,310,128	1,636,382
Packing materials	590,305	296,246
Work-in-process	516,304	133,161
	2,416,737	2,065,789
Finished goods:		
- manufactured products	3,374,650	5,581,621
- purchased and packaged products	689,201	967,124
	4,063,851	6,548,745
Less: Provision for impairment against stock-in-trade (note 4.1)	(178,611)	(187,697)
	6,301,977	8,426,837

**4.1 Provision for impairment against stock-in-trade**

Balance at beginning of the period / year	187,697	146,194
Charge for the period / year	3,969	153,045
Reversal during the year	-	(93,450)
Written-off during the period / year	(13,055)	(18,092)
Balance at end of the period / year	178,611	187,697

**5. WORKING CAPITAL LOAN TO SUBSIDIARY**

Represents unsecured loan given to EAPL amounting to Rs. 7,662,310 (December 31, 2022: 2,731,067). The mark-up is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5%.

**Unaudited**                      **Audited**  
**March 31,**                      **December 31,**  
**2023**                              **2022**

-----Rupees-----

**6. CASH AND BANK BALANCES**

Cash at banks in:		
- deposit accounts (note 6.1)	583,561	481,955
- current accounts (note 6.2)	146,605	2,217,047
	730,166	2,699,002
Cash in hand	11,213	11,213
	741,379	2,710,215

**6.1** Deposit accounts carry return at the rate of 7.25% (December 31, 2022: 8.25% to 14.50%) per annum.

**6.2** Includes Rs. 237,350 (December 31, 2022: Rs. 402,089) held in foreign currency bank accounts.

**Unaudited**  
**March 31,**  
**2023**

**Audited**  
**December 31,**  
**2022**

-----Rupees-----

**7. BORROWINGS - Secured (Non-participatory)**

Long-term finance utilised under mark-up arrangements (notes 7.1, and 7.2)	7,869,892	8,867,688
Temporary Economic Refinance Facility (TERF) loans (note 7.3)	4,942,541	4,948,753
Fair value adjustment for below market rate (note 7.3)	(1,082,586)	(1,146,813)
	3,859,955	3,801,940
Current portion shown under current liabilities	(5,402,329)	(6,827,730)
Balance at end of the period / year	<u>6,327,518</u>	<u>5,841,898</u>

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

**7.2** During the period, the Company made principal repayments of long term finances to MCB Bank Limited, and Allied Bank Limited Rs. 1,166,667, and Rs. 22,065 respectively.

**7.3** During the period, the Company repaid long term borrowings from Habib Bank Limited and Allied Bank Limited amounting to Rs. 3,540 and Rs. 2,672 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.

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

On March 5, 2021, the Financial Conduct Authority (FCA) announced the dates on which the panel bank submissions for all LIBOR settings will cease, after which LIBOR will no longer be available. The FCA confirmed that all LIBOR settings will cease to be provided by any administrator immediately after December 31, 2021 for 1-week and 2-month USD settings. This will not impact the Company's DEG loan since the 6-month LIBOR is applicable on the loan which will be discontinued after June 30, 2023.

**Unaudited**  
**March 31,**  
**2023**

**Audited**  
**December 31,**  
**2022**

-----Rupees-----

## 8. TRADE AND OTHER PAYABLES

Creditors	5,713,646	4,973,646
Accrued liabilities	24,471,983	24,124,540
Advances from customers, contract liabilities	9,191,209	11,462,903
Payable to:		
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	-	361
- Engro Corporation Limited	161,843	178,659
- Engro Foundation	127,927	127,927
- Defined Contribution Provident Fund	34,005	35,892
- Defined Contribution Provident Fund NMPT	6,558	6,326
- Defined Contribution Gratuity Fund MPT	16,110	16,561
- Defined Contribution Pension Fund	984	984
- Defined Benefit Gratuity Fund NMPT	133,374	127,063
Deposits / Retention from dealers and contractors	288,613	295,664
Workers' profits participation fund	18,662	-
Workers' welfare fund	1,032,591	939,941
Withholding tax payable	322,018	206,849
Dividend Payable	6,676,497	-
Others	80,303	311,661
	<u>48,276,323</u>	<u>42,808,977</u>

## 9. SHORT TERM BORROWINGS

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 12,625,000 (December 31, 2022: Rs. 14,125,000) along with non-funded facilities of Rs. 5,100,000 (December 31, 2022: Rs. 5,100,000) for bank guarantees. The rates of markup on funded bank overdraft facilities ranged from 0.2% to 0.5% (December 31, 2022: 0.2% to 0.5%) per annum over 1-month & 3-month KIBOR and all facilities are secured by floating charge upon all present and future stocks including raw and packaging materials, finished goods, stores and spares and other merchandise and on all present and future book debts, outstanding monies, receivable claims and bills of the Company. The Company has utilised Rs. 567,361 (December 31, 2022: Rs. 7,826,110) from funded facilities and Rs. 5,910,325 (December 31, 2022: Rs. 7,366,087) from the non-funded facilities as at the reporting date.

## 10. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 10.1** As at March 31, 2023, bank guarantees of Rs. 5,910,325 (December 31, 2022: Rs. 7,366,087) have been issued in favour of third parties.
- 10.2** As at March 31, 2023, there is no material change in the status of matters reported as contingencies in note 27 of the audited financial statements of the Company for the year ended December 31, 2022 except for the below:
- 10.2.1** During the quarter, the Company received an order from Assistant Commissioner Inland Revenue (ACIR) disallowing amortization on intangibles amounting to Rs. 293,480 for the tax year 2017 having a tax impact of Rs. 90,978. Further, the order incorporated other amended assessments, thereby creating a demand of Rs. 494,107. The Company has filed an appeal with CIRA and hearing is yet to be held.

	Unaudited March 31, 2023	Audited December 31, 2022
-----Rupees-----		
<b>10.3 Commitments</b>		
Commitments in respect of capital expenditure and other operational items	22,842,019	14,047,533
	<b>Unaudited March 31, 2023</b>	<b>Unaudited March 31, 2022</b>
<b>11. NET SALES</b>		
Gross sales:		
- manufactured products	32,718,751	24,480,194
- purchased and packaged products	553,138	258,496
- services, net of sales tax	326,817	199,974
	33,598,706	24,938,664
Less: Trade discounts	232,088	105,450
Less: Sales tax	39,211	500,865
	33,327,407	24,332,349
<b>12. OTHER INCOME</b>		
<b>On financial assets</b>		
Income on government securities, term deposit receipts, mutual fund units and bank deposits	514,903	460,260
Income from working capital loan to subsidiary company	115,652	108,725
Dividend income from EAPL	2,318,000	1,760,000
	2,948,555	2,328,985
<b>On non-financial assets</b>		
Commission income from EAPL	157,788	175,417
Sub-licensing income from EAPL	12,749	11,798
Scrap sales	13,092	22,913
Others	34,662	6,466
	218,291	216,594
	3,166,846	2,545,579

### 13. TAXATION

As at March 31, 2023, there is no material change in the tax related matters reported in note 36 of the audited financial statements of the Company for the year ended December 31, 2022, except for the below.

- 13.1** On February 16, 2023, SCP passed an interim order granting relief to the Petitioner (FBR) by ordering the payment of super tax to the extent of 4% for the Tax Year 2022. The Company has till date paid Super Tax amounting to Rs.810,154 against the relevant tax year.



Unaudited	
Quarter ended	
March 31, 2023	March 31, 2022
-----Rupees-----	

#### 14. CASH GENERATED FROM OPERATIONS

##### Profit before taxation

Adjustment for non-cash charges and other items:

Depreciation	857,282	768,897
Amortisation of intangibles	50,166	41,815
Amortisation of deferred income	(966)	(644)
Gain on disposal of property, plant and equipment	(7,317)	80
Provision for retirement and other service benefits	19,328	17,567
Income on deposits / other financial assets	(630,555)	(568,985)
Finance cost	266,103	396,560
Exchange loss / (gain) on revaluation of long-term borrowings	190,936	104,933
Dividend income	(2,318,000)	(1,760,000)
Remeasurement loss on provision for GIDC	200,508	226,128
Loss allowance / (unwinding of loss allowance) subsidy receivable from GoP	432,449	85,578
Provision for impairment against trade debts	2,946	13,159
Provision for impairment against stock-in-trade	3,969	1,069
Provision for surplus and slow moving stores and spares	1,062	54,268
Reversal of provision of stores and spares	-	(20,569)
Working capital changes (note 14.1)	9,951,898	6,514,893

16,278,789	11,702,865
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#### 14.1 Working capital changes

(Increase) / decrease in current assets

- Stores, spares and loose tools	(259,931)	(183,294)
- Stock-in-trade	2,120,891	(1,131,041)
- Trade debts	(743,560)	87,847
- Loans, advances, deposits and prepayments	714,224	467,873
- Other receivables	2,652,947	(993,538)
	4,484,571	(1,752,153)

Increase / (decrease) in current liabilities

- Trade and other payables	5,467,327	8,267,046
	9,951,898	6,514,893

#### 15. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 6)	741,379	319,591
Short-term investments	-	14,667,014
Short-term borrowings (note 9)	(567,361)	(730,899)
	174,018	14,255,706

## 16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 16.1 Financial risk factors

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

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

### 16.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

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

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>As at March 31, 2023</b>				
Fair value through profit or loss	-	1,719,000	-	1,719,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>As at December 31, 2022</b>				
Fair value through profit or loss	-	1,650,000	-	1,650,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

### 16.3 Fair value of financial assets and liabilities

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

## 17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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:

	Unaudited	
	Quarter ended	
	March 31, 2023	March 31, 2022
-----Rupees-----		
<b>Holding Company</b>		
Reimbursements made:		
- to the Company	337,314	238,296
- by the Company	32,444	14,009
Royalty charged to the Company	533,635	336,452
Mark-up on sub-ordinated loan	34,180	124,619
Dividend Payable	3,756,560	3,756,560
Receipt of sub-ordinated loan	-	2,300,000
Repayment of sub-ordinated loan	1,000,000	6,500,000
Use of assets	257,793	18,917
<b>Subsidiary company</b>		
Payment of funds collected against sales made on behalf of subsidiary	9,418,314	9,191,625
Disbursements of working capital loan to subsidiary	15,711,157	3,605,000
Repayment received against working capital loan to subsidiary	10,779,914	6,752,772
Services provided by the Company	33,480	41,453
Dividend income from subsidiary	2,318,000	1,760,000
Commission income from subsidiary	157,788	175,417
Sub-licensing income from subsidiary	12,749	11,798
Income from working capital loan to subsidiary	115,652	108,725
Purchase of product from subsidiary	546,045	-
<b>Associated companies</b>		
Purchases and services received	654,355	50,244
Services provided by the Company	18,418	59,518
Reimbursements made:		
- by the Company	42,849	6,901
- to the Company	4,851	-
Use of assets	210,512	24,305
Donations	18,000	-
Dividend Payable to Trustees of Engro Foods Limited Gratuity Fund	144	269

	Unaudited	
	Quarter ended	
	March 31, 2023	March 31, 2022
-----Rupees-----		
<b>Contribution to staff retirement benefits</b>		
Pension fund	3,288	1,833
Gratuity fund	42,720	39,942
Provident fund	52,766	47,615
<b>Dividend Payable to staff retirement benefits</b>		
Pension fund	71	153
Gratuity fund	1,614	1,154
Provident fund	3,477	825
<b>Others</b>		
Remuneration of key management personnel	79,116	98,451
Directors' fee	7,063	4,274

## 18. OPERATING SEGMENT RESULTS

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
-----Rupees-----								
Sales	21,987,487	19,656,514	8,228,610	2,655,519	3,150,521	2,521,181	33,366,618	24,833,214
Intersegment sales	2,629,447	1,500,789	-	-	-	264,233	2,629,447	1,765,022
Sales tax		(397,899)	(54,203)	(54,203)	(48,763)	(48,763)	(39,211)	(500,865)
	24,616,934	20,759,404	8,174,407	2,601,316	3,101,758	2,736,651	35,956,854	26,097,371
<b>Profit before tax</b>	6,627,872	4,865,766	491,684	469,651	139,423	492,699	7,258,979	5,828,116
<b>Depreciation &amp; Amortization</b>	806,272	695,023	18,232	12,002	82,944	103,687	907,448	810,712
<b>Capital Expenditure</b>	1,689,065	2,535,237	807	35,145	64,222	1,263	1,754,094	2,571,645
	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
<b>Segment Assets</b>	104,588,266	105,551,012	3,643,939	8,070,646	18,165,521	11,962,643	126,397,726	125,584,301
<b>Unallocated assets</b>	-	-	-	-	-	-	7,539,773	14,170,883
<b>Total Assets</b>	104,588,266	105,551,012	3,643,939	8,070,646	18,165,522	11,962,643	133,937,499	139,755,184

Unaudited	
March 31, 2023	March 31, 2022
----- Rupees -----	
35,956,854	26,097,371
(2,629,447)	(1,765,022)
<b>33,327,407</b>	<b>24,332,349</b>

#### Reconciliation of reportable segment net sales

##### Net Sales

Total net sales for reportable segment  
Elimination of intersegment net sales  
**Total net sales**

Unaudited		Audited
March 31, 2023	March 31, 2022	December 31, 2022
----- Rupees -----		
126,397,726		125,584,301
523,144		803,807
2,103,692		2,103,692
4,171,558		8,553,169
741,379		2,710,215
7,539,773		14,170,883
133,937,499		139,755,184

#### Reconciliation of reportable segment total assets

Total assets for reportable segments  
Add : Unallocated assets

- Accrued income
- Long-term investments
- Short-term investments
- Cash and Bank balances

#### Total assets

## 19. SEASONALITY

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

## CORRESPONDING FIGURES

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

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

## 20. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on April 14, 2023 has approved an interim cash dividend of Rs. 3.5 per share for the quarter ended March 31, 2023 amounting to Rs. 4,673,546. These condensed interim financial statements do not include the effect of the said interim dividend.

## 21. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 14, 2023 by the Board of Directors of the Company.



Farooq Barkat Ali  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

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