



engro fertilizers

# enabling growth for productivity



third quarter  
accounts  
**2023**

# company information

## board of directors

**Chairman & Non-Executive Director**  
**Mr. Ghias Khan**

**Non-Executive Director**  
**Mr. Javed Akbar**  
**Mr. Ismail Mahmud**

**Independent Director**  
**Mr. Asad Said Jafar**  
**Mr. Asim Murtaza Khan**

**Chief Executive Officer**  
**Mr. Ahsan Zafar Syed**

**Chief Financial Officer**  
**Mr. Ali Rathore**

**Company Secretary**  
**Mr. Sunaib Barkat**

Dr. Shamshad Akhter  
Mr. Khawaja Bilal Hussain  
(Resigned as a Director with effect from  
August 23, 2023 and September 24, 2023 respectively)

## 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

# directors' report

# directors' report to the shareholders for the nine months ended september 30, 2023

On behalf of the Board of Directors of Engro Fertilizers Limited (referred to as the Company/Engro Fertilizers/EFERT), we are delighted to present the unaudited condensed interim financial statements (consolidated and unconsolidated) for the nine months ended September 30, 2023.

## CSR Initiatives

The Company acknowledges its responsibility to support the communities it operates in and enhance the well-being of the residents. Here are the major updates on community uplift initiatives for 9M 2023:

- **Education:** During Q3, around 50 students were admitted to Nursery class at Sahara school. Additional classrooms have also been added at the adopted Noor Hassan Shah Girls School. EFERT GTEs also visited Daharki govt. schools and their vicinities. Further, they also conducted a career counseling session with senior classes. Last quarter, a new block was inaugurated at Sahara School, increasing its capacity by 100 students.
- **Healthcare:** The Company treated 4,924 snake bite and 1,255 dog bite patients at its facilities. Moreover, 369 lower limbs patients were also treated at our limb's facility till end of 9M 2023.
- **Community Engagements:** EFERT ensured continued operations of its solar RO plants, during hot summer at Daharki and CAER villages, providing clean water. A CSR session has been conducted at our Daharki plant with junior management and GTEs to provide them with an overview of CSR activities done so far. This session has motivated them to volunteer for upcoming CSR activities.
- **Environment:** The Company carried out tree plantation drives in Govt Schools at Daharki and vicinity including Katcha area, and 1,000+ trees have been planted with teachers and students. The Company also carried out tree plantation drives, "Each One – Plant One" and "Hara Rang Dharti Ka" in which more than 5,000 trees have been planted across Pakistan so far this year. In the previous quarters as well, the Company carried out "Clean and Green Environment" tree plantation drive under which 18,000 trees were planted at Bahawalpur border in collaboration with the Pakistan Army.
- **Agriculture Value Chain:** Engro Fertilizers continued working on the Seed Purification & Chili Value Chain Improvement Project in partnership with United States Department of Agriculture (USDA). The project aims to improve the livelihood of chili farmers in Sindh.
- **Biodiversity Conservation:** A 5-year partnership was signed with WWF-Pakistan to protect the blind and endangered Indus River Dolphin in Pakistan. Various engagement activities with fisher communities, students and provincial wildlife departments were conducted to increase public discourse on Indus River Dolphin conservation.

## 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.

In terms of global pricing, urea has experienced volatile movement throughout 2023, reaching USD 369 per ton (landed equivalent to PKR 5,339 per bag) by the end of 9M 2023, compared to USD 260 per ton (equivalent to PKR 3,706 per bag) at the end of 1H 2023. The fertilizer industry has ensured that local farmers continue to benefit from low prices of domestically produced urea. As of September 30, 2023, Engro urea prices stood at PKR 3,411 per bag, offering a discount of approximately 54% compared to international prices.

Urea demand recorded an increase of 3.6% in 9M 2023 and stood at 4,942 KT vs 4,769 KT in 9M 2022. The industry demand was wholly met through domestic production without any need for imports during 9M 2023.

The Urea market experienced notable price swings due to the differing gas pricing policies of fertilizer producers. The company strongly advocates for maintaining stable urea prices and is supporting the efforts by the industry and government on gas price unification.

DAP international prices also rebounded during Q3, due to limited stocks globally coupled with rising crop prices, and stood at USD 603/ton by the end of period compared to USD 480/ton at the start. Due to rising international prices, local market prices also rallied as the industry took multiple price increase during the period. Engro DAP MRP price stood at PKR 12,110/bag by the end of Q3 2023.

### **Key Developments**

Through the Finance Act 2023, the rate of Super Tax has been enhanced to 10% and is retrospectively applicable to Financial Year 2022. EFERT alongside other Engro subsidiaries has filed a petition before the Islamabad High Court (IHC) to challenge the retrospective increase of supertax rate for FY 2022. The IHC has granted a stay order to the extent of the recovery of the incremental amount of supertax i.e. 6% without requiring any bank guarantees.

Regarding suits filed for GIDC and end of concessionary gas period, the stay orders are in place and there is no material update.

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

The Company's urea production stood at 1,715 KT in 9M 2023 as compared to 1,568 KT in 9M 2022. Sales during the period stood at 1,726 KT vs 1,522 KT during the same period last year.

The Company's phosphates (DAP, Zorawar & NP) sales during 9M 2023 stood at 216 KT vs 212 KT during the same period last year.

The consolidated Revenue of the Company stood at PKR 148.5 Bn in 9M 2023 as compared to PKR 110.9 Bn in the same period last year. The consolidated Gross Profit of the Company was recorded at PKR 43.2 Bn for 9M 2023 as compared to PKR 32.3 Bn in the same period last year.

On a standalone basis, net profit stood at PKR 16.3 Bn compared to PKR 10.0 Bn in the same period last year. Company's consolidated profit stood at PKR 15.0 Bn versus PKR 9.6 Bn in the corresponding period last year, resulting in an EPS of PKR 11.27 versus PKR 7.19 in the same period last year.

The Board is pleased to announce an interim cash dividend of PKR 6 per share for the year ending December 31, 2023.

### **Near Term Outlook**

The Company foresees significant challenges arising from political dynamics, inflationary pressures, and rupee fluctuations. 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 resolute in its commitment to contribute to the transformation of Pakistan's agricultural landscape. On behalf of the Board, we extend our appreciation to all stakeholders for their continued trust and support.



**Ahsan Zafar Syed**  
Chief Executive Officer



**Ghias Khan**  
Chairman

میں ایک درخواست دائر کی ہے۔ اسلام آباد ہائی کورٹ (آئی ایچ سی) نے کسی بینک گارنٹی کی ضرورت کے بنا سپر ٹیکس کی بڑھتی ہوئی رقم یعنی 6 فیصد کی وصولی کی حد تک حکم اتنا ہی جاری کر دیا ہے۔

جی آئی ڈی سی کے لیے دائر کردہ مقدمہ اور گیس کی رعایتی مدت کے اختتام کے حوالے سے اسٹے آرڈرز اپنی جگہ پر ہیں جبکہ اسی مدت کے دوران کمپنی کی یوریا کی مواد میں کسی بھی قسم کی ترمیم نہیں کی گئی ہے۔

کمپنی کی آپریٹنگ کارکردگی

کمپنی کی یوریا کی پیداوار 2023 کے تیسری سہ ماہی کے اختتام تک 1,715KT رہی جو 2022 کی اسی مدت میں 1,568KT تھی۔ اسی مدت کے دوران کمپنی کی یوریا فروخت 1,726KT رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 1,522KT تھی۔

2023 کے نومبر کے دوران کمپنی کے فاسفیٹس (ڈی اے پی، زور اور این پی) کی فروخت 216KT رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 212KT تھی۔

کمپنی کی مجموعی آمدنی 2023 کے نومبر کے دوران 148.5 بلین روپے رہی جو گزشتہ سال کی اسی مدت میں 110.9 بلین روپے تھی۔ 2023 کے نومبر کے دوران کمپنی کا مجموعی منافع 43.2 بلین روپے ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت میں 32.3 بلین روپے تھا۔

انفرادی بنیادوں پر خالص منافع 16.3 بلین روپے رہا جو گزشتہ سال کی اسی مدت کے دوران 10 بلین روپے تھا۔ کمپنی کا مجموعی خالص منافع 15 بلین روپے رہا جو کہ گزشتہ سال کی اس مدت میں 9.6 بلین روپے تھا۔ جس کے نتیجے میں فی شیئر آمدنی 11.27 روپے رہی جو کہ گزشتہ سال 7.19 روپے تھی۔

بورڈ نہایت مسرت کے ساتھ 31 دسمبر 2023 کو ختم ہونے والے مالی سال کے لیے 6 روپے فی حصص کے عبوری نقد منافع کا اعلان کر رہا ہے۔

مستقبل کے خدو خال

کمپنی کو سیاسی عدم استحکام، افراط زر کے دباؤ اور روپے کی قدر میں اتار چڑھاؤ کے باعث کئی چیلنجز کا سامنا ہے۔ ہم ان چیلنجز پر قابو پانے کے لیے صنعت اور حکومت پاکستان کے ساتھ مل کر کام جاری رکھے ہوئے ہیں تاکہ یوریا کی بلا تعطل پیداوار اور قوم کی طویل مدتی غذائی تحفظ کو یقینی بنایا جاسکے۔

کمپنی پاکستان کے ذریعے منظر نامے کی تبدیلی میں اپنا کردار ادا کرنے کے عزم پر قائم ہے۔ بورڈ کی جانب سے ہم تمام اسٹیک ہولڈرز کے مسلسل اعتماد اور تعاون کے لیے ان کو سراہتے ہیں۔



غیاث خان  
چیئر مین



احسن ظفر سید  
چیف ایگزیکٹو آفیسر

کام جاری رکھا۔ اس منصوبے کا مقصد سندھ میں مرج کی کاشتکاروں کی زندگی کو بہتر بنانا ہے۔

• بائیو ڈائیورسٹی کا تحفظ: اینگرو فاؤنڈیشن نے پاکستان میں نابینا اور ماحولیاتی خطرے سے دوچار انڈس ریور کی ڈولفنز کے تحفظ کے لیے ڈبلیو ڈبلیو ایف پاکستان کے ساتھ 5 سالہ شراکت داری کے معاہدے پر دستخط کیے گئے ہیں۔ دریائے سندھ کی ڈولفنز کے تحفظ پر عوامی آگاہی کو بڑھانے کے لیے ماہی گیروں کی برادریوں، طلباء اور صوبائی وائلڈ لائف محکمہ کے ساتھ مختلف ڈپارٹمنٹس کا انعقاد کیا گیا۔

## مارکیٹ کا جائزہ

ذریعے میں مقامی طور پر، گزشتہ سالوں میں بڑھنے والی رفتار کے بعد فارم کی معاشیات بہتری کی طرف گامزن ہے جس کی وجہ سے ذریعے پیداوار کی بہتر قیمتوں اور سپورٹ کی قیمتوں میں اضافہ دیکھنے میں آیا۔

عالمی قیمتوں کے حوالے سے 2023 میں یوریا کی قیمت میں اتار چڑھاؤ دیکھنے میں آئی جس کے باعث اختتام نومبر 2023 تک قیمت 1369 امریکی ڈالر فی ٹن (یعنی 5,339 پاکستان روپے فی بوری کے مساوی) تک پہنچ گئی جبکہ پہلی ششماہی کے اختتام میں قیمت 260 امریکی ڈالر فی ٹن (یعنی 3,706 پاکستانی روپے فی بوری کے مساوی) تھی۔ کھاد کی صنعت نے اس بات کو یقینی بنایا ہے کہ مقامی کسانوں کو مقامی طور پر تیار کردہ یوریا کی کم قیمتوں سے فائدہ ہوتا ہے۔ 30 ستمبر 2023 تک اینگرو یوریا کی قیمتیں 3,411 فی بوری تھیں جو بین الاقوامی قیمتوں کے مقابلے میں تقریباً 54 فیصد کی رعایت پیش کرتی ہیں۔

سال 2023 کے نومبر میں یوریا کی طلب 3.6 فیصد اضافے کے ساتھ 4,942KT رہی جو گزشتہ سال کی اسی مدت کے دوران 4,769KT تھی 2023 کے نومبر میں صنعت کی طلب کو درآمدات کیے بغیر ملکی پیداوار سے پورا کیا گیا۔

یوریا مارکیٹ میں کھاد کے مینوفیکچررز کو مختلف گیس کی قیمتوں کے نظام کی وجہ سے قیمتوں میں نمایاں اتار چڑھاؤ دیکھنے میں آیا۔ یوریا کی قیمتوں میں استحکام لانا کمپنی کا بنیادی مقصد ہے اور کمپنی گیس کی قیمتوں میں اتحاد لانے کے لیے صنعت اور حکومت کی کوششوں کی حمایت بھی کر رہی ہے۔

عالمی سطح پر فصلوں کی بڑھتی ہوئی قیمت اور محدود اسٹاک کے باعث تیسری سہ ماہی کے دوران ڈی اے پی کی بین الاقوامی قیمتوں میں بھی تیزی دیکھنے میں آئی جو سال کے ابتداء میں 480 امریکی ڈالر فی ٹن کے مقابلے میں اسی مدت کے اختتام تک 603 امریکی ڈالر فی ٹن رہی۔ بڑھتی ہوئی بین الاقوامی قیمتوں کے باعث، مقامی مارکیٹ کی قیمتوں میں بھی اضافہ ہوا اس کی بنیادی وجہ صنعت کی جانب سے متعدد قیمتوں میں کیا جانے والا اضافہ ہے۔ اینگرو ڈی اے پی ایم آر پی کی قیمت 2023 کی تیسری سہ ماہی کے اختتام تک 12,110 روپے فی بیگ تھی۔

## کلیدی پیش رفت

فنانس ایکٹ 2023 کے ذریعے، سپرنٹنڈنٹ کی شرح کو بڑھا کر 10 فیصد کر دیا گیا ہے اور اس کا اطلاق مالی سال 2022 سے ہو چکا ہے۔ کمپنی نے اینگرو کے دیگر ذیلی اداروں کے ساتھ مل کر مالی سال 2022 کے لئے سپرنٹنڈنٹ کی شرح کے سابقہ اضافے کو چیلنج کرنے کے لئے اسلام آباد ہائی کورٹ (آئی ایچ سی)

# اینٹروفریٹلائزرز لمیٹڈ ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز برائے اختتام 9 ماہ 30 ستمبر 2023

اینٹروفریٹلائزرز لمیٹڈ (کمپنی/اینٹروفریٹلائزرز) کے بورڈ آف ڈائریکٹرز کی طرف سے ہم کمپنی کے غیر آڈٹ شدہ، منجمد، عبوری مالی گوشوارے (مشترکہ اور غیر مشترکہ) برائے اختتام 9 ماہ 30 ستمبر 2023 پیش کرنے پر مسرت محسوس کر رہے ہیں۔

## سی ایس آر 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 نومامہ کے دوران درج ذیل اقدامات اہم رہے:

• **تعلیم:** رواں نومامہ کے دوران سہارا اسکول کی نرسری کلاس میں تقریباً 50 طلباء کو داخل کیا گیا۔ منتخب شدہ نوحسن شاہ گرلز اسکول میں اضافی کلاس رومز بھی شامل کیے گئے ہیں۔ ای ایف ای آر ٹی جی ٹی ایز نے ڈہرکی کے سرکاری اسکولوں اور ان کے آس پاس کے علاقوں کا بھی دورہ کیا۔ مزید برآں، انہوں نے سینئر کلاسز کے ساتھ کیریئر کاؤنسلنگ سیشن منعقد کیا۔ گزشتہ سہ ماہی کے دوران سہارا اسکول میں ایک نئے بلاک کا افتتاح کیا گیا جس کے باعث اس کی گنجائش میں 100 طلباء کا اضافہ دیکھنے میں آیا۔

• **ہیلتھ کیئر:** کمپنی نے 4,924 سانپ کے کاٹنے سے متاثر اور 1,255 کتے کے کاٹنے سے متاثر ہونے والے مریضوں کو علاج کی سہولیات فراہم کیں۔ مزید یہ کہ 369 نچلے دھڑ سے مفلوج مریض بھی 2023 کی نومامہ تک ہماری مہیا کردہ لمبز سہولیات سے علاج پا کر مستفید ہوئے۔

• **کمیونٹی مصروفیت/انگیجمنٹس:** کمپنی نے ڈہرکی اور سی اے ای آر دیہاتوں میں موسم گرما کے دوران صاف پانی فراہم کرنے والے اپنے سٹمپی آر او پلانٹ کی مسلسل عمل درآمد کو یقینی بنایا۔ ڈہرکی میں واقع ہمارے پلانٹ میں جو نیئر مینجمنٹ اور جی ٹی ای کے ساتھ ایک سی ایس آر اجلاس منعقد کیا گیا تاکہ انہیں اب تک کی گئی سی ایس آر سرگرمیوں کا جائزہ فراہم کیا جاسکے۔ اس اجلاس نے انہیں آنے والی سی ایس آر سرگرمیوں کے لئے رضا کارانہ طور پر کام کرنے کی ترغیب دی ہے۔

• **ماحولیات:** کمپنی نے ڈہرکی کے سرکاری اسکولوں اور کچے کے علاقے سمیت آس پاس کے علاقوں میں شجرکاری کی مہم چلائی اور اساتذہ اور طلباء نے مل کر 1000 سے زائد درخت لگائے۔ کمپنی نے ”Each one - Plant one“ اور ”Hara Rang Dharti Ka“ کے نام سے شجرکاری کی مہم چلائی جس میں اس سال اب تک پاکستان بھر میں 5,000 سے زیادہ درخت لگائے جا چکے ہیں۔

گزشتہ سہ ماہیوں کے دوران بھی پاکستان نے ”کلین اینڈ گرین انوائزمنٹ“ کے نام سے شجرکاری کی مہم چلائی جس کے تحت پاک فوج کے تعاون سے بہاولپور بارڈر پر 18,000 درخت لگائے گئے۔

• **ایگری کلچر ویلیو چین:** اینٹروفریٹلائزرز نے (یو ایس ڈی اے) کے ساتھ شراکت میں سیڈ پور تیفیکیشن اور چلی ویلیو چین امپروومنٹ پروجیکٹ پر

**consolidated condensed interim financial statements (unaudited)**  
**for the nine months ended september 30, 2023**

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# consolidated condensed interim statement of financial position as at september 30, 2023

(Amounts in thousand)

	Note	Unaudited September 30, 2023	Audited December 31, 2022
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	78,292,484	77,879,522
Intangible assets		5,141,202	5,287,980
Long-term investments	4	202,134	2,204,759
Long-term loans, advances and deposits		194,073	206,531
		83,829,893	85,578,792
<b>Current assets</b>			
Stores, spares and loose tools		7,557,547	6,495,230
Stock-in-trade	5	9,816,874	16,868,436
Trade debts		3,465,949	3,772,128
Loans, advances, deposits and prepayments		5,410,182	2,795,316
Other receivables		16,287,822	17,226,238
Accrued income		206,710	175,078
Short term investments	6	24,301,256	9,668,016
Cash and bank balances	7	3,467,677	2,834,098
		70,514,017	59,834,540
Assets classified as held for sale	8	1,474,301	-
<b>TOTAL ASSETS</b>		155,818,211	145,413,332

(Amounts in thousand)

		<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	<b>Note</b>	<b>-----Rupees-----</b>	
<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		28,104,112	28,415,525
		31,389,022	31,700,435
<b>TOTAL EQUITY</b>		44,742,015	45,053,428
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	9	4,197,333	5,841,898
Government grant		713,385	890,939
Deferred taxation		9,821,491	8,154,634
Deferred liabilities		225,424	235,241
Provision for Gas Infrastructure Development Cess (GIDC)		-	2,315,163
		14,957,633	17,437,875
<b>Current liabilities</b>			
Trade and other payables	10	62,833,089	45,156,293
Accrued interest / mark-up		413,475	520,010
Taxation - net		5,274,260	4,511,651
Current portion of:			
- borrowings	9	4,358,130	6,827,730
- government grant		239,396	255,874
- deferred liabilities		62,904	70,193
- provision for GIDC		19,558,031	16,704,957
Short-term borrowings	11	1,076,947	7,826,110
Loan from Parent Company	12	-	1,000,000
Unpaid dividend		2,253,936	-
Unclaimed dividend		48,395	49,211
		96,118,563	82,922,029
<b>TOTAL LIABILITIES</b>		111,076,196	100,359,904
<b>Contingencies and Commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		155,818,211	145,413,332

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



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand except for earnings per share)

	Note	Quarter ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
-----Rupees-----					
Net sales	14	66,164,543	35,739,302	148,530,719	110,875,573
Cost of sales		(45,175,722)	(25,987,272)	(105,342,765)	(78,571,864)
<b>Gross profit</b>		20,988,821	9,752,030	43,187,954	32,303,709
Selling and distribution expenses		(3,507,446)	(2,241,815)	(8,198,160)	(6,035,251)
Administrative expenses		(680,400)	(492,683)	(2,054,753)	(1,872,690)
		16,800,975	7,017,532	32,935,041	24,395,768
Other income	15	737,046	204,783	1,900,741	1,303,969
Other operating expenses		(1,173,149)	(151,190)	(2,454,070)	(2,003,661)
Finance cost		(499,292)	(582,286)	(1,636,915)	(1,639,738)
Other (losses) / gains:					
- Remeasurement loss on provision for GIDC		(81,656)	(243,085)	(537,932)	(599,690)
- Reversal of loss allowance / (loss allowance) on subsidy receivable from GoP		1,264	(26,808)	(503,081)	(415,981)
		(80,392)	(269,893)	(1,041,013)	(1,015,671)
<b>Profit before taxation</b>		15,785,188	6,218,946	29,703,784	21,040,667
Taxation	16	(6,204,535)	(2,037,255)	(14,659,254)	(11,445,970)
<b>Profit for the period</b>		9,580,653	4,181,691	15,044,530	9,594,697
<b>Earnings per share</b> - basic and diluted		7.17	3.13	11.27	7.19

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



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
<b>Profit for the period</b>	9,580,653	4,181,691	15,044,530	9,594,697
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>9,580,653</u>	<u>4,181,691</u>	<u>15,004,530</u>	<u>9,594,697</u>

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



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of changes in equity for the nine months ended september 30, 2023

(Amounts in thousand)

	CAPITAL		RESERVES		Total
	Share capital	Share premium	Remeasurement of post employment benefits	REVENUE 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>Transactions with owners:</b>					
Dividends:					
- Final 2022: Rs. 5.00 per share	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2023: Rs. 3.5 per share	-	-	-	(4,673,548)	(4,673,548)
- 2nd interim 2023: Rs. 3 per share	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	(15,355,943)	(15,355,943)
<b>Total comprehensive income for the nine months ended September 30, 2023</b>					
Profit for the period	-	-	-	15,044,530	15,044,530
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	15,044,530	15,044,530
<b>Balance as at September 30, 2023 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(99,994)</b>	<b>28,104,112</b>	<b>44,742,015</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>					
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 nine months ended September 30, 2022</b>					
Profit for the period	-	-	-	9,594,697	9,594,697
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	9,594,697	9,594,697
<b>Balance as at September 30, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(89,866)</b>	<b>26,012,831</b>	<b>42,660,862</b>

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



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# consolidated condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	55,490,994	26,739,699
Retirement and other service benefits paid		(72,058)	(69,776)
Taxes paid		(12,229,782)	(6,834,907)
Long-term loans, advances and deposits		12,458	(5,453)
Income on deposits / other financial assets		1,583,367	1,117,876
Net cash generated from operating activities		44,784,979	20,947,439
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangibles		(4,797,802)	(6,336,215)
Proceeds from disposal of operating assets		180,650	41,292
Net Purchase of short-term / long-term investments		(11,509,798)	(705,833)
Proceeds from sale of short-term investments		-	5,600
Net cash (utilised in) from investing activities		(16,126,950)	(6,995,156)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		-	993,993
Repayment of loan to Parent Company		(1,000,000)	(14,500,000)
Disbursement of loan from Parent Company		-	10,300,000
Repayment of long-term borrowings		(4,512,903)	(4,203,000)
Finance cost paid		(1,538,745)	(963,030)
Dividends paid		(13,102,823)	(14,021,136)
Net cash (utilised) in financing activities		(20,154,471)	(22,393,173)
Net increase / (decrease) in cash and cash equivalents		8,503,558	(8,440,890)
Cash and cash equivalents at beginning of the period		(4,096,566)	12,377,216
Cash and cash equivalents at end of the period	18	4,406,992	3,936,326

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



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# notes to the consolidated condensed interim financial statements (unaudited) for the nine months ended september 30, 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 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** 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, 2022.

**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, 2022.

(Amounts in thousand)

- 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.
- 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, 2022.
- 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**  
**September 30,**  
**2023**

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

-----Rupees -----

**3. PROPERTY, PLANT AND EQUIPMENT**

Operating assets at net book value (note 3.1)	69,005,572	68,564,208
Capital work in progress (note 3.2)	7,910,242	7,793,135
Major spare parts and stand-by equipment	1,376,670	1,522,179
	78,292,484	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 / write-offs</b> <b>at net book value)</b>	
	<b>September 30,</b> <b>2023</b>	<b>September 30,</b> <b>2022</b>	<b>September 30,</b> <b>2023</b>	<b>September 30,</b> <b>2022</b>
	-----Rupees -----			
Building on freehold land	161,393	29,246	-	-
Plant and machinery	2,586,259	1,286,247	15,208	-
Office equipment	196,939	52,938	712	1,624
Vehicles	580,633	116,213	59,298	40,785
Aircraft	567,159	2,875,687	-	-
Catalyst	729,626	-	-	-
	4,822,009	4,360,331	75,218	42,409

The above disposals / write-offs represent assets having a cost of Rs. 261,381 (September 30, 2022: Rs. 68,480) and net book value of Rs. 75,218 (September 30, 2022: Rs. 42,409), which were disposed off for Rs. 180,650 (September 30, 2022: Rs. 41,292).

**Unaudited**  
**September 30,**  
**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	4,943,271	8,254,083
Transferred to:		
- operating assets (note 3.1)	(4,822,009)	(11,324,128)
- intangible assets	(4,155)	(168,480)
Balance at end of the period / year	7,910,242	7,793,135

- 3.2.1** Includes Rs. 1,201,537 (December 31, 2022: Rs. 636,268) paid as advance representing the Company's share in respect of a joint operation arrangement being undertaken to ensure sustainable gas supplies and enhancement of delivery pressures at one of the gas supply sites.

(Amounts in thousand)

	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	-----Rupees -----	
<b>4. LONG-TERM INVESTMENTS</b>		
<b>At amortised cost</b>		
Pakistan Investment Bonds (note 4.1)	202,134	2,204,759
<b>4.1</b> These bonds carry interest at the rate of 13.04% (December 31, 2022: 13.04% to 17.57%) per annum and have maturity term of four years.		
	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	-----Rupees -----	
<b>5. STOCK-IN-TRADE</b>		
Raw materials	728,759	1,636,382
Packing materials	1,269,052	411,964
Work in process	113,220	133,161
	2,111,031	2,181,507
Finished goods:		
- manufactured products (note 5.2)	1,235,816	5,581,621
- purchased and packaged products	943,336	9,313,718
	2,179,152	14,895,339
Stock-in-transit	5,787,657	-
Less: Provision for impairment against stock-in-trade (note 5.1)	(260,966)	(208,410)
	9,816,874	16,868,436
<b>5.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	208,410	146,194
Charge for the period / year	261,402	173,758
Reversal during the period / year	-	(93,450)
Written-off during the period / year	(208,846)	(18,092)
Balance at end of the period / year	260,966	208,410
<b>5.2</b> Above includes stock-in-trade costing Rs. 295,729 (December 31, 2022: Rs. 4,079,147) carried at net realizable value, amounting to Rs. 288,832 (December 31, 2022: Rs. 3,651,147).		
	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	-----Rupees -----	
<b>6. SHORT-TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Investment in units of mutual funds (note 6.1)	20,070,521	1,650,000
<b>At amortised cost</b>		
- Pakistan Investment Bonds (note 6.2)	3,780,735	2,524,976
- Treasury Bills	-	5,034,590
- Term Deposit Receipts (note 6.3)	450,000	458,450
	4,230,735	8,018,016
	24,301,256	9,668,016

(Amounts in thousand)

- 6.1** This represents investments in 343,597,714 units (December 31, 2022: 15,505,920 units) of Mutual Funds having cost amounting to Rs. 19,876,952 (December 31, 2022: Rs. 1,650,000).
- 6.2** These bonds carry interest at the rate ranging between 22.75% to 23.70% (December 31, 2022: ranging between 14.84% to 17.66%) per annum and maturing on various dates between 3 to 12 months.
- 6.3** This carries interest at the rates ranging between 15% to 20% per annum (December 31, 2022: 14.75% and 15% per annum).

<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
-----Rupees -----	

**7. CASH AND BANK BALANCES**

Cash at banks in:

- deposit accounts (notes 7.1 and 7.2)
- current accounts

	2,764,769	481,955
	691,295	2,340,930
	3,456,064	2,822,885
Cash in hand	11,613	11,213
	3,467,677	2,834,098

- 7.1** Deposit accounts carry return at the rate of 20.50% (December 31, 2022: 8.25% to 14.50%) per annum.
- 7.2** Includes Rs. 510,833 (December 31, 2022: Rs. 402,089) held in foreign currency bank accounts.

**8. ASSETS CLASSIFIED AS HELD FOR SALE**

Certain assets have been classified as Held-for-Sale due to the decision made by the Board of Directors of the Holding Company to sell its existing logistics business. The Holding Company has identified a buyer and is in the process of finalizing the sale subject to any regulatory approvals and it is expected that the sale would be executed within 12 months from the reporting date. Therefore, these assets have been classified under IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.

<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
-----Rupees -----	

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

Long term finance utilised under mark-up arrangements (notes 9.1 and 9.2)

	4,826,323	8,867,688
Temporary Economic Refinance Facility (TERF) loans (note 9.3)	4,681,921	4,948,753
Less: Fair value adjustment for below market rates (note 9.3)	(952,781)	(1,146,813)
	3,729,140	3,801,940
Less: Current portion shown under current liabilities	(4,358,130)	(6,827,730)
Balance at end of the period / year	4,197,333	5,841,898

- 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 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. 2,385,340, Rs. 1,130,398, Rs. 250,000 and Rs. 480,333, respectively.
- 9.3** During the period, the Company repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs. 47,740, Rs. 7,419 and Rs. 211,673 respectively. 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 installment.

(Amounts in thousand)

- 9.4** 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 which is due for repayment in December 2023 at the 6-month LIBOR prevailing on June 15, 2023, and the 6-month LIBOR has discontinued after June 30, 2023.

	<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
	-----Rupees -----	
<b>10. TRADE AND OTHER PAYABLES</b>		
Creditors	2,952,659	4,976,897
Accrued liabilities (note 10.1)	36,935,634	26,382,389
Advances from customers	12,093,839	11,509,307
Payable to:		
Parent Company	1,013	179,170
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	-	361
- Engro Foundation	-	127,927
- Engro Eximp FZE	7,380,851	-
- Defined Contribution Provident Fund	35,048	35,960
- Defined Contribution Provident Fund NMPT	7,323	6,326
- Defined Contribution Gratuity Fund MPT	16,574	16,561
- Defined Contribution Pension Fund	1,163	984
- Defined Benefit Gratuity Fund NMPT	145,811	127,063
Deposits / Retention from dealers and contractors (note 10.2)	370,623	307,664
Workers' profit participation fund	1,444,559	-
Workers' welfare fund	1,129,309	939,941
Withholding tax payable	100,996	233,479
Others	217,687	312,264
	<u>62,833,089</u>	<u>45,156,293</u>

- 10.1** 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.13,928,552 (December 31, 2022: Rs. 6,706,128) in these 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 Company.

## **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. 20,420,000 (December 31, 2022: Rs. 14,225,000) along with non-funded facilities of Rs. 9,805,000 (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 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. 1,076,947 (December 31, 2022: Rs. 7,826,110) from funded facilities and Rs. 6,219,641 (December 31, 2022: Rs. 7,366,087) from non-funded facilities as at the reporting date.

(Amounts in thousand)

## 11.2 Subsidiary Company

**11.2.1** The facilities for short-term running finances, available from various banks, aggregate to Rs. 9,525,000 (December 31, 2022: Rs. 14,225,000). The rates of markup 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 September 30, 2023, the Subsidiary Company has utilised Rs. Nil (December 31, 2022: Nil) out of the aforementioned facilities.

## 12. LOAN FROM PARENT COMPANY

Represents subordinated loan from the Parent Company amounting to Rs. Nil (December 31, 2022:Rs. 1,000,000) . The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2022: 3 months KIBOR + 0.1%) per annum.

## 13. CONTINGENCIES AND COMMITMENTS

### Contingencies

**13.1** As at September 30, 2023, bank guarantees of Rs. 8,143,777 (December 31, 2022: Rs. 9,117,070) have been issued in favour of third parties.

**13.2** As at September 30, 2023, there is no material change in the status of matters reported as contingencies in note 25 of the audited annual consolidated financial statements of the Holding Company for the year ended December 31, 2022, except for the below.

**13.2.1** During the period, the Holding Company received an order from the Deputy Commissioner Inland Revenue (DCIR), in respect of tax year 2022, amending the Group return filed along with the subsidiary company to make disallowances having a tax impact of Rs. 1,383,076. These mainly pertain to disallowance of provisions made for Sindh Infrastructure Cess accruals and trade debts invoking the provisions of Section 34(3) of the Income Tax Ordinance, 2001 (the Ordinance), amortisation on right to use brand and loss allowance on subsidy under Section 20 of the Ordinance and Workers' Profits Participation Fund (WPPF). The DCIR has also concluded that the provision for GIDC is considered as taxable income for the purposes of determination of Super Tax under Section 4C of the Ordinance. The DCIR has also disallowed refund adjustment amounting to Rs. 1,859,844. Further, the order also incorporates the enhanced amount of levy of Super Tax under Section 4C of the Ordinance, thereby creating a total demand of Rs. 3,718,104. The Holding Company is in the process of filing an appeal before the Commissioner Inland Revenue Appeals (CIRA) against this order.

The Holding Company's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore no provision has been recognised in these consolidated condensed interim financial statements in respect of the aforementioned order.

### 13.3 Commitments

Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees -----	

Commitments in respect of capital expenditure  
and other operational items

38,173,825	14,239,254
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(Amounts in thousand)

	Unaudited			
	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
-----Rupees-----				
<b>14. NET SALES</b>				
Manufactured product				
- Gross sales	51,839,241	21,831,687	114,631,549	71,953,426
- Less: FED	(2,575,429)	-	(2,575,429)	(1,017,417)
	49,263,812	21,831,687	112,056,120	70,936,009
Purchased and packaged product				
- Gross sales	18,583,055	13,809,509	38,042,791	40,416,530
- Less: Sales tax / FED	(1,719,749)	(10,133)	(1,762,398)	(575,943)
	16,863,306	13,799,376	36,280,393	39,840,587
Services				
- Gross sales	266,664	210,583	811,343	549,793
- Less: Sales tax	(37,878)	(15,906)	(113,851)	(68,338)
	228,786	194,677	697,492	481,455
Less: Trade discount	(191,361)	(86,438)	(503,286)	(382,478)
	66,164,543	35,739,302	148,530,719	110,875,573
<b>15. OTHER INCOME</b>				
<b>On financial assets</b>				
Income on deposits / other financial assets	586,364	155,682	1,614,999	1,193,828
<b>On non-financial assets</b>				
Gain on disposal of operating assets	10,082	-	89,601	-
Scrap sales	77,887	34,355	98,211	90,133
Others	62,713	14,746	97,930	20,008
	150,682	49,101	285,742	110,141
	737,046	204,783	1,900,741	1,303,969
	-	-	-	-
<b>16. TAXATION</b>				
Current				
- for the period	6,145,125	2,371,468	11,586,328	7,154,447
- for prior year (note 16.2 16.3)	-	6,122,846	1,406,069	9,090,592
	6,145,125	8,494,314	12,992,397	16,245,039
Deferred	59,410	(6,457,059)	1,666,857	(4,799,069)
	6,204,535	2,037,255	14,659,254	11,445,970

**16.1** There are no material changes in the tax related matters reported in note 34 of the audited annual financial statements of the Holding Company for the year ended December 31, 2022, except for those mentioned below:

**16.2 Holding Company**

Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. In previous year, the Group had already recognised super tax provision at 4% for tax year 2023 based on the rate applicable at December 31, 2022. Accordingly, during the current period, the Group has increased the super tax provision to 10% which has resulted in additional provision of Rs. 1,406,069, for prior tax year 2023. The Holding Company has filed a petition with Islamabad High Court (IHC) against the aforesaid amendment, and through its order dated September 26, 2023 IHC has granted a stay on the recoverability of the 6% incremental tax for tax year 2023 till the date of hearing.

(Amounts in thousand)

### 16.3 Subsidiary 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 and amended by Finance Act, 2023, a super tax at ten percent has been levied on income exceeding Rs. 500,000 for the year ending December 31, 2022 (tax year 2023) and onwards. As a result, the Subsidiary Company has recorded a provision of Rs. 465,580 at the rate of ten percent in the current year and a provision of Rs. 568,065 at the rate of six percent for the prior year since super tax at the rate of four percent was already recorded in the prior year.

### 17. CASH GENERATED FROM OPERATIONS

#### Profit before taxation

Adjustment for non-cash charges and other items:

Depreciation	2,831,160	2,378,903
Amortisation of intangibles	150,933	131,602
Amortisation deferred income	(2,899)	(2,899)
(Gain) / loss on disposal of operating assets	(105,432)	1,117
Provision for retirement and other service benefits	57,851	64,445
Income on deposits / other financial assets	(1,614,999)	(1,193,828)
Finance cost	1,432,209	1,337,337
Exchange loss on revaluation of long term borrowings	204,706	302,401
Remeasurement loss on provision for GIDC	537,932	599,690
Loss allowance on subsidy receivable from GoP	503,081	415,981
Provision for impairment against trade debts - net	16,241	10,986
Provision for impairment against stock-in-trade - net	73,269	54,101
Provision for surplus and slow moving stores and spares - net	297,115	104,184
Working capital changes (note 17.1)	21,406,043	1,495,012

**Unaudited**  
**Nine month ended**  
**September 30, 2023**    **September 30, 2022**  
-----Rupees -----

29,703,784	21,040,667
2,831,160	2,378,903
150,933	131,602
(2,899)	(2,899)
(105,432)	1,117
57,851	64,445
(1,614,999)	(1,193,828)
1,432,209	1,337,337
204,706	302,401
537,932	599,690
503,081	415,981
16,241	10,986
73,269	54,101
297,115	104,184
21,406,043	1,495,012
<u>55,490,994</u>	<u>26,739,699</u>

#### 17.1 Working capital changes

(Increase) / decrease in current assets

- Stores, spares and loose tools	(1,359,432)	(809,881)
- Stock-in-trade	6,978,293	(11,339,999)
- Trade debts	289,938	448,157
- Loans, advances, deposits and prepayments	(2,614,866)	(3,053,204)
- Other receivables (net)	435,335	(4,020,329)

Increase / (decrease) in trade and other payables

**Unaudited**  
**Nine month ended**  
**September 30, 2023**    **September 30, 2022**  
-----Rupees -----

3,729,268	(18,775,256)
17,676,775	20,270,268
<u>21,406,043</u>	<u>1,495,012</u>

### 18. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 7)	3,467,677	2,396,101
Short-term investments	2,016,262	6,776,000
Short-term borrowings	(1,076,947)	(5,235,775)

4,406,992	3,936,326
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(Amounts in thousand)

## 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).

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
As at September 30, 2023 (Unaudited)				
Financial assets at fair value through profit or loss	-	20,070,521	-	20,070,521
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
As at December 31, 2022 (Audited)				
Financial assets at 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.

### 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.

## 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:

(Amounts in thousand)

	<b>Unaudited</b>	
	<b>Nine month ended</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>-----Rupees -----</b>	
<b>Parent Company</b>		
Dividend paid	6,386,153	7,889,416
Mark-up on sub-ordinated loan from the Parent Company	42,976	347,751
Reimbursements made:		
- to the Company	1,142,239	768,032
- by the Company	115,359	34,094
Royalty charged to the Company	1,824,085	1,036,721
Repayment of sub-ordinated loan from the Holding Company	1,000,000	14,500,000
Receipt of subordinated loan from the Holding Company	-	10,300,000
Use of assets	680,867	345,530
<b>Associated Companies</b>		
Purchases and services received	27,630,990	16,828,420
Services provided by the Company	91,462	119,258
Reimbursements made:		
- by the Company	520,213	20,955
- to the Company	8,246	38,507
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	271	566
Contribution to Engro Foundation under Corporate Social Responsibility	18,000	-
Use of assets	648,631	274,098
<b>Contribution to staff retirement benefits</b>		
Pension fund	10,400	8,253
Gratuity fund	128,453	126,702
Provident fund	157,863	150,457
<b>Dividend paid to staff retirement benefits</b>		
Pension fund	134	321
Gratuity fund	3,307	2,423
Provident fund	6,816	4,430
<b>Others</b>		
Remuneration of key management personnel	260,179	284,714
Directors' fee	15,442	12,527

(Amounts in thousand)

## 21. OPERATING SEGMENT RESULTS

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees -----									
Sales	84,020,932	53,284,682	40,549,725	42,501,200	26,708,140	15,174,549	2,454,482	1,984,452	153,733,279	112,944,883
Intersegment sales	5,981,447	5,035,992	-	-	-	-	1,535,991	407,611	7,517,438	5,443,603
Sales tax	(1,751,566)	(822,049)	(1,770,567)	(564,515)	(752,822)	(174,005)	(176,722)	(101,130)	(4,451,677)	(1,661,699)
	88,250,813	57,498,625	38,779,158	41,936,685	25,955,318	15,000,544	3,813,751	2,290,933	156,799,040	116,726,787
<b>Profit / (loss) before tax</b>	23,542,171	10,553,852	3,952,346	7,454,494	2,340,129	2,971,754	(130,862)	60,568	29,703,784	21,040,667
<b>Depreciation &amp; Amortization</b>	2,336,308	2,310,305	854	-	50,307	47,367	594,622	152,833	2,982,091	2,510,505
<b>Capital Expenditure</b>	3,178,037	6,019,965	-	-	98,859	37,975	1,666,375	151,228	4,943,271	6,209,168

	Urea		Phosphates		Specialty Fertilizers Business		Others		Total	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	----- Rupees -----									
<b>Segment Assets</b>	94,689,425	97,967,739	8,579,516	12,750,432	4,060,875	7,850,667	20,310,618	11,962,543	127,640,434	130,531,381
<b>Unallocated assets</b>									28,177,777	14,881,951
<b>Total Assets</b>	94,689,425	97,967,739	8,579,516	12,750,432	4,060,875	7,850,667	20,310,618	11,962,543	155,818,211	145,413,332

**Unaudited**  
**September 30, 2023**    **September 30, 2022**  
----- Rupees -----

### 21.1 Reconciliation of reportable segment net sales

Total net sales for reportable segment	156,799,040	116,726,787
Elimination of intersegment net sales	(7,517,438)	(5,443,603)
Elimination of net sales to subsidiary	(750,883)	(407,611)
<b>Total net sales</b>	<b>148,530,719</b>	<b>110,875,573</b>

**Unaudited**                      **Audited**  
**September 30, 2023**    **December 31, 2022**  
----- Rupees -----

### 21.2 Reconciliation of reportable segment total assets

Total assets for reportable segments	127,640,434	130,531,381
Add: Unallocated assets		
- Accrued income	206,710	175,078
- Short term investments	24,301,256	9,668,016
- Long term investments	202,134	2,204,759
- Cash and bank balances	3,467,677	2,834,098
	28,177,777	14,881,951
<b>Total assets</b>	<b>155,818,211</b>	<b>145,413,332</b>

(Amounts in thousand)

## 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 necessary, for the purpose of comparison, the effects of which are not material.

## 24. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on October 12, 2023, has approved an interim cash dividend of Rs.6 per share for the year ending December 31, 2023, amounting to Rs. 8,011,796. 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 October 12, 2023 by the Board of Directors of the Holding Company.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

**condensed interim financial statements (unaudited)**  
**for the nine months ended september 30, 2023**

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# condensed interim statement of financial position as at september 30, 2023

(Amounts in thousand)

	Note	Unaudited September 30, 2023	Audited December 31, 2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	78,292,484	77,879,522
Intangible assets		5,141,202	5,287,980
Investment in subsidiary		100	100
Long-term investments	4	101,067	2,103,692
Long-term loans, advances and deposits		194,073	206,531
		83,728,926	85,477,825
<b>Current assets</b>			
Stores, spares and loose tools	5	7,557,547	6,495,230
Stock-in-trade	6	3,337,299	8,426,837
Trade debts		2,910,959	2,477,857
Working capital loan to subsidiary	7	529,950	2,731,067
Loans, advances, deposits and prepayments		3,084,182	2,272,406
Other receivables		14,803,452	19,806,771
Accrued income		520,919	803,807
Short-term investments	8	22,314,880	8,553,169
Cash and bank balances	9	3,178,237	2,710,215
		58,237,425	54,277,359
Assets classified as held for sale	10	1,474,301	-
<b>TOTAL ASSETS</b>		<b>143,440,652</b>	<b>139,755,184</b>

(Amounts in thousand)

		<b>Unaudited September 30, 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
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(100,348)	(100,348)
Unappropriated profit		27,292,743	26,356,179
		<u>30,273,272</u>	<u>29,336,708</u>
<b>TOTAL EQUITY</b>		43,626,265	42,689,701
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	11	4,197,333	5,841,898
Government grant		713,385	890,939
Deferred taxation		9,828,091	8,161,234
Deferred liabilities		220,852	231,176
Provision for Gas Infrastructure Development Cess (GIDC)		-	2,315,163
		<u>14,959,661</u>	<u>17,440,410</u>
<b>Current liabilities</b>			
Trade and other payables	12	54,166,720	42,808,977
Accrued interest / mark-up		404,245	508,933
Taxation - net		2,686,570	3,574,054
Current portion of:			
- borrowings	11	4,358,130	6,827,730
- government grant		239,396	255,874
- deferred liabilities		62,356	69,227
- provision for GIDC		19,558,031	16,704,957
Short-term borrowings	13	1,076,947	7,826,110
Loan from Parent Company	14	-	1,000,000
Unpaid dividend		2,253,936	-
Unclaimed dividend		48,395	49,211
		<u>84,854,726</u>	<u>79,625,073</u>
<b>TOTAL LIABILITIES</b>		99,814,387	97,065,483
<b>Contingencies and Commitments</b>	15		
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u>143,440,652</u>	<u>139,755,184</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of profit or loss (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand except for earnings per share)

Note	Quarter ended		Nine months ended		
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
-----Rupees-----					
Net sales	16	49,599,593	22,238,636	113,378,702	72,187,752
Cost of sales		(31,681,086)	(15,984,599)	(76,915,109)	(49,473,904)
<b>Gross profit</b>		17,918,507	6,254,037	36,463,593	22,713,848
Selling and distribution expenses		(3,134,859)	(1,969,222)	(7,468,786)	(5,400,598)
Administrative expenses		(680,200)	(482,736)	(2,049,665)	(1,846,466)
Other income	17	14,103,448	3,802,079	26,945,142	15,466,784
Other operating expenses		1,247,961	868,159	6,478,093	6,997,907
Finance cost		(1,101,015)	(150,596)	(2,237,659)	(1,421,346)
Other (losses) / gains:		(480,420)	(607,340)	(1,576,629)	(1,702,610)
- Remeasurement loss on provision for GIDC		(81,656)	(243,085)	(537,932)	(599,690)
- reversal of loss allowance / (loss allowance) on subsidy receivable from GoP		1,264	(26,808)	(503,081)	(415,981)
		(80,392)	(269,893)	(1,041,013)	(1,015,671)
<b>Profit before taxation</b>		13,689,582	3,642,409	28,567,934	18,325,064
Taxation	18	(5,456,717)	(1,066,297)	(12,275,427)	(8,327,703)
<b>Profit for the period</b>		8,232,865	2,576,112	16,292,507	9,997,361
<b>Earnings per share</b> - basic and diluted		6.17	1.93	12.20	7.49

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of comprehensive income (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
<b>Profit for the period</b>	8,232,865	2,576,112	16,292,507	9,997,361
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>8,232,865</u>	<u>2,576,112</u>	<u>16,292,507</u>	<u>9,997,361</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of changes in equity for the nine months ended september 30, 2023

(Amounts in thousand)

	RESERVES					Total
	Share capital	CAPITAL		REVENUE		
		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>Transactions with owners:</b>						
Dividends:						
- Final 2022 Rs. 5.00 per share	-	-	-	-	(6,676,497)	(6,676,497)
- 1st interim 2023 Rs. 3.5 per share	-	-	-	-	(4,673,548)	(4,673,548)
- 2nd interim 2023 Rs. 3 per share	-	-	-	-	(4,005,898)	(4,005,898)
	-	-	-	-	(15,355,943)	(15,355,943)
<b>Total comprehensive income for the nine months ended September 30, 2023</b>						
Profit for the period	-	-	-	-	16,292,507	16,292,507
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	16,292,507	16,292,507
<b>Balance as at September 30, 2023 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(100,348)</b>	<b>27,292,743</b>	<b>43,626,265</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>Transactions 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 nine months ended September, 2022</b>						
Profit for the period	-	-	-	-	9,997,361	9,997,361
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	9,997,361	9,997,361
<b>Balance as at September 30, 2022 (Unaudited)</b>	<b>13,352,993</b>	<b>3,384,904</b>	<b>(304,027)</b>	<b>(90,220)</b>	<b>24,951,304</b>	<b>41,294,954</b>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# condensed interim statement of cash flows (unaudited) for the nine months ended september 30, 2023

(Amounts in thousand)

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	47,143,980	24,786,776
Retirement and other service benefits paid		(72,058)	(69,044)
Taxes paid		(11,496,048)	(6,272,635)
Long-term loans, advances and deposits		12,458	(5,674)
Income on deposits / other financial assets		2,376,362	1,738,834
Net cash generated from operating activities		37,964,694	20,178,257
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment and intangibles		(4,797,802)	(6,336,215)
Proceeds from disposal of operating assets		180,650	41,292
Disbursement of working capital loan to subsidiary		(41,845,251)	(41,770,085)
Payment received against working capital loan to subsidiary		44,046,368	35,349,085
Net purchases of short-term / long-term investments		(10,559,989)	(352,915)
Dividend received		3,519,949	4,320,000
Net cash (utilised) in investing activities		(9,456,075)	(8,748,838)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		-	993,993
Disbursement of loan from Holding Company		-	10,300,000
Repayment of loan to Holding Company		(1,000,000)	(14,500,000)
Repayment of long-term borrowings		(4,512,903)	(4,203,000)
Dividends paid		(13,102,823)	(14,021,136)
Finance cost paid		(1,476,611)	(1,023,775)
Net cash (utilised) in financing activities		(20,092,337)	(22,453,918)
Net increase / (decrease) in cash and cash equivalents		8,416,282	(11,024,499)
Cash and cash equivalents at beginning of the period		(4,870,445)	11,159,795
Cash and cash equivalents at end of the period	20	3,545,837	135,296

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

# notes to the condensed interim financial statements (unaudited) for the nine months ended september 30, 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 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). As at September 30, 2023, the Holding Company holds 56.27% share capital of the Company.

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, HC-3, Marine Drive, Block 4, 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. 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, 2022.

**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, 2022.

**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, 2022.

**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.

<b>Unaudited September 30, 2023</b>	<b>Audited December 31, 2022</b>
<b>-----Rupees-----</b>	

## 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

69,005,572	68,564,208
7,910,242	7,793,135
1,376,670	1,522,179
78,292,484	77,879,522

**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)	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees-----			
Building on freehold land	161,393	29,246	-	-
Plant and machinery	2,586,259	1,286,247	15,208	-
Office equipment	196,939	52,938	712	1,624
Vehicles	580,633	116,213	59,298	40,785
Aircraft	567,159	2,875,687	-	-
Catalyst	729,626	-	-	-
	<u>4,822,009</u>	<u>4,360,331</u>	<u>75,218</u>	<u>42,409</u>

The above disposals / write-offs represent assets having a cost of Rs. 261,381 (September 30, 2022: Rs. 68,480) and net book value of Rs. 75,218 (September 30, 2022: Rs. 42,409), which were disposed off for Rs. 180,650 (September 30, 2022: Rs. 41,292).

**3.2 Capital work in progress**

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Balance at beginning of the period / year	7,793,135	11,031,660
Add: Additions during the period / year	4,943,271	8,254,083
Transferred to:		
- operating assets (note 3.1)	(4,822,009)	(11,324,128)
- intangible assets	(4,155)	(168,480)
Balance at end of the period / year	<u>7,910,242</u>	<u>7,793,135</u>

**3.2.1** Includes Rs. 1,201,537 (December 31, 2022: Rs. 636,268) paid as advance representing the Company's share in respect of a joint operation arrangement being undertaken to ensure sustainable gas supplies and enhancement of delivery pressures at one of the gas supply sites.

**4. LONG-TERM INVESTMENTS**

**At amortised cost**

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
Pakistan Investment Bonds (note 4.1)	<u>101,067</u>	<u>2,103,692</u>

**4.1** This bond carries interest at the rate of 13.04% (December 31, 2022: 13.04% to 17.57%) per annum and have maturity term of four years.

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>5. STORES, SPARES AND LOOSE TOOLS</b>		
Consumable stores, spares and loose tools	8,762,594	7,403,162
Less: Provision for surplus and slow moving items (note 5.1)	(1,205,047)	(907,932)
	<u>7,557,547</u>	<u>6,495,230</u>
<b>5.1 Provision for surplus and slow moving items</b>		
Balance at beginning of the period / year	907,932	857,923
Charge for the period / year	324,165	140,055
Reversal during the period / year	(27,050)	(61,587)
Written off during the period / year	-	(28,459)
Balance at the end of period / year	<u>1,205,047</u>	<u>907,932</u>
<b>6. STOCK-IN-TRADE</b>		
Raw materials	728,759	1,636,382
Packing materials	1,269,052	296,246
Work in process	113,220	133,161
	<u>2,111,031</u>	<u>2,065,789</u>
Finished goods:		
- manufactured products	1,235,816	5,581,621
- purchased and packaged products	251,419	967,124
	<u>1,487,235</u>	<u>6,548,745</u>
Less: Provision for impairment against stock-in-trade (note 6.1)	(260,966)	(187,697)
	<u>3,337,299</u>	<u>8,426,837</u>
<b>6.1 Provision for impairment against stock-in-trade</b>		
Balance at beginning of the period / year	187,697	146,194
Charge for the period / year	261,402	153,045
Reversal during the period / year	-	(93,450)
Written off during the period / year	(188,133)	(18,092)
Balance at end of the period / year	<u>260,966</u>	<u>187,697</u>
<b>6.2</b>	Above includes stock-in-trade costing Rs. 295,729 (December 31, 2022: Rs. 3,112,124) carried at net realizable value, amounting to Rs. 288,832 (December 31, 2022: Rs. 2,879,124).	
<b>7. WORKING CAPITAL LOAN TO SUBSIDIARY</b>		
Represents unsecured loan given to EAPL amounting to Rs. 529,950 (December 31, 2022: Rs. 2,731,067). The mark-up on this loan is receivable on quarterly basis at the rate of 1 month KIBOR + 0.5% (December 31, 2022: 1 month KIBOR + 0.5%) per annum.		
	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>8. SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
- Investment in units of mutual funds (Note 8.1)	19,116,002	1,650,000
<b>At amortised cost</b>		
- Pakistan Investment Bonds (Note 8.2)	3,198,878	2,273,125
- Treasury Bills	-	4,384,594
- Term Deposit Receipts	-	245,450
	<u>3,198,878</u>	<u>6,903,169</u>
	<u>22,314,880</u>	<u>8,553,169</u>

- 8.1** This represents investments in 334,061,764 units (December 31, 2022: 15,509,920 units) of Mutual Funds having cost amounting to Rs. 18,926,952 (December 31, 2022: Rs. 1,650,000).
- 8.2** These bonds carry interest at the rate ranging between 22.75% to 23.70% (December 31, 2022: ranging between 14.84% to 17.66%) per annum and maturing on various dates between 3 to 4 months.

**Unaudited**  
**September 30,**  
**2023**

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

-----Rupees-----

**9. CASH AND BANK BALANCES**

Cash at banks in:

- deposit accounts (notes 9.1 and 9.2)
- current accounts

2,764,769	481,955
401,855	2,217,047
<u>3,166,624</u>	<u>2,699,002</u>
Cash in hand 11,613	11,213
<u>3,178,237</u>	<u>2,710,215</u>

- 9.1** Deposit accounts carry return at the rate of 20.50% (December 31, 2022: 8.25% to 14.50%) per annum.

- 9.2** Includes Rs. 510,833 (December 31, 2022: Rs. 402,089) held in foreign currency bank accounts.

**10. ASSETS CLASSIFIED AS HELD FOR SALE**

Certain assets have been classified as Held-for-Sale due to the decision made by the Board of Directors of the Company to sell its existing logistics business. The Company has identified a buyer and is in the process of finalizing the sale subject to any regulatory approvals and it is expected that the sale would be executed within 12 months from the reporting date. Therefore, these assets have been classified under IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.

**Unaudited**  
**September 30,**  
**2023**

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

-----Rupees-----

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

Long term finance utilised under mark-up arrangements (notes 11.1 and 11.2)

4,826,323	8,867,688
4,681,921	4,948,753
(952,781)	(1,146,813)
3,729,140	3,801,940
(4,358,130)	(6,827,730)
<u>4,197,333</u>	<u>5,841,898</u>

- 11.1** 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.

- 11.2** 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. 2,385,340, Rs. 1,130,398, Rs. 250,000 and Rs. 480,333 respectively.

- 11.3** During the period, the Company repaid TERF loan to Habib Bank Limited, Allied Bank Limited and MCB Bank Limited amounting to Rs. 47,740, Rs. 7,419 and Rs. 211,673 respectively. 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 installment.

- 11.4** 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 which is due for repayment in December 2023 at the 6-month LIBOR prevailing on June 15, 2023, and the 6-month LIBOR has discontinued after June 30, 2023.

	Unaudited September 30, 2023	Audited December 31, 2022
	-----Rupees-----	
<b>12. TRADE AND OTHER PAYABLES</b>		
Creditors	2,944,077	4,973,646
Accrued liabilities (note 12.1)	34,426,379	24,124,540
Advances from customers, contract liabilities	11,658,699	11,462,903
Payable to:		-
Subsidiary Company:	1,913,712	-
Associated Companies:		
- FrieslandCampina Engro Pakistan Limited	-	361
- Engro Corporation Limited	-	178,659
- Engro Foundation	-	127,927
- Defined Contribution Provident Fund	35,048	35,892
- Defined Contribution Provident Fund NMPT	7,323	6,326
- Defined Contribution Gratuity Fund MPT	16,574	16,561
- Defined Contribution Pension Fund	1,163	984
- Defined Benefit Gratuity Fund NMPT	145,805	127,063
Deposits / Retention from dealers and contractors (note 12.2)	273,545	295,664
Workers' profits participation fund	1,444,559	-
Workers' welfare fund	1,037,711	939,941
Withholding tax payable	84,584	206,849
Others	177,541	311,661
	<u>54,166,720</u>	<u>42,808,977</u>

**12.1** 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.13,928,552 (December 31, 2022: Rs. 6,706,128) in these condensed interim financial statements.

**12.2** 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.

### **13. SHORT-TERM BORROWINGS**

The Company has funded facilities for short-term finances available from various banks and institutional investors amounting to Rs. 20,420,000 (December 31, 2022: Rs. 14,225,000) along with non-funded facilities of Rs. 9,805,000 (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 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. 1,076,947 (December 31, 2022: Rs. 7,826,110) from funded facilities and Rs. 6,219,641 (December 31, 2022: Rs. 7,366,087) from non-funded facilities as at the reporting date.

### **14. LOAN FROM HOLDING COMPANY**

Represents subordinated loan from the Holding Company amounting to Rs. Nil (December 31, 2022: Rs. Rs. 1,000,000). The mark-up is payable on quarterly basis at the rate of 3 months KIBOR + 0.1% (December 31, 2022: 3 months KIBOR + 0.1%) per annum.

## 15. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 15.1** As at September 30, 2023, bank guarantees of Rs. 6,219,641 (December 31, 2022: Rs. 7,366,087) have been issued in favour of third parties.
- 15.2** As at September 30, 2023, there is no material change in the status of matter reported as contingencies in note 27 of the audited annual financial statements of the Company for the year ended December 31, 2022, except for the below.
- 15.2.1** During the period, the Company received an order from the Deputy Commissioner Inland Revenue (DCIR), in respect of tax year 2022, amending the Group return filed along with the subsidiary company to make disallowances having a tax impact of Rs. 1,383,076. These mainly pertain to disallowance of provisions made for Sindh Infrastructure Cess accruals and trade debts invoking the provisions of Section 34(3) of the Income Tax Ordinance, 2001 (the Ordinance), amortisation on right to use brand and loss allowance on subsidy under Section 20 of the Ordinance and Workers' Profits Participation Fund (WPPF). The DCIR has also concluded that the provision for GIDC is considered as taxable income for the purposes of determination of Super Tax under Section 4C of the Ordinance. The DCIR has also disallowed refund adjustment amounting to Rs. 1,859,844. Further, the order also incorporates the enhanced amount of levy of Super Tax under Section 4C of the Ordinance, thereby creating a total demand of Rs. 3,718,104. The Company is in the process of filing an appeal before the Commissioner Inland Revenue Appeals (CIRA) against this order.

The Company's management considers, based on the legal / tax advisor's opinion, that it has reasonable grounds to defend the case and therefore no provision has been recognised in these condensed interim financial statements in respect of the aforementioned order.

**Unaudited**                      **Audited**  
**September 30,**            **December 31,**  
**2023**                                      **2022**  
-----Rupees-----

### 15.3 Commitments

Commitments in respect of capital expenditure and other operational items

29,218,095                      14,047,533

**Unaudited**

Quarter ended	Quarter ended	Nine months ended	Nine months ended
September 30,	September 30,	September 30,	September 30,
2023	2022	2023	2022
-----Rupees-----			

## 16. NET SALES

Manufactured product

- Gross sales
- Less: FED

	51,839,241	21,831,687	114,631,549	71,953,426
	(2,575,429)	-	(2,575,429)	(1,017,417)
	49,263,813	21,831,687	112,056,121	70,936,009

Purchased and packaged product

- Gross sales
- Less: Sales tax / FED

	262,208	308,365	1,007,991	1,065,254
	(1,126)	(5,302)	(13,959)	(20,717)
	261,083	303,063	994,033	1,044,537

Services

- Gross sales
- Less: Sales tax

	302,419	210,583	944,983	652,895
	(37,879)	(15,906)	(113,852)	(68,338)
	264,540	194,677	831,131	584,557

Less: Trade discount

	(189,842)	(90,791)	(502,582)	(377,351)
	49,599,593	22,238,636	113,378,702	72,187,752

Unaudited			
Quarter ended		Nine months ended	
September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
-----Rupees-----			

## 17. OTHER INCOME

### On financial assets

Income on deposits / other financial assets	574,899	114,458	1,454,814	954,126
Income on working capital loan to subsidiary company	338,171	506,788	778,257	1,038,803
Dividend income from subsidiary company	-	-	3,519,949	4,320,000
	913,070	621,246	5,753,020	6,312,929

### On non-financial assets

Commission income from subsidiary company	230,729	193,633	471,408	547,796
Sub-licensing income from subsidiary company	6,713	4,179	21,155	27,041
Scrap sales	77,886	34,355	98,211	90,133
Gain on disposal of operating assets	10,082	-	89,601	-
Others	9,481	14,746	44,698	20,008
	334,891	246,913	725,073	684,978
	1,247,961	868,159	6,478,093	6,997,907

## 18. TAXATION

Current				
- for the period (note 18.2)	5,397,301	1,400,504	9,770,560	4,710,759
- for prior year (note 18.2)	-	6,122,846	838,004	8,416,013
	5,397,301	7,523,350	10,608,564	13,126,772
Deferred	59,416	(6,457,053)	1,666,863	(4,799,069)
	5,456,717	1,066,297	12,275,427	8,327,703

**18.1** There are no material changes in the tax related matters reported in note 36 of the audited annual financial statements of the Company for the year ended December 31, 2022, except for those mentioned below:

**18.2** Section 4C 'Super tax on high earning persons' of the Ordinance introduced through the Finance Act, 2022 has been further amended through the Finance Act, 2023, whereby super tax rate has been increased to ten percent where the income exceeds Rs. 500,000. This is retrospectively applicable from tax year 2023 onwards. In previous year, the Company had already recognised super tax provision at 4% for tax year 2023 based on the rate applicable at December 31, 2022. Accordingly, during the current period, the company has increased the super tax provision to 10% which has resulted in additional provision of Rs. 838,004, for prior tax year 2023. The Holding Company has filed a petition with Islamabad High Court (IHC) against the aforesaid amendment, and through its order dated September 26, 2023 IHC has granted a stay on the recoverability of the 6% incremental tax for tax year 2023 till the date of hearing.

Further, this also includes super tax provision recognised at 10% for tax year 2024, amounting to Rs. 1,157,082 .

Unaudited	
Nine months ended	
September 30, 2023	September 30, 2022
-----Rupees-----	

## 19. CASH GENERATED FROM OPERATIONS

<b>Profit before taxation</b>	28,567,934	18,325,064
Adjustment for non-cash charges and other items:		
Depreciation	2,831,160	2,378,903
Amortisation of intangibles	150,933	131,602
Amortisation of deferred income	(2,899)	(2,899)
Gain on disposal of operating assets	(105,432)	1,117
Provision for retirement and other service benefits	57,762	62,850
Income on deposits / other financial assets	(2,093,474)	(1,992,929)
Finance cost	1,371,923	1,400,209
Exchange loss on revaluation of long term borrowings	204,706	302,401
Dividend income	(3,519,949)	(4,320,000)
Remeasurement loss on provision for GIDC	537,932	599,690
Loss allowance on subsidy receivable from GoP	503,081	415,981
Provision for impairment against trade debts - net	16,241	10,986
Provision for impairment against stock-in-trade - net	73,269	33,388
Provision for surplus and slow moving stores and spares - net	297,115	104,184
Working capital changes (note 19.1)	18,253,678	7,336,229
	<u>47,143,980</u>	<u>24,786,776</u>
<b>19.1 Working capital changes</b>		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(1,359,432)	(809,881)
- Stock-in-trade	5,016,269	(7,343,677)
- Trade debts	(449,343)	310,565
- Loans, advances, deposits and prepayments	(811,776)	(1,585,631)
- Other receivables (net)	4,500,238	(2,647,796)
	<u>6,895,956</u>	<u>(12,076,420)</u>
Increase in trade and other payables	11,357,722	19,412,649
	<u>18,253,678</u>	<u>7,336,229</u>

<b>Unaudited</b>	
<b>Nine months ended</b>	
<b>September 30,</b>	<b>September 30,</b>
<b>2023</b>	<b>2022</b>
<b>-----Rupees-----</b>	

## 20. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 9)	3,178,237	2,288,802
Short-term investments (note 8)	1,444,547	2,946,000
Short-term borrowings (note 13)	(1,076,947)	(5,099,506)
	<u>3,545,837</u>	<u>135,296</u>

## 21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 21.1 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.

### 21.2 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).

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>----- Rupees -----</b>			
<b>As at September 30, 2023 (Unaudited)</b>				
Financial assets at fair value through profit or loss	-	19,116,002	-	19,116,002
<b>As at December 31, 2022 (Audited)</b>				
Financial assets at fair value through profit or loss	-	1,650,000	-	1,650,000

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

### 21.3 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.

### 21.4 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.

## 22. 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>Nine months ended</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
	<b>-----Rupees-----</b>	
<b>Holding Company</b>		
Dividend paid	6,386,153	7,889,416
Mark-up paid on sub-ordinated loan	42,976	347,751
Reimbursements made:		
- by the Company	115,359	34,094
- to the Company	1,141,737	767,116
Royalty charged to the Company	1,824,085	1,036,721
Repayment of sub-ordinated loan from the Holding Company	1,000,000	14,500,000
Receipt of sub-ordinated loan from the Holding Company	-	10,300,000
Use of assets	680,867	345,530
<b>Subsidiary Company</b>		
Funds collected against sales made on behalf of Subsidiary Company	31,845,827	28,182,971
Income on working capital loan to Subsidiary Company	777,479	1,038,803
Disbursement of working capital loan to Subsidiary Company	41,845,251	41,770,085
Repayment received against working capital loan to Subsidiary Company	44,046,368	35,349,085
Services provided by the Company	133,639	103,102
Reimbursements made:		
- by the Company	-	-
- to the Company	-	-
Dividend income	3,519,949	4,320,000
Commission income	471,408	547,796
Sub-licensing fee charged by the Company	21,155	27,041
Purchase of products	617,243	304,509
Sale of product	-	-
<b>Associated companies</b>		
Purchases and services received	3,304,416	1,856,446
Services provided by the Company	91,462	119,258
Reimbursements made:		
- by the Company	284,303	17,905
- to the Company	8,246	36,793
Dividend paid to Trustees of FrieslandCampina Engro Pakistan Limited Employees Gratuity Fund	271	566
Use of assets	648,631	274,098
Donations to Engro Foundation under Corporate social responsibility	18,000	-
<b>Contribution to staff retirement benefits</b>		
Pension fund	10,400	7,288
Gratuity fund	128,453	125,544
Provident fund	157,863	150,457
<b>Dividend paid to staff retirement benefits</b>		
Pension fund	134	321
Gratuity fund	3,307	2,423
Provident fund	6,816	4,430
<b>Others</b>		
Remuneration of key management personnel	260,179	267,518
Directors' fee	15,442	12,377

## 23. OPERATING SEGMENT RESULTS

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees -----							
Sales	84,020,932	53,284,682	24,089,328	19,070,787	7,971,680	938,755	116,081,940	73,294,224
Intersegment sales	5,981,447	5,035,992	-	-	1,535,991	407,611	7,517,438	5,443,603
Sales tax	(1,751,566)	(822,049)	(679,118)	(92,621)	(272,554)	(191,802)	(2,703,238)	(1,106,47)
	88,250,813	57,498,625	23,410,210	18,978,166	9,235,117	1,154,564	120,896,140	77,631,355
<b>Profit before tax</b>	23,542,171	14,873,852	1,685,324	2,020,667	3,340,439	1,430,545	28,567,934	18,325,064
<b>Depreciation &amp; Amortization</b>	2,336,308	2,310,305	50,307	47,367	595,476	152,833	2,982,091	2,510,505
<b>Capital Expenditure</b>	5,939,916	6,019,965	83,444	37,975	1,904,761	151,228	7,928,121	6,209,168

	Urea		Specialty Fertilizers Business		Others		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	Segment Assets	97,068,580	107,660,815	4,060,875	4,911,113	16,196,094	13,012,373	117,325,549
Unallocated assets	-	-	-	-	-	-	26,115,103	14,170,883
<b>Total Assets</b>	97,068,580	107,660,815	4,060,875	4,911,113	16,196,094	13,012,373	143,440,652	139,755,184

**Unaudited**  
**September 30, 2023**      **September 30, 2022**  
 -----Rupees-----

### 23.1 Reconciliation of reportable segment net sales

Total net sales for reportable segment	120,896,140	77,631,355
Elimination of intersegment net sales	(7,517,438)	(5,443,603)
<b>Total net sales</b>	113,378,702	72,187,752

**Unaudited**      **Audited**  
**September 30, 2023**      **December 31, 2022**  
 -----Rupees-----

### 23.2 Reconciliation of reportable segment total assets

Total assets for reportable segments	117,325,549	125,584,301
Add: Unallocated assets		
- Accrued income	520,919	803,807
- Short term investments	22,314,880	8,553,169
- Long-term investments	101,067	2,103,692
- Cash and bank balances	3,178,237	2,710,215
	26,115,103	14,170,883
<b>Total assets</b>	143,440,652	139,755,184

**24. 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.

**25. 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.

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

The Board of Directors in its meeting held on October 12, 2023 has approved an interim cash dividend of 6 per share for the year ending December 31, 2023, amounting to Rs. 8,011,796. These condensed interim financial statements do not include the effect of the said interim dividend.

**27. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 12, 2023 by the Board of Directors of the Company.



Ali Rathore  
Chief Financial Officer



Ahsan Zafar Syed  
Chief Executive Officer



Ghias Khan  
Chairman

**+92-21-111-211-211**  
engrofertilizers.com

