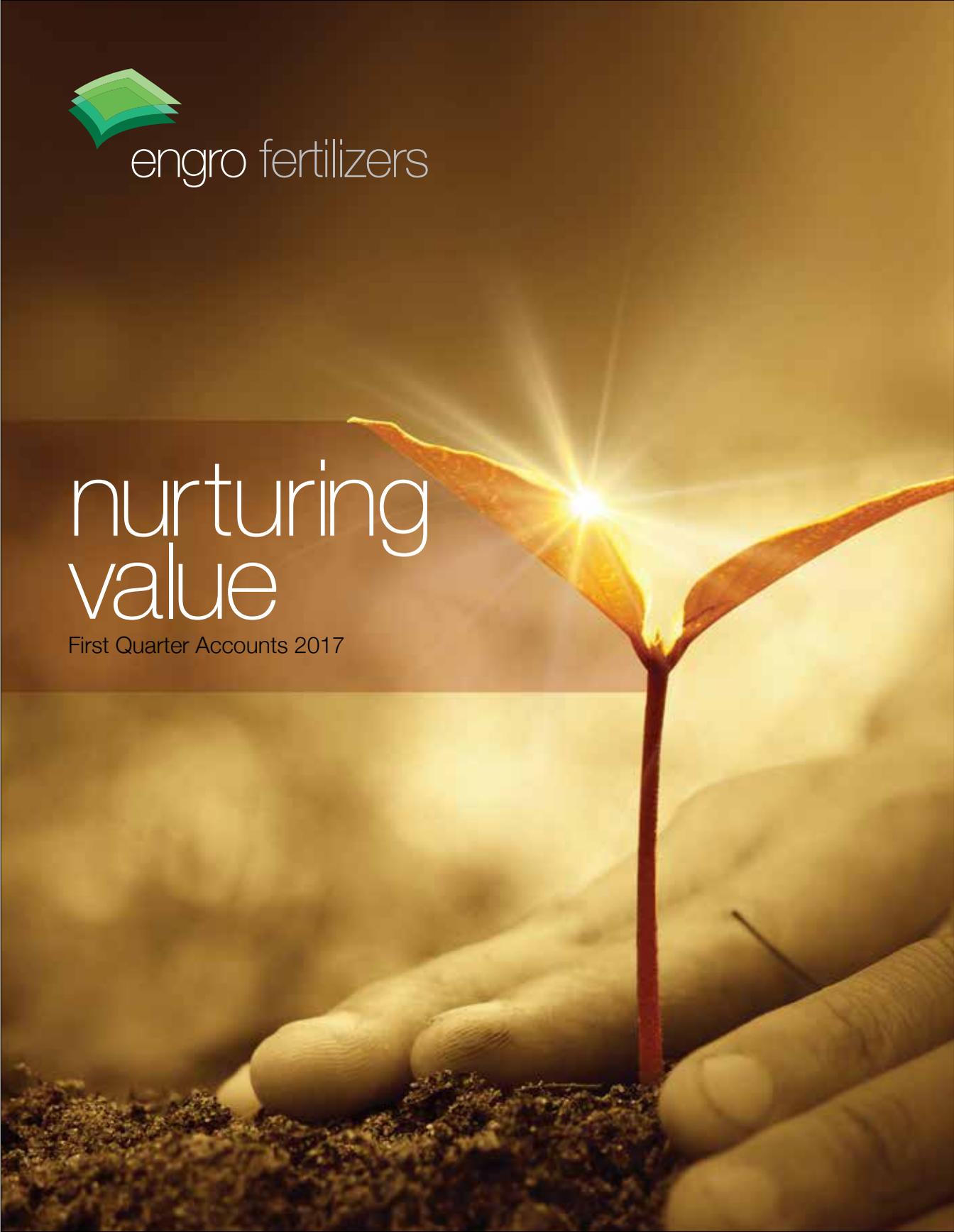


engro fertilizers

nurturing value

First Quarter Accounts 2017





engro fertilizers

company information

Board of Directors

Mr. Ghias Khan (Chairman)
Mr. Ruhail Mohammed (Chief Executive)
Mr. Abdul Samad Dawood
Mr. Asad Said Jafar
Mr. Asim Murtaza Khan
Mr. Javed Akbar
Mr. Nadir Salar Qureshi
Ms. Sadia Khan

Company Secretary

Sarah Farooq

Bankers

Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
CIMB Bank
Citi Bank .N.A.
CITI Bank Dubai
Faysal Bank Limited
Habib Bank AG Zurich Dubai
Habib Bank Limited
Habib Bank Limited Dubai
Habib Metropolitan Bank Limited
HSBC Bank Limited Dubai
JS Bank Limited
Mashreq Bank
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited
United Bank Limited Dubai

Shariah Compliant

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

Auditors

A.F. Ferguson & Company
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

Cost Auditors

J.A.S.B. & Associates
Chartered Accountants
No. 4 Uni Tower
I.I. Chundrigar Road
Karachi-74000, Pakistan
Tel: +92(21) 32468154-5 / 32468158
Fax: +92(21) 32468157

Registered Office

7th Floor, The Harbor Front Building,
HC # 3, Marine Drive, Block 4, Clifton,
Karachi-75600, Pakistan
Tel: +92(21) 35297501-10
Fax: +92(21) 35810669
e-mail: info@engrofertilizers.com
Website: www.engrofertilizers.com
www.engro.com

Share Registrar

M/s. FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran, Block-6, PECHS, Shahrah-e-Faisal
Karachi – Pakistan
Tel: +92(21) 3438 0104-5, 3438 4621-3
Fax: +92(21) 3438 0106

directors' report

On behalf of the Board of Directors of Engro Fertilizers Limited, we are pleased to present the unaudited accounts for the three months ended March 31, 2017.

Pakistan Fertilizer Market

Local urea market demand for first quarter picked up to 868 KT translating into an increase of around 13% vs 1Q 2016. Demand for Rabi increased from 2,882 KT vs. 2,427 KT last year. The increase is primarily attributed to lower urea prices due to the ongoing subsidy.

In contrast to offtakes, local urea production was at 1,389 KT, compared to 1,411 KT production during the same period last year. Industry closing inventory has reached 1,537 KT by the end of 1Q 2017, up from 1,049 KT at the end of 2016.

ECC has given approval of 300 KT urea exports to the industry. Out of this, EFERT has already exported 31KT in 1Q. The remaining exports are expected to materialize in 2nd quarter, after which inventory levels are expected to come down from the current highs of 1,537KT.

Domestic urea prices remained in the range of PKR 1,230 – PKR 1,300 per bag during the quarter. Furthermore, international urea prices were at USD 230/T (CFR Karachi) in 1Q by the end of March compared to the lows of USD 190/T (CFR Karachi) in 2016.

DAP demand in the local market increased by a significant 29% as compared to last year, with sales recorded at 311 KT vs the 241 KT for 1Q 2016. Continuation of subsidy on phosphates, coupled with lower local prices, contributed to the increase in offtake. Amidst limited international avails in 1Q led by production cuts by Chinese producers in 1Q to increase their netbacks, DAP prices increased from USD 320/T to USD 385/T. Moreover, local DAP prices remained at the December 2016 levels at around PKR 2,300/Bag due to the pricing cap by the Punjab government. Resultantly, there were negligible imports by the industry in 1Q.

Company's Operating Performance

Urea production of the Company stood at 447 KT for 1Q 2017, as compared to 514 KT in the first quarter of the last year i.e. a decline of 13%, primarily due to outage at our Enven plant. On the other hand, sales were at 269 KT vs 286 KT in 1Q 2016, amidst increased competition resulting from the oversupply situation. Simultaneously, EFERT has successfully exported 31 KT of urea. Overall, the Company's urea market share stood at 31% (branded urea market share 32% in line with our production share of 32%) vs 37% (branded urea market share of 38%) last year. This was mainly due to higher industry avails due to improved gas availability.

DAP sales during the quarter stood at 37 KT vs 65 KT last year, resulting in a lower market share of 12% vs 27% for 1Q 2016. The market remained subdued for EFERT and other private importers as the limited avails in the international market, increasing trend in international prices and a pricing cap by the provincial government, all discouraged DAP imports at higher rates.

Blended fertilizer (Zarkhez and Engro NP) sales for the Company stood at 31 KT vs 18 KT in 1Q 2016, an increase of 72%. The overall Potash market increased to 14KT vs 7KT last year, on the back of lower potash prices. Market share for the Company was at 33% as compared to 49% last year.

Gross Profit for the Company was recorded at PKR 3,515 Million for 1Q 2017, compared to PKR 4,213 Million in the same period last year. The decline of 17% can be mainly attributed to lower urea prices and overall low fertilizer (urea and DAP) offtakes for the Company.

Finance cost was lower at PKR 687 Million than last year (PKR 753 Million) as a direct consequence loan repayments, lower benchmark interest rates and re-pricing of various long term loans. However, this was partially offset by higher working capital needs due to excess inventory.

Net profit for 1Q 2017 stood at PKR 1,656 Million compared to PKR 2,121 Million last year, resulting in an EPS of PKR 1.24 per share vs PKR 1.59 per share in 1Q 2016. Meanwhile, consolidated profit for the Company stood at PKR 1,638 Million vs. PKR 2,121 Million in the corresponding period last year, resulting in EPS of PKR 1.23 per share vs last year's EPS of PKR 1.59 per share.

In line with the industry, EFERT continues to withhold GIDC on all non-concessionary gases due to the interim order by the High court striking down the GIDC Act. The Company had also obtained a stay order against GIDC applicability on concessionary gas in 2015, and therefore, no GIDC is being paid or accrued for concessionary gas supplied to the new urea plant. GIDC on concessionary gas is in direct contravention with the Fertilizer Policy and our Gas supply contracts on the basis of which we invested USD 1.1 Billion to expand our fertilizer manufacturing capacity. Separately, the Company is currently under discussion with Mari for the term sheet of 26 MMSCFD allocated gas for its old plant.

Near Term Outlook

Domestic urea market is expected to improve in the coming months as demand picks up in Kharif season. Further, the expected exports during 2Q would provide some relief to the manufacturers. The fertilizer industry is in talks with the government for extension of deadline for exports from April 28, 2017 to June 30, 2017, after which the government will reassess the situation for further exports.

Moving on to the international market, with global markets being under pressure, urea prices are expected to remain soft in 2017. International DAP prices are expected to remain stable in 2Q led by Indian demand.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman



engro fertilizers

condensed interim financial
information (unaudited) for the
three months ended
march 31, 2017

condensed interim balance sheet as at march 31, 2017

(Amounts in thousand)

	Note	Unaudited March 31, 2017	Audited December 31, 2016
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	69,510,384	70,168,266
Intangible assets		4,489,051	4,450,606
Investment in subsidiary		560,316	560,316
Long term loans and advances		131,451	120,637
		<u>74,691,202</u>	<u>75,299,825</u>
Current assets			
Stores, spares and loose tools		5,041,938	4,886,674
Stock-in-trade		8,197,603	6,820,161
Trade debts		3,464,422	7,585,312
Loans, advances, deposits and prepayments		770,681	678,351
Other receivables		6,419,067	6,986,069
Short term investments		142,639	142,729
Cash and bank balances		111,307	28,473
		<u>24,147,657</u>	<u>27,127,769</u>
TOTAL ASSETS		<u><u>98,838,859</u></u>	<u><u>102,427,594</u></u>

(Amounts in thousand)

	Note	Unaudited March 31, 2017	Audited December 31, 2016
		Rupees	
EQUITY & LIABILITIES			
Equity			
Share capital		13,352,993	13,309,323
Share premium		3,384,904	3,132,181
Reserve on amalgamation		(304,027)	(304,027)
Remeasurement of post employment benefits		(27,000)	(27,000)
Unappropriated profit		23,490,504	25,172,422
		<u>26,544,381</u>	<u>27,973,576</u>
TOTAL EQUITY		<u>39,897,374</u>	<u>41,282,899</u>
LIABILITIES			
Non-current liabilities			
Borrowings	5	22,510,893	29,379,946
Deferred liabilities		7,434,407	7,561,108
Service benefits obligations		128,488	156,619
		<u>30,073,788</u>	<u>37,097,673</u>
Current liabilities			
Trade and other payables		15,424,349	14,959,537
Accrued interest / mark-up		395,078	583,632
Taxes payable		1,806,976	1,104,141
Current portion of:			
- borrowings	5	8,287,517	5,171,515
- service benefits obligations		46,049	49,157
Short term borrowings		2,884,596	1,909,843
Unclaimed dividend		19,223	19,544
Derivative financial instruments		3,909	249,653
		<u>28,867,697</u>	<u>24,047,022</u>
TOTAL LIABILITIES		<u>58,941,485</u>	<u>61,144,695</u>
Contingencies and Commitments	6		
TOTAL EQUITY & LIABILITIES		<u><u>98,838,859</u></u>	<u><u>102,427,594</u></u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

condensed interim profit and loss account (unaudited) for the three months ended march 31, 2017

(Amounts in thousand except for earnings per share)

	Note	Quarter ended March 31, 2017 Rupees	Quarter ended March 31, 2016 Rupees
Net sales		10,063,731	11,871,012
Cost of sales		(6,570,740)	(7,666,832)
Gross profit		3,492,991	4,204,180
Selling and distribution expenses		(1,290,700)	(855,001)
Administrative expenses		(250,244)	(243,814)
		1,952,047	3,105,365
Other income	8	1,213,290	1,006,647
Other operating expenses		(207,635)	(273,714)
Finance cost		(685,289)	(750,687)
		(892,924)	(1,024,401)
Profit before taxation		2,272,413	3,087,611
Taxation		(616,080)	(966,807)
Profit for the period		1,656,333	2,120,804
Earnings per share - basic		1.24	1.59
Earnings per share - diluted		1.24	1.55

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Quarter ended March 31, 2017 Rupees	Quarter ended March 31, 2016 Rupees
Profit for the period	1,656,333	2,120,804
Other comprehensive income:		
Items potentially re-classifiable to Profit and Loss Account		
Hedging reserve - cash flow hedges		
Losses arising during the period	(10,183)	(68,474)
Less: Adjustment for amounts transferred to profit and loss account	10,183	75,012
Tax relating to hedging reserve	-	(2,027)
Other comprehensive income for the period, net of tax	-	4,511
Total comprehensive income for the period	1,656,333	2,125,315

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	RESERVE						Total
	CAPITAL			REVENUE			
	Share capital	Share premium	Reserve on amalgamation	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit	
	Rupees						
Balance as at January 1, 2017 (Audited)	13,309,323	3,132,181	(304,027)	-	(27,000)	25,172,422	41,282,899
Transaction with owners:							
Shares issued at exercise of conversion option (note 5.2)	43,670	252,723	-	-	-	-	296,393
Final dividend for the year ended December 31, 2016	-	-	-	-	-	(3,338,251)	(3,338,251)
	43,670	252,723	-	-	-	(3,338,251)	(3,041,858)
Total comprehensive income for the three months ended March 31, 2017							
Profit for the period	-	-	-	-	-	1,656,333	1,656,333
Balance as at March 31, 2017 (Unaudited)	<u>13,352,993</u>	<u>3,384,904</u>	<u>(304,027)</u>	<u>-</u>	<u>(27,000)</u>	<u>23,490,504</u>	<u>39,897,374</u>
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	-	(4,536)	(40,664)	26,129,716	42,526,020
Transaction with owners:							
Final dividend for the year ended December 31, 2015	-	-	-	-	-	(3,992,797)	(3,992,797)
Total comprehensive income for the three months ended March 31, 2016							
Profit for the period	-	-	-	-	-	2,120,804	2,120,804
Other comprehensive income: - cash flow hedges, net of tax	-	-	-	4,511	-	-	4,511
	-	-	-	4,511	-	2,120,804	2,125,315
Balance as at March 31, 2016 (Unaudited)	<u>13,309,323</u>	<u>3,132,181</u>	<u>-</u>	<u>(25)</u>	<u>(40,664)</u>	<u>24,257,723</u>	<u>40,658,538</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Note	Quarter ended	Quarter ended
		March 31, 2017	March 31, 2016
Rupees			
Cash flows from operating activities			
Cash generated from / (utilised in) operations	9	4,352,092	(5,994,441)
Retirement and other service benefits paid		(44,873)	(41,565)
Taxes paid		(38,980)	(611,214)
Finance cost paid		(906,247)	(1,356,324)
Long term loans and advances - net		(10,814)	11,406
Net cash generated from / (utilised in) operating activities		3,351,178	(7,992,138)
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles		(580,773)	(839,066)
Proceeds from disposal of:			
- property, plant and equipment		5,524	2,081
- investments - net		-	393,597
Income on deposits / other financial assets		2,381	116,016
Net cash utilised in investing activities		(572,868)	(327,372)
Cash flows from financing activities			
Proceeds from borrowings - net		-	6,000,000
Dividends paid		(321)	2,850
Repayments of short term borrowings		(800,000)	-
Repayments of long term borrowings		(3,669,998)	(8,414,337)
Net cash utilised in financing activities		(4,470,319)	(2,411,487)
Net decrease in cash and cash equivalents		(1,692,009)	(10,730,997)
Cash and cash equivalents at beginning of the period		(938,641)	11,456,260
Cash and cash equivalents at end of the period	9.1	<u>(2,630,650)</u>	<u>725,263</u>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

notes to the condensed interim financial information (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

1. Legal Status and Operations

1.1 Engro Fertilizers Limited (‘the Company’) is a public company incorporated on June 29, 2009 in Pakistan under the Companies Ordinance, 1984 as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company) which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers. The Company’s registered office is situated at 7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

1.2 The Company is listed on Pakistan Stock Exchange Limited (the Exchange). The Company has also issued Term Finance Certificates (TFC’s) which are listed at the Exchange.

2. Basis for Preparation

2.1 This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - ‘Interim financial reporting’ and provisions of and directives issued under the Companies Ordinance (the Ordinance). In case where requirements differ, the provisions of detectives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2016.

2.2 This condensed interim financial information represents the condensed interim financial information of the Company on a standalone basis. The consolidated condensed interim financial information of the Company and its subsidiary company is presented separately.

2.3 The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 this condensed interim financial information, changes in the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation and uncertainty from those that applied to financial statements of the Company for the year ended December 31, 2016 do not have any material impact.

3. Accounting Policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended December 31, 2016.

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

There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2017. These are considered not to be relevant or to have any significant effect on the Company’s financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. Property, Plant and Equipment

Operating assets at net book value
Capital work-in-progress
Major spare parts and stand-by equipment

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
Operating assets at net book value	66,192,696	67,314,224
Capital work-in-progress	2,907,132	2,443,486
Major spare parts and stand-by equipment	410,556	410,556
	<u>69,510,384</u>	<u>70,168,266</u>

(Amounts in thousand)

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

	Additions (Unaudited) (at cost)		Disposals (Unaudited) (at net book value)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees			
Building on freehold land	3,529	77,248	-	-
Plant and machinery	46,291	19,053	-	-
Office equipment	12,441	6,926	112	-
Vehicles	10,323	10,242	1,103	2,081
	<u>72,584</u>	<u>113,469</u>	<u>1,215</u>	<u>2,081</u>

The above disposals represented assets having a cost of Rs. 11,196 (March 31, 2016: Rs. 8,323) which were disposed off for Rs. 5,524 (March 31, 2016: Rs. 2,081).

5. Borrowings - Secured (Non - participatory)

Long term finance utilized under mark-up arrangements (notes 5.1, 5.2, and 5.3)
Certificates (note 5.1)

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
Long term finance utilized under mark-up arrangements (notes 5.1, 5.2, and 5.3) Certificates (note 5.1)	28,255,169	31,691,287
	<u>2,543,241</u>	<u>2,860,174</u>
	30,798,410	34,551,461
Less: Current portion shown under current liabilities Balance at end of the period / year	<u>8,287,517</u>	<u>5,171,515</u>
	<u>22,510,893</u>	<u>29,379,946</u>

5.1 All senior debts are secured by an equitable mortgage upon immovable property of the Company and equitable charge over current and future fixed assets excluding immovable property of the Company.

Loans from the International Finance Corporation (IFC) and Privately Placed Subordinated Sukuk (PPSS) are secured by a sub-ordinated mortgage upon immovable property of the Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Company.

5.2 The company availed a loan of US\$ 30,000 from IFC, divided into (i) 30% convertible loan on the shares of the Company at Rs 24 per ordinary share calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC, and (ii) 70% non-convertible loan. IFC exercised the conversion option equivalent to US\$ 8,000 up till 2015 and during the period, the Company received a notice dated March 1, 2017 for the exercise of remaining conversion option of US\$ 1,000. Consequently 4,367,083 ordinary shares of the Company have been allotted to the IFC on March 15, 2017. The remaining outstanding loan amount of US\$ 1,000 is due to be paid off in September 2017.

5.3 During the period, the Company fully repaid its Offshore Islamic Finance USD Facility and its Local Islamic Syndicate loan.

(Amounts in thousand)

6. Contingencies and Commitments

Contingencies

- 6.1 Bank guarantees of Rs. 2,291,202 (December 31, 2016: Rs. 2,178,048) have been issued in favour of third parties.
- 6.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 58,680 (December 31, 2016: Rs. 58,680).
- 6.3 As at March 31, 2017, there is no material change in the status of matters reported as contingencies in the notes to the financial statements of the Company for the year ended December 31, 2016.

6.4. Commitments

Commitments in respect of capital expenditure and other operational items

7. Financing Structure / Mode

Conventional mode

Assets

Short term investments
Cash and Bank Balances

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
	<u>1,417,407</u>	<u>2,483,898</u>

Liabilities

Borrowings
Short term borrowings

	25,957,504	27,533,633
	2,866,421	1,909,843
	<u>28,823,925</u>	<u>29,443,476</u>

Shariah compliant mode

Assets

Short term investment
Cash and Bank Balances

	2,000	2,000
	4,409	87
	<u>6,409</u>	<u>2,087</u>

Liabilities

Borrowings
Short term borrowings

	4,840,906	7,017,828
	18,175	-
	<u>4,859,081</u>	<u>7,017,828</u>

(Amounts in thousand)

8. Other Income

Income from sales under Government subsidy

	Unaudited March 31, 2017	Unaudited March 31, 2016
	Rupees	

1,125,023

733,995

On financial assets

Income on bank accounts
- under arrangements permissible under Shariah
- under interest / mark up arrangements
Income on subordinated loan to subsidiary company
Income on treasury bills and term deposit certificates
and Pakistan Investment Bonds
Revaluation of IFC derivative
Dividend Income

	71	1
	3,795	2,568
	-	16,806
	33	79,125
	3,415	76,672
	52,384	-

On non- financial assets

Gain on disposal of property, plant and equipment
Rental income
Gain on disposal of spares / scrap
Others

	4,309	-
	1,261	1,200
	21,420	797
	1,579	95,484
	<u>1,213,290</u>	<u>1,006,647</u>

9. Cash Generated from / (Utilised In) Operations

Profit before taxation

2,272,413

3,087,611

Adjustment for non-cash charges and other items:

Depreciation
Amortization - net
Gain on disposal of property, plant and equipment
Provision for service benefits
Income on deposits / other financial assets
Financial charges
Provision for surplus and slow moving stores and spares
Working capital changes (note 9.2)

	1,192,897	1,177,703
	5,130	6,373
	(4,309)	-
	13,634	26,301
	(3,899)	(98,500)
	685,289	750,687
	20,987	21,247
	169,950	(10,965,863)
	<u>4,352,092</u>	<u>(5,994,441)</u>

9.1 Cash and cash equivalents

Cash and bank balances
Short term investments
Short term borrowings

	111,307	247,914
	142,639	741,232
	(2,884,596)	(263,883)
	<u>(2,630,650)</u>	<u>725,263</u>

(Amounts in thousand)

9.2 Working capital changes

(Increase) / decrease in current assets

- Stores, spares and loose tools
- Stock-in-trade
- Trade debts
- Loans, advances, deposits and prepayments
- Other receivables (net)

	Unaudited March 31, 2017	Unaudited March 31, 2016
	Rupees	
	(176,251)	(190,046)
	(1,377,442)	(2,920,023)
	4,120,890	(336,739)
	(92,330)	(103,723)
	568,520	426,706
	<u>3,043,387</u>	<u>(3,123,825)</u>
Decrease in trade and other payables	<u>(2,873,437)</u>	<u>(7,842,038)</u>
	<u>169,950</u>	<u>(10,965,863)</u>

10. Financial Risk Management and Financial Instruments

10.1 Financial risk factors

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

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

10.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Financial assets at fair value through profit and loss	-	142,639	-	142,639
- Short term investments	<u>-</u>	<u>142,639</u>	<u>-</u>	<u>142,639</u>
Liabilities				
Derivatives				
- Derivative financial instruments	<u>-</u>	<u>3,909</u>	<u>-</u>	<u>3,909</u>

(Amounts in thousand)

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

10.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives which include forward exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions.

10.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair value.

11. Transactions with Related Parties

Related Parties comprises of Parent Company, associated companies and other companies with common directors, 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 this condensed interim financial information, are as follows:

	Unaudited March 31, 2017	Unaudited March 31, 2016
	Rupees	
Parent Company		
Purchases and services	65,220	60,788
Services provided to Parent Company	7,004	6,293
Royalty	122,673	134,240
Reimbursements	16,725	29,559
Use of assets	145	93
Subsidiary companies		
Purchase of Product	996,982	2,110,956
Reimbursements	4,537	50,024
Dividend received	52,420	-
Funds collected against sales made on behalf of Subsidiary	-	16,677
Mark-up on short term sub-ordinated loan	-	16,806
Associated companies		
Purchases and services	16,935	29,221
Services provided	24,964	21,086
Reimbursements	14,447	46,602
Payment of mark-up on TFCs and repayment of principal amount	2,652	54,847
Donation	-	21,900
Use of assets	25	247
Contribution to sta retirement bene ts		
Pension fund	4,607	4,812
Gratuity fund	23,555	22,452
Provident fund	27,461	26,092
Others		
Remuneration of key management personnel	55,922	47,923

(Amounts in thousand)

12. **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.

13. **Corresponding Figures**

During the quarter for better presentation, the following reclassification has been made:

Description	Head of account in financial statements for the quarter ended March 31, 2016	Head of account in financial statements for the quarter ended March 31, 2017	Rupees
Income from sale under government subsidy	Net sales	Other income	733,995

14. **Date of Authorisation for Issue**

This condensed interim financial information was authorised for issue on April 24, 2017 by the Board of Directors of the Company.

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman



engro fertilizers

consolidated condensed
interim financial information
(unaudited) for the three months
ended march 31, 2017

consolidated condensed interim balance sheet as at march 31, 2017

(Amounts in thousand)

	Note	Unaudited March 31, 2017	Audited December 31, 2016
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	69,510,384	70,168,266
Intangible assets		4,489,051	4,450,606
Long term loans and advances		131,451	120,637
		<u>74,130,886</u>	<u>74,739,509</u>
Current assets			
Stores, spares and loose tools		5,041,938	4,886,674
Stock-in-trade		8,187,536	6,799,015
Trade debts		3,464,422	7,585,312
Loans, advances, deposits and prepayments		782,978	682,595
Other receivables		6,350,843	6,986,199
Short term investments		1,046,074	1,039,782
Cash and bank balances		209,454	84,426
		<u>25,083,245</u>	<u>28,064,003</u>
TOTAL ASSETS		<u><u>99,214,131</u></u>	<u><u>102,803,512</u></u>

(Amounts in thousand)

	Note	Unaudited March 31, 2017	Audited December 31, 2016
		Rupees	
EQUITY & LIABILITIES			
Equity			
Share capital		13,352,993	13,309,323
Share premium		3,384,904	3,132,181
Exchange revaluation reserve		17,257	10,802
Remeasurement of post employment benefits		(26,646)	(26,646)
Unappropriated profit		23,521,987	25,222,724
		<u>26,897,502</u>	<u>28,339,061</u>
TOTAL EQUITY		<u>40,250,495</u>	<u>41,648,384</u>
LIABILITIES			
Non-current liabilities			
Borrowings	5	22,510,893	29,379,946
Deferred liabilities		7,434,407	7,561,108
Service benefits obligations		129,094	157,225
		<u>30,074,394</u>	<u>37,098,279</u>
Current liabilities			
Trade and other payables		15,445,895	14,969,365
Accrued interest / mark-up		395,078	583,632
Taxes payable		1,806,976	1,104,140
Current portion of:			
- borrowings	5	8,287,517	5,171,515
- service benefits obligations		46,049	49,157
Unclaimed dividend		19,223	19,544
Short term borrowings		2,884,596	1,909,843
Derivative financial instruments		3,909	249,653
		<u>28,889,242</u>	<u>24,056,849</u>
TOTAL LIABILITIES		<u>58,963,636</u>	<u>61,155,128</u>
Contingencies and Commitments	6		
TOTAL EQUITY AND LIABILITIES		<u><u>99,214,131</u></u>	<u><u>102,803,512</u></u>

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

consolidated condensed interim profit and loss account (unaudited) for the three months ended march 31, 2017

(Amounts in thousand except for earnings per share)

	Note	Quarter ended March 31, 2017 Rupees	Quarter ended March 31, 2016 Rupees
Net sales		10,063,731	11,879,232
Cost of sales		(6,548,422)	(7,665,993)
Gross profit		3,515,309	4,213,239
Selling and distribution expenses		(1,290,700)	(856,285)
Administrative expenses		(252,851)	(253,623)
		1,971,758	3,103,331
Other income	8	1,176,025	1,006,409
Other operating expenses		(207,635)	(275,267)
Finance cost		(686,554)	(752,646)
		(894,189)	(1,027,913)
Profit before taxation		2,253,594	3,081,827
Taxation		(616,080)	(960,436)
Profit for the period		1,637,514	2,121,391
Earnings per share - basic		1.23	1.59
Earnings per share - diluted		1.23	1.55

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

consolidated condensed interim statement of comprehensive income (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Quarter ended March 31, 2017 Rupees	Quarter ended March 31, 2016 Rupees
Profit for the period	1,637,514	2,121,391
Other comprehensive income:		
Items potentially re-classifiable to Profit and Loss Account		
Exchange differences on translation of foreign operations	6,455	954
Hedging reserve - cash flow hedges		
Loss arising during the period	(10,183)	(68,474)
Less: Adjustment for amounts transferred to profit and loss account	10,183	75,012
Income tax relating to hedging reserve	-	(2,027)
	-	4511
Other comprehensive income for the period, net of tax	6,455	5,465
Total comprehensive income for the period	1,643,969	2,126,856

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

consolidated condensed interim statement of changes in equity (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	RESERVE						Total
	CAPITAL			REVENUE			
	Share capital	Share premium	Exchange revaluation reserve	Hedging reserve	Remeasurement of post employment benefits	Unappropriated profit	
	Rupees						
Balance as at January 1, 2017 (Audited)	13,309,323	3,132,181	10,802	-	(26,646)	25,222,724	41,648,384
Transactions with owners:							
Shares issued at exercise of conversion option (note 5.2)	43,670	252,723	-	-	-	-	296,393
Final dividend for the year ended December 31, 2016	-	-	-	-	-	(3,338,251)	(3,338,251)
	43,670	252,723	-	-	-	(3,338,251)	(3,041,858)
Total comprehensive income for the three months ended March 31, 2017							
Profit for the period	-	-	-	-	-	1,637,514	1,637,514
Other comprehensive income:							
- exchange revaluation	-	-	6,455	-	-	-	6,455
	-	-	6,455	-	-	1,637,514	1,643,969
Balance as at March 31, 2017 (Unaudited)	<u>13,352,993</u>	<u>3,384,904</u>	<u>17,257</u>	<u>-</u>	<u>(26,646)</u>	<u>23,521,987</u>	<u>40,250,495</u>
Balance as at January 1, 2016 (Audited)	13,309,323	3,132,181	13,805	(4,536)	(40,310)	25,921,266	42,331,729
Transactions with owners:							
Final dividend for the year ended December 31, 2015	-	-	-	-	-	(3,992,797)	(3,992,797)
Total comprehensive income for the three months ended March 31, 2016							
Profit for the period	-	-	-	-	-	2,121,391	2,121,391
Other comprehensive income:							
- exchange revaluation	-	-	954	-	-	-	954
- cash flow hedges, net of tax	-	-	-	4,511	-	-	4,511
	-	-	954	4,511	-	2,121,391	2,126,856
Balance as at March 31, 2016 (Unaudited)	<u>13,309,323</u>	<u>3,132,181</u>	<u>14,759</u>	<u>(25)</u>	<u>(40,310)</u>	<u>24,049,860</u>	<u>40,465,788</u>

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

consolidated condensed interim statement of cash flows (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

	Note	Quarter ended	Quarter ended
		March 31, 2017	March 31, 2016
Rupees			
Cash Flows From Operating Activities			
Cash generated from / (utilized in) operations	9	4,380,302	(5,916,278)
Retirement and other service benefits paid		(44,872)	(41,565)
Taxes paid		(38,980)	(611,219)
Finance cost paid		(907,512)	(1,364,464)
Long term loans and advances - net		(10,814)	11,981
Net cash generated from / (utilised in) operating activities		3,378,124	(7,921,545)
Cash Flows From Investing Activities			
Purchases of property, plant and equipment and intangibles		(580,773)	(839,066)
Proceeds from disposal of :			
- Property, plant & equipment		5,524	2,081
- Investments - net		-	437,241
Income on deposits / other financial assets		17,555	99,210
Net cash utilised in investing activities		(557,694)	(300,534)
Cash flows from financing activities			
Proceeds from borrowings - net		-	6,000,000
Dividends paid		(321)	2,850
Repayments of :			
- short term borrowings		(800,000)	-
- long term borrowings		(3,669,997)	(8,489,857)
Net cash utilised in financing activities		(4,470,318)	(2,487,007)
Net decrease in cash and cash equivalents		(1,649,888)	(10,709,086)
Cash and cash equivalents at beginning of the year		14,365	11,469,815
Exchange gain translation on foreign operations		6,455	954
Cash and cash equivalents at end of the year	9.1	<u>(1,629,068)</u>	<u>761,683</u>

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



Ruhail Mohammed
Chief Executive



Ghias Khan
Chairman

notes to the consolidated condensed interim financial information (unaudited) for the three months ended march 31, 2017

(Amounts in thousand)

1. Legal Status and Operations

1.1 Engro Fertilizers Limited ("the Holding Company") is a public company incorporated on June 29, 2009 in Pakistan under the Companies Ordinance, 1984 as a wholly owned subsidiary of Engro Corporation Limited (the Parent Company) which is a subsidiary of Dawood Hercules Corporation (the Ultimate Parent Company). The principal activity of the Holding Company is manufacturing, purchasing and marketing of fertilizers. The Holding Company's registered office is situated at 7th & 8th floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.

1.2 The Holding Company is listed on Pakistan Stock Exchange Limited (the Exchange). The Holding Company has also issued Term Finance Certificates (TFC's) which are listed at the Exchange.

1.3 The 'Group' consists of:

Holding Company: Engro Fertilizers Limited

Subsidiary Company is a Company in which the Holding Company owns over 50% of voting rights, or companies controlled by the Holding Company:

	Note	%age of holding	
		2017	2016
Engro Eximp FZE	1.3.1	100	100

Subsidiary Companies

1.3.1 Engro EXIMP FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 as a wholly owned subsidiary of Engro Eximp (Private) Limited (EEPL). Subsequent to amalgamation, EEF is now a wholly owned subsidiary of the holding company.

2. Basis for Preparation

2.1 This consolidated condensed interim financial information is unaudited and has been prepared in accordance with the requirements of International Accounting Standard 34 - 'Interim financial reporting' and provisions of and directives issued under the Companies Ordinance (the Ordinance). In case where requirements differ, the provisions of directives issued under the Ordinance have been followed. This consolidated condensed interim financial information does not include all the information required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements of the Holding Company for the year ended December 31, 2016.

2.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Holding 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 this consolidated condensed interim financial information, changes in the significant judgments made by management in applying the Holding Company's accounting policies and the key sources of estimation and uncertainty from those that applied to consolidated financial statements of the Holding Company for the year ended December 31, 2016 do not have any material impact.

(Amounts in thousand)

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated financial statements of the Holding Company for the year ended December 31, 2016.

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

There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2017. These are considered not to be relevant or to have any significant effect on the Holding Company's financial reporting and operations and are, therefore, not disclosed in this consolidated condensed interim financial information.

4. Property, Plant and Equipment

Operating assets at net book value
Capital work-in-progress
Major spare parts and stand-by equipment

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
	66,192,696	67,314,224
	2,907,132	2,443,486
	410,556	410,556
	<u>69,510,384</u>	<u>70,168,266</u>

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

	Additions (Unaudited) (at cost)		Disposals (Unaudited) (at net book value)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees			
Building on freehold land	3,529	77,248	-	-
Plant and machinery	46,291	19,053	-	-
Office equipment	12,441	6,926	112	-
Vehicles	10,323	10,242	1,103	2,081
	<u>72,584</u>	<u>113,469</u>	<u>1,215</u>	<u>2,081</u>

The above disposals represented assets having a cost of Rs. 11,196 (March 31, 2016: Rs. 8,323) which were disposed off for Rs. 5,524 (March 31, 2016: Rs. 2,081).

(Amounts in thousand)

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
5. Borrowings - Secured (Non - participatory)		
Long term finance utilized under mark-up arrangements (notes 5.1, 5.2, and 5.3)	28,255,169	31,691,287
Certificates (note 5.1)	<u>2,543,241</u>	<u>2,860,174</u>
	30,798,410	34,551,461
Less: Current portion shown under current liabilities	8,287,517	5,171,515
Balance at end of the period / year	<u><u>22,510,893</u></u>	<u><u>29,379,946</u></u>

5.1 All senior debts are secured by an equitable mortgage upon immovable property of the Holding Company and equitable charge over current and future fixed assets excluding immovable property of the Holding Company.

Loans from the International Finance Corporation (IFC) and Privately Placed Subordinated Sukuk (PPSS) are secured by a sub-ordinated mortgage upon immovable property of the Holding Company and sub-ordinated charge over all present and future fixed assets excluding immovable property of the Holding Company.

5.2 The Holding Company availed a loan of US\$ 30,000 from IFC, divided into (i) 30% convertible loan on the shares of the Holding Company at Rs 24 per ordinary share calculated at the dollar rupee exchange rate prevailing on the business day prior to the date of the notice issued by IFC, and (ii) 70% non-convertible loan. IFC exercised the conversion option equivalent to US\$ 8,000 up till 2015 and during the period, the Holding Company received a notice dated March 1, 2017 for the exercise of remaining conversion option of US\$ 1,000. Consequently 4,367,083 ordinary shares of the Holding Company have been allotted to the IFC on March 15, 2017. The remaining outstanding loan amount of US\$ 1,000 is due to be paid off in September 2017.

5.3 During the period, the Holding Company fully repaid its Offshore Islamic Finance USD Facility and its Local Islamic Syndicate loan.

6. Contingencies and Commitments

Contingencies

6.1 Bank guarantees of Rs. 2,291,202 (December 31, 2016: Rs. 2,178,048) have been issued in favour of third parties.

6.2 Claims, including pending lawsuits, against the Company not acknowledged as debts amounted to Rs. 58,680 (December 31, 2016: Rs. 58,680).

6.3 As at March 31, 2017, there is no material change in the status of matters reported as contingencies in the notes to the consolidated financial statements of the Holding Company for the year ended December 31, 2016.

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
6.4. Commitments		
Commitments in respect of capital expenditure and other operational items	<u>1,417,407</u>	<u>2,483,898</u>

(Amounts in thousand)

	Unaudited March 31, 2017	Audited December 31, 2016
	Rupees	
7. Financing Structure / Mode		
Conventional mode		
Assets		
Short term investments	1,044,074	1,037,782
Cash and Bank Balances	<u>205,045</u>	<u>84,339</u>
	1,249,119	1,122,121
Liabilities		
Borrowings	25,957,504	27,533,633
Short term borrowings	<u>2,866,421</u>	<u>1,909,843</u>
	28,823,925	29,443,476
Shariah compliant mode		
Assets		
Short term investment	2,000	2,000
Cash and Bank Balances	<u>4,409</u>	<u>87</u>
	6,409	2,087
Liabilities		
Borrowings	4,840,906	7,017,828
Short term borrowings	<u>18,175</u>	<u>-</u>
	4,859,081	7,017,828
8. Other Income		
Income from sales under Government subsidy	1,125,023	733,995
On financial assets		
Income on bank accounts		
- under arrangements permissible under Shariah	71	1
- under interest / mark up arrangements	3,795	2,568
Income on subordinated loan to subsidiary company	-	16,806
Income on treasury bills and term deposit certificates and Pakistan Investment Bonds	-	-
Pakistan Investment Bonds	13,689	79,125
Revaluation of IFC derivative	3,415	76,672
On non- financial assets		
Gain on disposal of property, plant and equipment	4,309	-
Rental income	1,261	1,199
Gain on disposal of spares / scrap	21,420	797
Others	<u>3,043</u>	<u>95,247</u>
	1,176,026	1,006,409

(Amounts in thousand)

9. Cash Generated from / (Utilised In) Operations

	Unaudited March 31, 2017	Unaudited March 31, 2016
	Rupees	
Profit before taxation	2,253,594	3,081,827
Adjustment for non-cash charges and other items:		
Depreciation	1,192,899	1,178,388
Amortization - net	5,130	6,487
Gain on disposal of property, plant and equipment	(4,309)	-
Provision for service benefits	13,634	26,301
Income on deposits / other financial assets	(17,555)	(84,742)
Financial charges	686,554	752,646
Provision for surplus and slow moving stores and spares	20,987	21,247
Working capital changes (note 9.2)	229,368	(10,898,432)
	<u>4,380,302</u>	<u>(5,916,278)</u>
9.1 Cash and cash equivalents		
Cash and bank balances	209,454	401,112
Short term investments	1,046,074	741,232
Short term borrowings	(2,884,596)	(380,661)
	<u>(1,629,068)</u>	<u>761,683</u>
9.2 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(176,251)	(190,046)
- Stock-in-trade	(1,388,521)	(2,879,189)
- Trade debts	4,120,890	(349,458)
- Loans, advances, deposits and prepayments	(100,383)	(127,595)
- Other receivables (net)	635,356	504,554
	<u>3,091,091</u>	<u>(3,041,734)</u>
Decrease in trade and other payables	(2,861,723)	(7,856,698)
	<u>229,368</u>	<u>(10,898,432)</u>

10. Financial Risk Management and Financial Instruments

10.1 Financial risk factors

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

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

(Amounts in thousand)

10.2 Fair value estimation

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

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

	Level 1	Level 2	Rupees	Level 3	Total
Assets					
Financial assets at fair value through profit and loss					
- Short term investments	-	1046,074		-	1,046,074
Liabilities					
Derivatives					
- Derivative financial instruments	-	3,909		-	3,909

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

10.4 Valuation techniques used to derive Level 2 fair values

Level 2 fair valued instruments comprise short term investments and hedging derivatives which include forward exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are received from the contracting banks and financial institutions.

10.5 Fair value of financial assets and liabilities

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

(Amounts in thousand)

11. Transactions with Related Parties

Related Parties comprises of Parent Company, associated companies and other companies with common directors, 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 this consolidated condensed interim financial information, are as follows:

	Unaudited March 31, 2017	Unaudited March 31, 2016
	Rupees	
Parent Company		
Purchases and services	65,220	60,788
Services provided to Parent Company	7,004	6,293
Royalty	122,673	134,240
Reimbursements	16,725	29,559
Use of assets	145	93
Associated companies		
Purchases and services	16,935	29,221
Services provided	24,964	21,086
Reimbursements	20,739	47,082
Payment of mark-up on TFCs and repayment of principal amount	2,652	54,847
Donation	-	21,900
Use of assets	25	1,370
Contribution to staff retirement benefits		
Pension fund	4,607	4,812
Gratuity fund	23,555	22,496
Provident fund	27,461	26,199
Others		
Remuneration of key management personnel	56,265	48,412

(Amounts in thousand)

12. Seasonality

The Holding 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 Holding Company manages seasonality in the business through appropriate inventory management.

13. Corresponding Figures

During the quarter for better presentation, the following reclassification has been made:

Description	Head of account in financial statements for the quarter ended March 31, 2016	Head of account in financial statements for the quarter ended March 31, 2017	Rupees
Income from sale under government subsidy	Net sales	Other income	733,995

14. Date of Authorisation for Issue

This consolidated condensed interim financial information was authorised for issue on April 24, 2017 by the Board of Directors of the Holding Company.

Ruhail Mohammed
Chief Executive

Ghias Khan
Chairman

ڈائریکٹرز رپورٹ

انگریز فریڈائزرز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2017ء کو اختتام پزیر ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنے پر مسرت محسوس کر رہے ہیں۔

پاکستان فریڈائزر مارکیٹ

مقامی طور پر تیار کھاد کی طلب میں زیر جائزہ مدت کے دوران سال 2016ء کی پہلی سہ ماہی کے مقابلے 13 فیصد اضافہ دیکھا گیا۔ طلب 868 کے ٹی ریکارڈ کی گئی۔ رنی کی طلب سال 2017ء کی پہلی سہ ماہی میں 2,882 کے ٹی رہی جبکہ گزشتہ سال یہ طلب 2,427 کے ٹی رہی تھی۔ اس اضافے کی اہم وجہ مقامی طور پر تیار ہونے والی کھاد کی قیمتوں میں نمایاں کمی ہے جو حکومتی سبسڈی کی وجہ سے واقع ہوئی۔ طلب میں اضافے کے برعکس مقامی یوریا کی پیداوار پچھلے سال کی پہلی سہ ماہی کی پیداوار 1,411 کے ٹی سے گھٹ کر 1,389 کے ٹی ریکارڈ کی گئی۔ انڈسٹری کی کلوزنگ انویسٹری 2017ء کی پہلی سہ ماہی کے اختتام پر 1,537 کے ٹی رہی جبکہ سال 2016ء کے اختتام تک کلوزنگ انویسٹری 1,049 کے ٹی تھی۔

اقتصادی رابطہ کمیٹی نے صنعت کو 300 کے ٹی یوریا کے برآمد کی منظوری دے دی ہے جس میں سے انگریز فریڈائزر نے زیر جائزہ مدت میں 31 کے ٹی انکسپورٹ کر دی ہے۔ باقی ماندہ برآمدات موجودہ سال کی دوسری سہ ماہی میں مکمل ہو جانے کی توقع ہے جس کے بعد انویسٹری لیول 1,537 کے ٹی کی موجودہ سطح سے نیچے آ جائے گا۔

مقامی طور پر تیار یوریا کی قیمتیں پہلی سہ ماہی کے دوران 1,230 روپے فی تھیلا اور 1,300 روپے فی تھیلا کے درمیان مستحکم رہیں۔ مزید براں کھاد کی عالمی قیمتیں مارچ کے اختتام پر 230 ڈالر فی ٹن (KarachiCFR) رہیں۔ جبکہ سال 2016ء میں مارچ کے اختتام پر بین الاقوامی قیمتیں 190 ڈالر فی ٹن (KarachiCFR) ریکارڈ کی گئیں تھیں۔

ڈی اے پی کی طلب میں پہلی سہ ماہی کے دوران قابل ذکر 29 فیصد اضافہ دیکھا گیا اور فروخت 311 کے ٹی رہی جبکہ گزشتہ سال کی پہلی سہ ماہی میں فروخت کا حجم 241 کے ٹی تھا۔ فاسفیس پر دی جانے والی حکومتی سبسڈی کا تسلسل اور کم مقامی قیمتوں کی بنا پر یہ اضافہ دیکھا گیا۔ چینی پروڈیوسرز کی جانب سے سال 2017ء کی پہلی سہ ماہی میں پیداوار کم کرنے سے بھی ڈی اے پی کی بین الاقوامی قیمتوں میں اضافہ ہوا اور قیمتیں 320 ڈالر فی ٹن سے بڑھ کر 385 ڈالر فی ٹن ہو گئیں۔ مزید برآں ڈی اے پی کی مقامی قیمتیں دسمبر 2016ء تک پنجاب حکومت کی جانب سے لاگو پرائسنگ کیپ کی وجہ سے 2,300 فی تھیلا رہیں۔ ان عوامل کی بنا پر پہلی سہ ماہی میں نا ہونے کے برابر درآمد دیکھی گئی۔

کمپنی کی یوریا پیداوار سال 2017ء کی پہلی سہ ماہی کے اختتام پر 447 کے ٹی ریکارڈ کی گئی جبکہ گزشتہ سال کی پہلی سہ ماہی میں پیداوار 514 کے ٹی رہی تھی۔ یہ 13 فیصد کمی ہے جو ہمارے اینوین پلانٹ کی بندش کی وجہ سے ہوئی۔ دوسری طرف فروخت کا حجم زیر جائزہ مدت میں 269 کے ٹی ریکارڈ ہوا جبکہ سال 2016ء کی پہلی سہ ماہی میں 286 کے ٹی ریکارڈ ہوا تھا۔ اس کی وجہ مارکیٹ میں بڑھتی مسابقت رہی جس کی وجہ سے مارکیٹ میں اضافی رسد ہوئی۔ ساتھ ساتھ انگریز فریڈائزر نے 31 کے ٹی یوریا برآمد بھی کیا۔

مجموعی طور پر کمپنی کا مارکیٹ شیئر 31 فیصد رہا (برائڈ ڈیوریا کا مارکیٹ شیئر 32 فیصد، ہمارا پیداواری شیئر 32 فیصد) جبکہ پچھلے سال کمپنی کا مارکیٹ شیئر 37 فیصد (برائڈ ڈیوریا کا مارکیٹ شیئر 38 فیصد) رہا تھا۔ سہ ماہی کے دوران ڈی اے پی کی فروخت 37 کے ٹی رہی جبکہ پچھلے سال ڈی اے پی کی فروخت 65 کے ٹی رہی تھی نتیجتاً مارکیٹ شیئر 27 فیصد سے گھٹ کر 12 فیصد ہو گیا۔ انگریز اور دیگر پرائیویٹ درآمد کنندگان کے لئے بین الاقوامی مارکیٹ میں محدود مواقع، بین الاقوامی قیمتوں میں اضافے کا رجحان اور پنجاب حکومت کی جانب سے لاگو پرائسنگ کیپ کی وجہ سے ڈی اے پی کی درآمد کارخانہ منتفی رہا۔

مرکب فریڈائزر (زرخیز اور اینگریز وائین پی) کی فروخت کا حجم 72 فیصد اضافے کے ساتھ 31 کے ٹی رہا اس کے مقابلے گزشتہ سال کی پہلی سہ ماہی میں فروخت کا حجم 18 کے ٹی تھا۔ زیر جائزہ سہ ماہی کے دوران پوناش مارکیٹ میں بھی نمودار ہوئی اور 14 کے ٹی فروخت ریکارڈ ہوئی جبکہ گزشتہ سال کی اسی مدت میں 7 کے ٹی فروخت حاصل کی گئی تھی۔ مارکیٹ شیئر میں البتہ کمی کا سامنا رہا اور 2017ء کی پہلی سہ ماہی ماہی میں کمپنی کا مارکیٹ شیئر 33 فیصد رہا جبکہ پچھلے سال 49 فیصد رہا تھا۔

سال 2017ء کی پہلی سہ ماہی میں کمپنی کا مجموعی منافع 3,515 ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال کی اسی مدت میں 4,213 ملین روپے کا مجموعی منافع حاصل کیا گیا تھا۔ اس 17 فیصد کمی کی وجہ یوریا قیمتوں میں کمی اور تمام فریڈائزر (یوریا اور ڈی اے پی) کی کم فروخت ہے۔

کمپنی کی فنانس لاگت قرضہ جات کی واپسی، شرح سود میں کمی اور دیگر قرضوں کی ری پارٹنگ کی بدولت زیر جائزہ مدت میں 687 ملین روپے رہی (753 ملین روپے 2016ء)۔ تاہم زائد انویسٹری کو مطلوب اضافی ورکنگ کپٹل کی وجہ سے کچھ عرصے کے لئے یہ بڑھ گئی تھی۔

کمپنی کا نیٹ منافع برائے پہلی سہ ماہی 2017ء 1,656 ملین روپے رہا جبکہ گزشتہ سال 2,121 ملین روپے تھا۔ جس کی وجہ سے فی حصص آمدن 1.24 روپے رہی جبکہ پچھلے سال 1.59 روپے فی حصص آمدن رہی تھی۔ کمپنی کا مربوط منافع 1,638 ملین روپے ریکارڈ ہوا، اس کے مقابلے گزشتہ سال کی اسی مدت کے دوران 2,121 ملین روپے ریکارڈ ہوا تھا۔ اسی بنا پر فی حصص آمدن 1.23 روپے رہی جبکہ گزشتہ مدت میں 1.59 روپے دی گئی تھی۔

فریڈائزر صنعت کے عین مطابق کمپنی نے جی آئی ڈی سی (GIDC) کے خلاف عدالتی احکامات پر عمل کرتے ہوئے غیر رعایتی گیس پر جی آئی ڈی سی ادا نہیں کیا۔ 2015 میں رعایتی گیس پر جی آئی ڈی سی (GIDC) لاگو ہونے کی شرائط کے خلاف حکم امتناعی حاصل کیا ہے اور اس وجہ سے یوریا پلانٹ کو فراہم کی جانے والی رعایتی گیس پر جی آئی ڈی سی کسی بھی حوالے سے ادا نہیں کیا گیا۔ رعایتی گیس پر جی آئی ڈی سی فریڈائزر پالیسی اور ہمارے گیس کی فراہمی کے معاہدوں کی براہ راست خلاف ورزی ہے۔ یہ معاہدے ہم نے اپنے یوریا مینوفیکچرنگ پلانٹ کو وسعت دینے کے لیے کئے ہیں جن کی بنیاد پر ہم نے 1.1 ارب ڈالر کا سرمایہ کاری کی ہے۔ اس کے علاوہ کمپنی اپنے پرانے پلانٹ کے لئے الاٹ شدہ 26 ایم ایم سی ایف ڈی گیس کی فزیشن کے لئے مری سے مذاکرات میں مصروف ہے۔

مستقبل قریب کا آؤٹ لک

دوسری سہ ماہی کے خریفیزن کی وجہ سے مارکیٹ کے بہتر ہونے کی امید ہے اور مقامی طلب میں اضافہ ہو سکتا ہے۔ دوسری سہ ماہی میں برآمد بڑھنے سے مینوفیکچررز کو کچھ ریلیف مل سکتا ہے۔ فریڈائزر انڈسٹری انکسپورٹ کی ڈیڈ لائن 28 اپریل کو 30 جون تک مزید طول دینے کے لئے حکومت سے بات چیت کر رہی ہے جس کے بعد حکومت فیصلہ کرے گی کہ آیا مزید برآمد کی اجازت دی جائے یا نہیں۔ بین الاقوامی مارکیٹ میں یوریا کی قیمتوں کا دوسری سہ ماہی میں کمزور رہنے کا امکان ہے۔ ڈی اے پی کی بین الاقوامی قیمتیں دوسری سہ ماہی میں بھارتی طلب کی بنیاد پر مستحکم ہو سکتی ہیں۔



غیاث خان
چئیر مین


روشل محمد
چیف ایگزیکٹو آفیسر

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