



# ANNUAL REPORT 2020

The Future is **Brighter**  
with Agritech **Fertilizers**



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Agritech Limited owns and operates Pakistan's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province. The Company also operates the manufacturing facility of GSSP (Granular Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KP) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.



*Agritech Urea Fertilizer Plant  
Daudkhel*

# VISION



The background of the entire page is a soft-focus image of pink cherry blossoms on a dark brown branch, set against a light blue sky. The blossoms are in various stages of bloom, with some showing prominent stamens. The overall color palette is a mix of soft pinks, blues, and browns.

## VISION

To become a major regional diversified fertilizer company

## MISSION

To become a diversified manufacturer of both nitrogenous and phosphatic fertilizers, significantly contributing to the development of the agricultural sector of Pakistan.

# MISSION

## COMPANY INFORMATION

### Board of Directors

Mr. Sardar Azmat Babar  
*Chairman*

Mr. Talha Saeed (Resigned on 1.10.20)

Mr. Hassan Raza (Joined on 23.10.20)

Mr. Asim Murtaza Khan

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

Ms. Amena Zafar Cheema

Mr. Muhammad Faisal Muzammil

*Chief Executive Officer*

### Audit Committee

Mr. Asim Murtaza Khan  
*Chairman*

Mr. Talha Saeed (Resigned on 1.10.20)

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

Mr. Hassan Raza (Inducted on 10.12.20)

### HR & Remuneration Committee

Ms. Amena Zafar Cheema  
*Chairperson*

Mr. Asim Jilani

Mr. Abdul Karim Sultanali

Mr. Muhammad Faisal Muzammil

### Chief Executive Officer

Mr. Muhammad Faisal Muzammil

### Chief Financial Officer

Syed Taneem Haider

### Company Secretary

Ms. Fauzia Noorani

### Legal Advisor

Mr. Mian Muhammad Osama Hanif

### Shares Registrar

Hameed Majeed Associates (Private) Limited

### Auditors

Grant Thornton Anjum Rahman  
*Chartered Accountants, Lahore.*

### Bankers

JS Bank Limited

Faysal Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

Albaraka Bank Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Summit Bank Limited

Silk Bank Limited

Allied Bank Limited

Bank Alfalah Limited

The Bank of Punjab

Bank Islami Pakistan Limited

Askari Bank Limited

Pak Libya Holding Company (Pvt.) Limited

Soneri Bank Limited

Citi Bank N.A.

Meezan Bank Limited

United Bank Limited

Habib Bank Limited

MCB Bank Limited

### Registered Office

2<sup>nd</sup> Floor, Asia Centre, 8-Babar Block,  
New Garden Town, Lahore.

Ph: +92 (0) 42 35860341-44

Fax: +92 (0) 42 35860339-40

Email: corporate@pafl.com.pk

### Project Locations

#### Unit I

Urea Plant

Iskanderabad, District Mianwali.

Ph: +92 (0) 459 392346-49

#### Unit II

GSSP Plant

Hattar Road, Haripur.

Ph: +92 (0) 995 353544 - 353641



We remain focused on harmonizing the Company with fresh challenges and encompasses diversification and embarking on ventures within and beyond the territorial limits of the Country in collaboration with leading business partners.

## CHAIRMAN'S REVIEW



Dear Shareholders

On behalf of The Board of Directors, I am pleased to present to you the Annual Report of Agritech Limited for 2020 illustrating the overall performance and achievements of the Company.

I would like to highlight the proactive efforts of the Board in providing the policy direction and support in these testing times and global uncertainty.

During the year, your Company could not reach the sales level of the previous year, and turnover achieved was Rs.5.7 Billion. This was due to the curtailment in gas supply, which adversely effected production of urea. As the Urea Plant only operated from Aug-Mid Dec 2020, i.e. 123 days, it was unable to achieve the break even, and hence reported a significant loss. The SSP business performance however, improved considerably, given a sales growth of 47%, and a growth in profitability by 245%. Despite this improvement in the SSP business, the Company incurred an aggregate

loss of Rs. 4.3 billion.

Despite the loss incurred during the year, the Board of Directors is confident of being able to maneuver your company out of its financially distressed position in the future. This confidence emanates from the fact that your Board's strategy was to convert the SSP business into a major contributor to bottom line profitability. Hence, the improvement in the SSP business, after sustained losses reported by it, from 2018 to 2020, is extremely encouraging. The Board is planning extensive growth in the SSP business in the future. In addition to the foregoing, the Board has been considering various revenue generating options to deleverage the company and ensure sustained bottom line profitability. Extensive work is being carried out on fresh revenue generating methods.

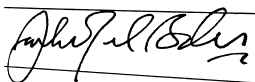
The COVID-19 pandemic has been a human, health, and economic crisis that has deeply affected the lives of people around the world, including members of our AGL family, their relatives and friends. Our heartfelt condolences go out to all those who have lost loved ones during this difficult time. When the pandemic struck, we adapted quickly across our network to support all of our stakeholders during this unprecedented time, with:

- Protecting the safety and security of our people and preserving jobs.
- Developing an SOP specific to all our workforce, especially for workers' safety and to deal with the immediate impacts of the pandemic.
- Helping the communities in which we live and work, from supporting healthcare systems, to medical supplies, to providing humanitarian relief in emergencies.
- We have adopted a Code of Corporate Governance as per Code of Corporate Governance Regulations-2019. I would like to place on record the exemplary performance of the Board, where all the members actively navigated business with accountability and responsibility entrusted to them, by safeguarding the long-term value creation in and best interests of our stakeholders. The Board ensured that all legal and regulatory requirements have been complied with by the management of the Company.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard and discussed. I will remain firmly committed to ensure that your Company complies with all relevant codes and regulations and that the management continues to make decisions that create value for you in the short, medium and long term.

The Company is cognizant of its outstanding liabilities and the Board continues to look for the possible opportunities and initiatives that could lead to the repayment of the liabilities.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including, shareholders, employees, customers, suppliers, bankers and others during the year. I would like to emphasize that the challenges for our Company as a whole shall persist in the year ahead, however the Board and Management are confident and fully prepared to face and overcome all these challenges.



**Sardar Azmat Babar Chauhan**  
Chairman

March 30, 2021

# DIRECTORS' REPORT

*For the year ended December 31, 2020*

# DIRECTORS' REPORT

## ڈائریکٹرز رپورٹ

The Board of Directors of Agritech Limited, henceforth called the Company, along with the Management Team is pleased to present the Company's Annual Report accompanied with the Audited Financial Statements for the year ended December 31, 2020.

These financial statements have been endorsed by the Chief Executive Officer, Chief Financial Officer and one of the directors in accordance with the Listed Companies Code of Corporate Governance 2019, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

ایگریٹیک لمیٹڈ، کمپنی کے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم، 31 دسمبر 2020ء کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

یہ مالیاتی گوشوارے، کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے مطابق چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور ایک ڈائریکٹر کی طرف سے توثیق کیے گئے ہیں جو کہ بورڈ کی آڈٹ کمیٹی کی طرف سے سفارش کردہ ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ہیں۔

## Business Review

## کاروباری جائزہ

### Principal Activities

The main business of the Company is the manufacturing and marketing of fertilizers. The Company owns and operates the country's one of the newest and most efficient urea manufacturing plant at Mianwali, Punjab Province. The Company also operates the manufacturing facility of GSSP (Granular Single Super Phosphate) at Haripur Hazara, Khyber Pakhtunkhwa (KP) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.

## پرنسپل سرگرمیاں

کمپنی کا بنیادی کاروبار کھاد کی پیداوار اور ترسیل ہے۔ کمپنی ملک میں موجود توانائی کے لحاظ سے جدید اور موثر ترین کھاد کا پلانٹ چلاتی ہے جو کہ میانوالی پنجاب میں واقع ہے۔ کمپنی ہری پور ہزارہ صوبہ خیبر پختونخواہ (کے پی) میں جی ایس ایس پی (دانے دار سنگل سپر فاسفیٹ) کی پیداوار کی سہولت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "تارا" کے تحت ان پلاسٹس سے کھاد کو مارکیٹ کرتی ہے۔

### Year in Review

## سال کا جائزہ

Financial Results of Agritech Limited for the year ending:

## ایگریٹیک لمیٹڈ کے مالیاتی نتائج سال اختتام

	December 31, 2020	December 31, 2019
Sales - Net	5,699,723,002	12,174,418,992
Operating Profit / (Loss)	(1,541,384,093)	2,329,410,685
Finance cost	(2,945,134,522)	(3,300,421,547)
(Loss) before Tax	(4,486,518,615)	(971,010,862)
(Loss) after Tax	(4,296,900,455)	(652,776,856)
(Loss) per share	(10.95)	(1.66)

## Overview of Fertilizer Industry

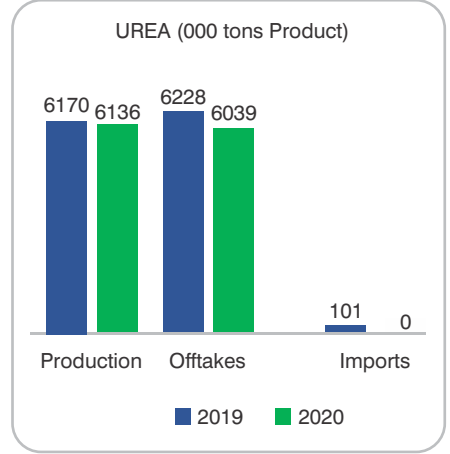
### Urea industry

Urea Offtakes of during 2020 showed a decline of 3% over last year (2020: 6039 KT vs 2019: 6228 KT) due to urea market price distortion in 1Q 2020 after GOP abolished GIDC for Fertilizer sectors that resulted in reduction in urea prices invariably by various producers. The price distortion coupled with Covid related lockdowns resulted in 33% Urea offtakes decline during first five months of the year whereas Urea offtakes



for rest of the year showed an increase of 14%, however, overall offtakes remained lower than 2019. Fundamentals of better crops economics prevailed during the year for key major crops i.e. wheat, sugarcane & rice, however, cotton output considerably declined affecting farm economics. Production of Urea also registered a decline of 1% versus last year (2020: 6136 KT vs 2019: 6170 KT) and the decline is primarily attributed to delay restoration of gas supplies to SNGPL based plants in Aug 2020 vs last year from Jan 2019. No imports were made in 2020 vs some 101KT imports in 2019.

The Company was greatly benefited from the regular RLNG supplies by GOP and urea plant was operated for 123 days in 2020 and produced 125 KT Urea (2019: 338KT) vs installed capacity of 433 KT. The Company sold 139 KT urea (320 KT: 2019). Gas supply to the company Urea plant was resumed in August 2020. The plant is presently fully operational.



## کھاد کی صنعت کا مجموعی جائزہ یوریا انڈسٹری

2020 کے دوران یوریا کی فروخت نے فرٹیلائزر ریکلٹرز کے لئے حکومت پاکستان کی طرف سے GIDC ختم کرنے کے بعد مختلف پروڈیوسرز کی طرف سے یوریا کی قیمتوں میں متغیر کی کے نتیجے 1Q 2020 میں یوریا کی مارکیٹ قیمت مسخ ہونے کی وجہ سے پچھلے سال کے مقابلے میں 3 فیصد (2020: 6039 KT vs 2019: 6228 KT) کمی ظاہر کی۔ مختلف پروڈیوسروں کے ذریعے کوویڈ سے متعلق لاک ڈاؤن کے ساتھ قیمتوں میں بگاڑ کے نتیجے میں سال کے پہلے پانچ مہینوں کے دوران یوریا کی فروخت میں 33 فیصد کمی واقع ہوئی ہے جبکہ سال کے باقی حصوں میں یوریا کی فروخت میں 14 فیصد کا اضافہ ہوا ہے، تاہم، مجموعی طور پر فروخت 2019 سے کم رہی۔ بہتر فصلوں کے فنڈز میں سال کے دوران اہم فصلوں یعنی گندم، گنے اور چاول کے لئے معاشیات غالب رہی، تاہم کپاس کی پیداوار میں زرعی معیشت کو متاثر کرنے میں کافی حد تک کمی آئی ہے۔ پچھلے سال (2020: 6136 KT vs 2019: 6170 KT) میں بھی یوریا کی پیداوار میں 1 فیصد کمی ریکارڈ کی گئی اور اس کی کو بنیادی طور پر گزشتہ سال جنوری 2019 کے مقابلے میں اگست 2020 میں SNGPL پمپنی پلانٹوں کو گیس کی فراہمی میں تاخیر کی وجہ قرار دیا گیا ہے۔ 2019 میں کچھ 101KT درآمدات کے مقابلے میں کوئی درآمد نہیں کی گئی۔ کمپنی نے حکومت پاکستان کی طرف سے باقاعدہ RLNG سپلائرز سے بھر پور فائدہ اٹھایا اور یوریا پلانٹ 2020 میں 123 دنوں تک چلایا گیا اور 433 ہزار ٹن کی نصب شدہ صلاحیت کے مقابلے میں 125 ہزار ٹن یوریا (2019 : 338KT) بنانے کے قابل رہی۔ کمپنی نے 139 ہزار ٹن یوریا (2019: 320KT) فروخت کیا۔ کمپنی کے یوریا پلانٹ کو گیس کی سپلائی اگست 2020 میں دوبارہ بحال کر دی گئی اور پلانٹ اس وقت مکمل طور پر آپریشنل ہے۔

## Phosphates Industry

Phosphates Nutrient consumption saw a robust increase of 9% (2020: 1169KT vs 2019: 1068KT) with offtakes growth registered by all phosphatic fertilizer variants. Strong phosphate offtakes was attributable to the renewed GOP focus on food security with increase in support prices announced for Wheat and Sugarcane crops as the two key agricultural commodities saw sharp decline in local stocks that resulted in imports of these commodities. Production of Phosphates increased by 10% during the year (2020: 536KT vs 2019: 488KT) with production increased registered by NP and SSP whereas production of DAP declined at the only DAP plant in the country. Phosphates Imports registered a decline of 23% in 2020 vs last year (2020: 426KT vs 2019: 551KT) due to availability of last year's carryover stocks.

The Company, being a major SSP player, produced 66 K tons SSP (2019: 42Ktons) and sold 60 K tons (2019: 42Ktons).

## فاسفیٹ انڈسٹری

فاسفیٹ نیوٹریٹ استعمال میں تمام فاسفیٹ فرٹیلائزر کی مختلف حالتوں میں رجسٹرڈ فروخت نمو کے ساتھ 9 فیصد (2020: 1169KT vs 2019: 1068KT) کا زبردست اضافہ ہوا ہے۔ گندم اور گنے کی فصلوں کے لئے معاون قیمتوں میں اضافے کے ساتھ غذائی تحفظ پر تجدید شدہ حکومت پاکستان کی توجہ مرکوز کرنے کے لئے فاسفیٹ کی مضبوط فروخت کی وجہ تھی کیونکہ دونوں اہم زرعی اجناس میں مقامی اشاک میں زبردستی کمی دیکھنے میں آئی جس کے نتیجے میں ان اشیاء کی درآمد کرنا پڑی۔ NP اور SSP کی پیداوار میں اضافہ کے ساتھ سال کے دوران (2020: 536KT vs 2019: 488KT) فاسفیٹس کی پیداوار میں 10 فیصد کا اضافہ ہوا ہے جبکہ ملک میں صرف ڈی اے پی پلانٹ میں ڈی اے پی کی پیداوار میں کمی واقع ہوئی ہے۔ پچھلے سال کے کیری اور اشاک کی دستیابی کی وجہ سے فاسفیٹس کی درآمدات میں گزشتہ سال کے مقابلے میں 23 فیصد (2020: 426KT vs 2019: 551KT) کمی کی درج کرائی گئی۔

کمپنی نے، ایس ایس پی کے اہم مینوفیکچرر ہونے کے ناطے، 66 ہزار ٹن ایس ایس پی (42 ہزار ٹن: 2019) پیدا کی اور 60 ہزار ٹن (42 ہزار ٹن: 2019) فروخت کی ہے۔

## Future Outlook

Strong and robust farm returns for the major crops particularly Wheat and Sugarcane will help ensure positive offtakes landscape in the near future for both Nitrogenous fertilizer lead by Urea and Phosphatic fertilizers. Supply Demand gap of Urea likely to persist which is either to be bridged with imports or continuation of plant on SNGPL Network. Recent increase in international urea prices coupled with the devaluation of the PKR has resulted in very high cost of imported Urea that negatively impacts the Foreign Exchange reserves of the country. Local production of Urea helps GOP save the precious Foreign Exchange as well as in terms of Subsidy saving on expensive imports besides further improving the large scale manufacturing in the country. The arrangement of RLNG supply at the capped price to the SNGPL based Urea plants likely to continue during the year as these provide a lesser cost option for GOP.

The urea plants on SNGPL presently continue to operate since their restorations in March 2021 and as per the approval of the Cabinet, these plants shall continue to operate till Nov 2021 in order to meet the growing urea demand in the country. The scenario likely to be helpful for Agritech to streamline its gas supply issue on consistent basis with GOP to bridge the likely urea offtakes deficit in the country.

Global phosphate prices saw sharp increases at the start of the year 2021 with DAP prices increased from US\$ 380-400 FOB in last quarter of 2020 to more than US\$ 550-580 FOB in different markets. Supply disruption coupled with increase in all agricultural commodities prices in the world market resulted in product shortages from the key supplying countries that reflected in sharp price increases. Higher phosphates prices are likely to prevail in the near term that may negatively affect farmers' economics that could lead to decline or stagnant phosphate consumption, however, GOP is working to provide subsidy on phosphates to mitigate the sharp increases in the prices and necessary allocating budgetary support on phosphate use in the country is likely to be made by GOP. The Company maintains its leadership position in the SSP category and will strengthen its position with improved sales and margins.

## مستقبل کا نقطہ نظر

اہم فصلوں خاص طور پر گندم اور گنے کے لئے مضبوط کھیت کے ریٹرنز سے مستقبل قریب میں یوریا اور فاسفیٹک کھاد کے ذریعے دونوں نائٹروجنی کھادوں کے لئے مثبت فروخت زمین کی تزئین کو یقینی بنانے میں مدد ملے گی۔ یوریا کی طلب ورسد کا خلاء جاری رہنے کا امکان ہے جس کو یا تو درآمدات یا SNGPL نیٹ ورک پر پلانٹ کے تسلسل کے ساتھ پُر کیا جانا ہے۔ پاکستانی روپے کی قدر میں حالیہ کمی کے نتیجے میں درآمدہ یوریا کی قیمت زیادہ ہے اور اس کا ملکی زرمبادلہ پر منفی اثر پڑا ہے۔ یوریا کی مقامی پیداوار قیمتی زرمبادلہ بچانے اور لارج اسکیل مینوفیکچرنگ کو بہتر بنانے کے علاوہ غیر ملکی زرمبادلہ ذخائر کو بچانے کے لئے حکومت کی مدد کرتی ہے۔ SNGPL پر مبنی یوریا پلانٹس کو محدود قیمت پر RLNG سپلائی کا انتظام سال کے دوران جاری رہنے کا امکان ہے کیونکہ یہ حکومت پاکستان کے لئے کم لاگت کا آپشن فراہم کرتے ہیں۔

SNGPL پر موجود یوریا پلانٹ مارچ 2021 میں اپنی بحالی کے بعد سے کام کر رہے ہیں اور کابینہ کی منظوری کے مطابق، یہ پلانٹس ملک میں یوریا کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے نومبر 2021 تک کام جاری رکھیں گے۔ منظر نامہ یقیناً ایگری ٹیک کے لئے ملک میں یوریا آف ٹیکس خسارے کو پورا کرنے کے لئے حکومت پاکستان کے ساتھ مستقل بنیادوں پر گیس کی فراہمی کے سلسلے کو جاری رکھنا مددگار ثابت ہوگا۔

فاسفیٹ کی عالمی قیمتیں سال 2021 کے شروع میں تیزی سے بڑھ گئیں جس کے ساتھ ڈی اے پی کی قیمتیں سال 2020 کی آخری سہ ماہی میں US\$ 380-400 FOB سے بڑھ کر مختلف مارکیٹوں میں US\$ 550-580 FOB سے زائد ہو گئیں۔ اہم فراہم کنندگان ممالک سے مصنوعات کی قلت کے نتیجے میں عالمی مارکیٹ میں تمام زرعی اشیاء کی قیمتوں میں اضافہ کے ساتھ ساتھ سپلائی میں خلل پیدا ہوا جس وجہ سے قیمتوں میں تیزی سے اضافہ ہوا۔ فاسفیٹس کی زیادہ قیمتیں مستقبل قریب میں غالب رہنے کا امکان ہے جس سے کسانوں کی معیشت متاثر ہونے کا امکان ہے جو فاسفیٹ کے استعمال میں کمی کا سبب بن سکتا ہے، تاہم، حکومت پاکستان ملک میں فاسفیٹ کے استعمال پر بجٹری سپورٹ مختص کر کے صوبوں کے ذریعے فاسفیٹ پر سبسڈی فراہم کرنے کے لئے کام کر رہی ہے۔ کمپنی SSP کیلگری میں اپنی قائمانہ حیثیت برقرار رکھتی ہے اور بہتر فروخت اور مارجن سے اپنی پوزیشن مستحکم کرے گی۔



## Changes in accounting policies:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 01, 2020. However, there is no implication of new standards adopted during the year.

## اکاؤٹنگ پالیسیوں میں تبدیلیاں

یہاں کچھ ترمیمات اور منظور شدہ اکاؤٹنگ اور رپورٹنگ معیارات کی تشریح کی گئی ہے جو کمپنی کے سالانہ اکاؤٹنگ مدت کے لئے لازمی ہیں جو یکم جنوری، 2020 کو شروع ہوئی تھی۔ تاہم، اس سال کے دوران اپنائے گئے نئے معیارات کا کوئی اطلاق نہیں ہے۔

## Modifications in the Auditor's report

## آڈیٹر کی رپورٹ میں ترمیمات

### Qualification

In auditor's report for the period, auditors raised following concern which states as "the management has assessed the recoverability of deferred tax assets on tax losses and tested the impairment of goodwill based on five years business plan approved by the Board of Directors and asserts that no impairment is required in these financial statements. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e. operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates is available only till 30 November 2021. Management is however confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567.31 million and deferred tax assets amounting to Rs. 6,321.58 million recognized on tax losses of Rs. 21,798.56 million in these financial statements."

### کوالیفیکیشن

اس مدت کے لئے آڈیٹر کی رپورٹ میں، آڈیٹرز نے درج ذیل تشویش کا اظہار کیا جس میں کہا گیا ہے کہ "انتظامیہ نے ٹیکس نقصانات پر مؤخر ٹیکس اثاثوں کی واپسی کا اندازہ لگایا ہے اور بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ پانچ سالہ کاروباری منصوبے کی بنیاد پر ٹیکس خیر سگالی کی خرابی ٹیکس کا جائزہ لیا ہے اور یہ دعویٰ کیا ہے کہ ان مالیاتی حسابات میں کوئی نقص ضروری نہیں ہے۔ تاہم، کاروباری منصوبے میں استعمال ہونے والے کلیدی مفروضے کے لحاظ سے ہم مناسب آڈٹ ثبوتوں کو حاصل کرنے سے قاصر ہیں یعنی قدرتی گیس کی دستیابی اور گیس کی شرحوں پر مبنی خام مال کی قیمت پر مبنی آپریشنل دن چونکہ حکومت پاکستان کی طرف سے کمپنی کو سبسڈی نرخوں پر گیس کی فراہمی صرف 30 نومبر 2021 تک ہی دستیاب ہے۔ تاہم انتظامیہ کو یقین ہے کہ گیس کی فراہمی طویل مدتی بنیاد پر دستیاب ہوگی۔ چنانچہ ہم یہ تعین کرنے سے قاصر تھے کہ ان مالی گوشواروں میں خرابی کے سلسلے میں 2,567.31 روپے خیر سگالی اور مؤخر ٹیکس اثاثوں کی مالیت 6,321.58 ملین روپے تسلیم شدہ ٹیکس نقصانات 21,798.56 ملین روپے کی ایڈجسٹمنٹ ضروری ہے یا نہیں۔

## Material Uncertainty relating to Going Concern

Auditors also raised concern about company ability to operate as going concern which states as "Notwithstanding the matter discussed in Basis for the Qualified Opinion section, the Company, during the year ended 31 December 2020, has incurred loss before tax amounting to Rs. 4,486.51 million and, as of that date, its current liabilities exceeded its current assets by Rs. 42,507.63 million, and its accumulated losses stood at Rs. 21,630 million. These conditions, along with other matters as set forth in note 2.2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."

### گوٹنگ کنسرن کی بابت مادی غیر یقینی

آڈیٹرز نے کمپنی کے چلنے رہنے کی صلاحیت کے بارے میں بھی تشویش کا اظہار کیا جس میں کہا گیا ہے کہ "قابلیت کے بارے میں رائے کے سیکشن بارے میں اس معاملے کے باوجود، کمپنی نے 31 دسمبر 2020 کو ختم ہونے والے سال کے دوران ٹیکس سے پہلے 4,486.51 ملین روپے کا نقصان اٹھایا ہے اور اب تک، اس کے موجودہ واجبات اس کے موجودہ اثاثوں سے 42,507.63 ملین روپے سے زائد اور اس کا مجموعی خسارہ 21,630 ملین روپے ہے۔ مالی گوشواروں کے نوٹ 2.2 میں بیان کردہ دیگر امور کے ساتھ یہ صورت حال، مادی غیر یقینی صورتحال کی نشاندہی کرتے ہیں جس سے کمپنی کی حیثیت سے جاری رہنے کی صلاحیت کے بارے میں اہم شک پیدا ہو سکتا ہے۔ تاہم، یہ مالی گوشوارے نوٹ 2.2 میں مالی گوشواروں کے بارے میں مکمل طور پر بیان کردہ وجوہات کی بناء پر تیار کیے گئے ہیں۔ اس معاملے میں ہماری رائے کو الفاظ میں نہیں ہے۔



## Emphasis of Matter

Auditors have also given Emphasis of matter which states; "We draw attention to note 18.1.2 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities on due dates and is now defending legal suits filed by some financial institutions for recovery of their dues. Our opinion is not qualified in this respect."

## Explanation of Modifications of Auditor's Report

The gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer plants on SNGPL including the Company's Urea plant faced unprecedented gas curtailment during the last five years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-up as referred to in Note 41 to the financial statement.

During past couple of years, gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG. Subsequently in 2019 RLNG supplies at subsidized rate were provided to the company and plant was running on regular basis. In 2020 similar policy by GOP continued, however, with lower gas supplies than in 2019. Subsequent to year end, ECC has also approved supply of gas upto November 2021.

The expectation of continuous availability of gas is based on the fact that the GOP is operating both LNG terminals in the country with having a combined capacity of 1200 mmscfd. Supply of RLNG is contracted for one terminal though a 15 year long term agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The supply for the second terminal is also recently contracted through another long term supply contract with Qatar and spot cargo purchases. The import of LNG has been already been tested and ensured at 1,200 mmscfd per day of maximum load on both terminals in the country. SNGPL is receiving major flow of LNG imports under swap arrangement from both terminals. This has improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

GOP's renewed focus on the Food Security is the most critical aspect of feeding the population of more than 200 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average 5.8 million tons to 6-6.2 million tons during last two years. Growing urea demand can only be met if all the plants in the country are operated on regular basis. Local production ensures GOP with significant savings on precious Foreign Exchange as well as lower subsidy than on expensive urea imports. The company is confident that on these basis, continuous gas supply solution likely to be worked out with GOP.

Litigations with banks is discussed in following paragraph.

## تاکید

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے جس میں کہا گیا ہے کہ "ہم اس کے ساتھ ساتھ مالی گوشواروں کے نوٹ 18.1.2 کی طرف توجہ مبذول کراتے ہیں، جس میں بتایا گیا ہے کہ کمپنی مقررہ تاریخوں پر اپنے ذمہ واجبات کی ادائیگی نہیں کر سکی اور اب وہ چند مالی اداروں کی طرف سے ان کے واجبات کی ریکوری کے لئے دائر قانونی مقدمات کا دفاع کر رہی ہے۔ اس بابت ہماری رائے کو ایفائیڈ نہیں ہے۔"

## آڈیٹر کی رپورٹ کی ترمیمات کی وضاحت

کمپنی کے یوریا پلانٹ کو گیس کی قیمتوں میں اضافے کے ساتھ ساتھ گیس کی قلت کمپنی کے گزشتہ کچھ سالوں میں آپریشنل اور لیکویڈیٹی ایڈجسٹمنٹ کا سب سے اہم عنصر رہا ہے۔ تمام فریٹلائزر شعبہ نے مجموعی طور پر اور کمپنی نے خاص طور پر گزشتہ پانچ سالوں کے دوران غیر متوقع گیس کی تخفیف کا سامنا کیا ہے۔ کمپنی نے اپنے اثاثوں اور آپریشنز کو اعلیٰ درجہ کے قرضوں کے ذریعے فنانس کیا ہے۔ سسٹم میں مجموعی گیس کی قلت کی وجہ سے حکومت پاکستان نے گیس کو فریٹلائزر سیکٹر سے دیگر سیکٹرز خاص طور پر گریموں میں پاور سیکٹر اور سردیوں کے دوران ڈومیسٹک سیکٹر کو منتقل کر دیا۔ یہ گیس کی تخفیف دستیاب صلاحیت کے خلاف یوریا کی کم پیداوار کی وجہ بنتی ہے۔ مسلسل آپریشنل اور لیکویڈیٹی مسائل پیدا ہوئے جس کے مزید

نتیجے میں زائد المعیا در ضون اور متعلقہ مارک اپ میں اضافہ ہوا جس کا ذکر عبوری مالی حسابات کے نوٹ 41 میں بیان کیا گیا ہے۔

گذشتہ دو سالوں کے دوران، حکومت پاکستان ("جی او پی") کی جانب سے کمپنی کو گیس کی فراہمی میں مائع قدرتی گیس ("ایل این جی") کی باقاعدہ درآمد سے بہتری دیکھنے میں آئی ہے۔ سوئی ناردرن گیس پائپ لائنز لمیٹڈ ("ایس این جی پی ایل") کو مسلسل ایل این جی کی درآمد سے آریل این جی کے بہاؤ کو بہتر بنایا گیا جس سے کھاد کے شعبے سمیت صارفین کو فائدہ ہوگا۔ قدرتی گیس اور آریل این جی کے امتزاج پر کمپنی کے یوریا پلانٹ کو گیس کی سپلائی ستمبر 2018 میں بحال کر دی گئی تھی۔ اس کے بعد 2019 میں کمپنی کو رعایتی نرخ پر آریل این جی کی فراہمی کی گئی اور پلانٹ مستقل بنیادوں پر چل رہا تھا۔ 2020 میں حکومت پاکستان کی طرف سے یہی پالیسی جاری رہی، تاہم، 2019 کے مقابلے میں گیس کی سپلائی کم رہی۔ سال کے اختتام کے بعد، ای سی سی نے نومبر 2021 تک گیس کی فراہمی کی بھی منظوری دے دی ہے۔

گیس کی مستقل دستیابی کی توقع اس حقیقت پر مبنی ہے کہ حکومت پاکستان ملک میں دو LNG ٹرمینلز چلا رہی ہے جس کی گنجائش 1200 mmscfd گیس پروسیسنگ ہے۔ اگرچہ ایک ٹرمینل کے لئے RLNG کی سپلائی کا 15 سالہ معاہدے کے تحت قطر کی حکومت سے سالانہ تقریباً 3.75 ملین ٹن ایل این جی درآمد کرنا ہے۔ دوسرے ٹرمینل کے لئے سپلائی کا معاہدہ بڑے LNG ٹریڈرز اور سپاٹ کارگو پرچیزر کے ساتھ مختصر مدتی سپلائی کنٹریکٹس کے ذریعے کیا گیا ہے۔ ایل این جی کی درآمد کو ملک میں دونوں ٹرمینلز پر زیادہ سے زیادہ لوڈ کے نیو یوم 1200 ایم ایم سی ایف ڈی پر ہموار کیا گیا ہے۔ ایس این جی پی ایل کو دونوں ٹرمینلز سے تبادلہ انتظام کے تحت ایل این جی کی درآمد کا مکمل بہاؤ مل رہا ہے۔ اس سے ایس این جی پی ایل سسٹم میں گیس کے بہاؤ میں مزید بہتری آئی ہے اور ایس این جی پی ایل نیٹ ورک پر فریڈلائزرز پلانٹوں کے لئے گیس کی مطلوبہ مقدار دستیاب کر دی گئی ہے۔

فوڈ سیکورٹی پر حکومت پاکستان کی مرکز توجہ 200 ملین سے زیادہ آبادی کو خوراک پہنچانے کا سب سے اہم پہلو ہے اور کھاد، خاص طور پر یوریا فصلوں کی اورنی ایکڑ پیداوار کو بڑھانے میں اہم کردار ادا کرتا ہے۔ ماضی قریب میں یوریا کی طلب میں گذشتہ دو سالوں کے دوران اوسطاً 5.8 ملین ٹن سے 6.2-6 ملین ٹن تک اضافہ ہوا ہے۔ یوریا کی بڑھتی ہوئی طلب صرف اسی صورت میں پوری کی جاسکتی ہے جب ملک میں تمام پلانٹس کو مستقل بنیاد پر چلایا جائے۔ مقامی پیداوار حکومت پاکستان کو یقین دلاتی ہے کہ قیمتی غیر ملکی زر مبادلہ پر نمایاں بچت کے ساتھ ساتھ مہنگے یوریا کی درآمدات پر سبسڈی بھی کم دینی پڑے۔ کمپنی کو یقین ہے کہ ان بنیادوں پر، حکومت پاکستان مستقل گیس کی فراہمی کا مسئلہ حل کرے گی۔

بینکوں کے ساتھ مقدمات کا درج ذیل پیرا گراف میں وضاحت کی گئی ہے۔

## Capital Restructuring & Litigations with Banks

Gas curtailment to the Company's Urea plant during the past few years was the major cause of non-servicing of the debt of the Company and the accumulation of mark-ups further increased its debt burden. In addition to this, few banks and financial institutions have filed cases for recovery of loans extended by them along with accrued markup and other related charges against the Company. In order to streamline this debt burden, a Capital Restructuring Plan was envisaged with the cooperation of lenders to devise a sustainable capital structure, which included the conversion of its existing long term debt including mark-ups into Preference Shares. The plan also includes sale of excess land to payoff long term lenders after seeking the necessary approvals. The infrastructure developments plans of GOP around the Company's both plants will likely to increase the value of its land. Particularly, the participation of the Company in CPEC project's section Hakla-Daudkhel-DI Khan through provision of land for the said project looks very exciting and with the completion of CPEC, the surplus land of the Company has potential for commercial and industrial activities for CPEC related trades in the future. Based on legal opinions, the Company is confident that likelihood of any additional liability is remote as markup has already been recognized in these financial statements in accordance with terms of loan agreements.

This Capital Rehabilitation Plan was filed through a petition in Lahore High Court in June 2016 for the enforceability of the scheme under section 284-288 of the Companies Ordinance, 1984. The hearings at the LHC are continued and the Company is confident to obtain decision through the court for the Rehabilitation Plan and committed to implement the plan to improve the financial position of the company.

## سرماہی کی تنظیم نو:

گذشتہ چند سالوں کے دوران کمپنی کے یوریا پلانٹ کو گیس کی تخفیف نہ صرف قرض کی واپسی میں تاخیر کی اہم وجہ ہے بلکہ قرض اور سود میں اضافے کا سبب بھی ہے۔ اس کے علاوہ چند بینکوں اور مالی اداروں نے کمپنی کے خلاف مارک اپ اور دیگر متعلقہ واجبات کے ساتھ ساتھ توسیعی قرضوں کی ریکوری کے مقدمات دائر کئے ہیں۔ اس قرض کی تنظیم نو کے لئے قرض دہندہ کے تعاون سے ایک منصوبہ مرتب کیا گیا ہے۔ جس کا بنیادی مقصد موجودہ طویل مدتی قرض اور اس پر سود کو ترجیحی حصص میں تبدیل کرنا ہے۔ اس منصوبے کا ایک اور مقصد کمپنی کے پاس موجود اضافی اراضی کا فروخت ہے جس کی آمدنی سے طویل مدتی قرض دہندہ کے واجبات کی ادائیگی ممکن ہوگی۔ حکومت کے بنیادی ڈھانچے کی ترقی کے

منصوبے سے دونوں پلانٹس کے گرد اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے سیکشن ہاکلا- داؤدخیل- ڈی آئی خان میں کمپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے، سی پیک کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔ مزید برآں، قانونی آراء کی بنیاد پر کمپنی کو یقین ہے کہ کسی بھی ذمہ داری کا امکان کم ہے کیونکہ قرض کے معاہدوں کی شرائط کے مطابق ان مالیاتی حسابات میں مارک اپ کو پہلے ہی تسلیم کیا گیا ہے۔

سرمایہ کی بحالی کا یہ منصوبہ کمپنیز آرڈیننس 1984 کے سیکشن 284-288 کے تحت اسکیم کے نفاذ کے لئے جون 2016 میں لاہور ہائیکورٹ میں ایک درخواست دائر کی گئی تھی۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کمپنی پر اعتماد ہے کہ وہ منصوبے کی بحالی کے لئے عدالت سے اس کے حق میں فیصلہ ہوگا اور کمپنی کی مالی حالت کو بہتر بنانے کے منصوبے پر عمل درآمد کرنے کا عزم کیا ہے۔

## Loss per share

Loss per share of the Company for the year ended on 31 December 2020 is Rs. 10.95 per share.

## فی شیئر نقصان

31 دسمبر 2020 کو ختم ہونے والی مدت کے لئے کمپنی کا نقصان 10.95 روپے فی شیئر ہے۔

## Dividend

Due to circumstances already discussed the Board of Directors does not recommend any dividend for the year ended on 31 December 2020.

## ڈیویڈنڈ

مذکورہ بالا حالات کے باعث 31 دسمبر 2020 کو ختم ہونے والی مدت کے لئے بورڈ آف ڈائریکٹرز نے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

## Corporate Review

### Corporate Governance and Financial reporting framework

As required by the Code of Corporate Governance, the Directors are pleased to report that:

- The financial statements prepared by the management of company present accurate state of company's financial position, operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound and has been effectively implemented and monitored.
- The Board is satisfied that the company is performing well as going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- There are no statutory payment on account of taxes, duties levies and charges which are outstanding as on 31 December 2020, except as those disclosed in the financial statements.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this relates and the date of the Director's report.

## Investment in retirement benefits

The value of investments made by the employees retirement benefits funds operated by the company as on 31 December 2020 are as follows:

	Value (Rupees)
1. Provident fund	183,731,041
2. Gratuity fund	73,773,114

## Board of Directors

During the year under review, eight (8) meetings of the Board of Directors were held and the attendance by each director is as follows:

Name of Director	Eligibility	Attended
Mr. Sardar Azmat Babar ( <i>Chairman</i> )	8	8
Ms. Amena Zafar Cheema	8	7
Mr. Asim Jilani	8	8
Mr. Asim Murtaza Khan	8	8
Mr. Talha Saeed	6	3
Mr. Hassan Raza	2	2
Mr. Abdul Karim Sultanali	8	8
Mr. Muhammad Faisal Muzammil	8	8

Leave of absence was granted to the Directors who could not attend the Board Meetings.

## Audit Committee

During the year under review, five (5) meetings of the Audit Committee were held.

Name of Director	Eligibility	Attended
Mr. Asim Murtaza Khan ( <i>Chairman</i> )	5	5
Mr. Talha Saeed	3	3
Mr. Abdul Karim Sultanali	5	5
Mr. Asim Jilani	5	5

## HR & Remuneration Committee

During the year under review, five (5) meetings of the HR & Remuneration Committee were held.

Name of Director	Eligibility	Attended
Ms. Amena Zafar Cheema ( <i>Chairperson</i> )	5	5
Mr. Asim Jilani	5	2
Mr. Abdul Karim Sultanali	5	5
Mr. M. Faisal Muzammil	5	4

## Directors' Training Program

In Board of Directors of Agritech Limited, Mr. Sardar Azmat Babar Chohan, Mr. Asim Murtaza Khan, Mr. Asim Jilani, Mr. Abdul Karim Sultanali, Ms. Amena Zafar Cheema and Mr. Muhammad Faisal Muzammil were certified Directors under Directors Training Program; as prescribed under the Listed Companies Code of Corporate Governance Regulations 2019. All the directors are professionals and senior executives who possess wide experience and awareness of the duties and responsibilities of Directors. The training is an on-going process and the Company is determined to comply with the directors' training as required by the Code and completion of certification thereof.

## Appointment of Auditors

The Board of Directors has recommended, as suggested by Audit Committee, the appointment of Grant Thornton Anjum Rahman, Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment as external auditors of the Company for the ensuing Financial Year, subject to approval of the members in the forthcoming Annual General Meeting.

## PATTERN OF SHAREHOLDING

The shareholding of the company as at 31 December 2020 is as follows:

S #	Category	Number of shareholders	Number of shares held	Percentage of holding
1	Directors	3	2,000	0.001
2	Associate Company	1	106,014,632	27.015
3	Related Parties	7	74,595,055	19.008
4	Financial Institutions	15	91,942,662	23.429
5	Gratuity Funds	3	342,266	0.087
6	Charitable Trusts	2	4,025,688	1.026
7	Insurance Companies	3	1,662,870	0.424
8	Investment Companies	3	13,038,276	3.322
9	Joint Stock Companies	21	4,036,361	1.029
10	NIT	2	3,986,500	1.016
11	Mutual Fund	3	2,103,556	0.536
12	Property Board	1	3,333,333	0.849
13	Provident Funds	9	538,358	0.137
14	Individual Shareholders (Foreigner)	4	6,000	0.001
15	Individual Shareholders (Local)	3,684	86,802,443	22.12
<b>Total</b>		<b>3,761</b>		<b>100.00</b>

### Shareholders having more than 5% shares

S #	Name	Number of shareholders	Number of shares held	Percentage of holding
1	National Bank of Pakistan	1	106,014,632	27.015
2	Summit Bank Limited	1	34,306,400	8.740
3	Standard Chartered Bank (Pakistan) Limited	2	22,373,615	5.701

### Information of shareholding as at December 31, 2020 as required under CCG as follow:

S #	Name	Category	Shares	Accumulated Total
1	Asim Murtaza Khan	Directors	1,000	
2	Amena Zafar Cheema	Directors	500	
3	Mr. Muhammad Faisal Muzammil	Directors	500	<b>2,000</b>
1	National Bank Of Pakistan	Associate Company	106,014,632	<b>106,014,632</b>
1	Standard Chartered Bank (Pakistan) Limited	Related Parties	10,912,592	
2	Standard Chartered Bank (Pakistan) Limited-GSAM	Related Parties	11,461,023	
3	Silkbank Limited	Related Parties	1,000	
4	Summit Bank Limited	Related Parties	34,306,400	
5	Faysal Bank Limited	Related Parties	15,624,873	
6	Faysal Bank Limited	Related Parties	1,914,655	
7	Faysal Bank Limited	Related Parties	374,512	<b>74,595,055</b>
1	Allied Bank Limited	Financial Institutions	16,601,113	
2	Habib Bank Limited-treasury Division	Financial Institutions	2,645,250	
3	Habib Bank Limited-corporate Center	Financial Institutions	3,755,428	
4	Soneri Bank Limited - Ordinary Shares	Financial Institutions	851,519	
5	United Bank Limited	Financial Institutions	12,345,051	
6	United Bank Limited-Strategic Portfolio	Financial Institutions	3,630,825	
7	MCB Bank Limited - Treasury	Financial Institutions	605,138	
8	The Bank Of Punjab, Treasury Division	Financial Institutions	9,212,921	

## PATTERN OF SHAREHOLDING

S #	Name	Category	Shares	Accumulated Total
9	Al Baraka Bank (Pakistan) Limited	Financial Institutions	1,471,636	
10	Pak Libya Holding Company (Pvt.) Limited	Financial Institutions	8,384,283	
11	Bank Alfalah Limited	Financial Institutions	2,273,234	
12	Askari Bank Limited	Financial Institutions	16,512,082	
13	The Saudi Pak Industrial & Agricul. Investment Co. Ltd.- Cad	Financial Institutions	3,346,506	
14	Bankislami Pakistan Limited	Financial Institutions	10,307,379	
15	Bank Alfalah Limited	Financial Institutions	297	<b>91,942,662</b>
1	Barrett Hodgson, Employees Gratuity Fund	Gratuity Fund	3,389	
2	Trustees Of SSG Non-executive Staff Gratuity Fund	Gratuity Fund	181,541	
3	Trustees Of SSG Executive Staff Gratuity Fund	Gratuity Fund	157,336	<b>342,266</b>
1	Board of Trustees, FEB & GIF, IBD	Charitable Trusts	3,025,688	
2	Trustees of Pakistan Mobile Communication Ltd-Provident Fund	Charitable Trusts	1,000,000	<b>4,025,688</b>
1	IGI Holdings Limited	Insurance Companies	1,352,992	
2	East West Insurance Co.ltd	Insurance Companies	302,569	
3	Efu Life Assurance Limited	Insurance Companies	7,309	<b>1,662,870</b>
1	First Credit & Investment Bank Limited	Investment Companies	1,057,855	
2	Pak China Investment Company Limited	Investment Companies	10,000,000	
3	Pak Brunei Investment Company Limited	Investment Companies	1,980,421	<b>13,038,276</b>
1	Franciscans Of St John The Baptist Pakistan	Joint Stock Companies	25,000	
2	Shaffi Securities (pvt) Limited	Joint Stock Companies	17,000	
3	TPS Pakistan (private) Limited	Joint Stock Companies	7,500	
4	Zafar Securities (pvt) Ltd.	Joint Stock Companies	150,000	
5	Premier Mercantile Services (private) Limited	Joint Stock Companies	1,333,333	
6	NH Capital (private) Limited	Joint Stock Companies	100	
7	Ihsan Cotton Products (pvt) Ltd	Joint Stock Companies	500	
8	Maple Leaf Capital Limited	Joint Stock Companies	1	
9	Ihsan Sons (private) Limited	Joint Stock Companies	500	
10	Wireless N Cable (pvt) Limited	Joint Stock Companies	50	
11	B & B Securities (private) Limited	Joint Stock Companies	163,500	
12	Mian Nazir Sons Industries (pvt) Limited	Joint Stock Companies	50,000	
13	Pasha Securities (pvt) Ltd.	Joint Stock Companies	35,000	
14	Seven Star Securities (pvt.) Ltd.	Joint Stock Companies	18,000	
15	Muhammad Amer Riaz Securities (pvt) Ltd.	Joint Stock Companies	10,000	
16	MRA Securities Limited	Joint Stock Companies	270,000	
17	Azee Securities (private) Limited	Joint Stock Companies	12,000	
18	Zillion Capital Securities (pvt) Ltd.	Joint Stock Companies	50,000	
19	Multiline Securities (pvt) Limited	Joint Stock Companies	61,000	
20	Pak-china Investment Company Limited	Joint Stock Companies	1,832,836	
21	Azgard Nine Limited	Joint Stock Companies	41	<b>4,036,361</b>

S #	Name	Category	Shares	Accumulated Total
1	CDC - Trustee NIT-Equity Market Opportunity Fund	NIT	1,475,333	
2	CDC - Trustee National Investment (Unit) Trust	NIT	2,511,167	<b>3,986,500</b>
1	MC FSL - Trustee Js Growth Fund	Mutual Fund	605,138	
2	MCBFSL - Trustee Js Value Fund	Mutual Fund	726,165	
3	CDC - Trustee Unit Trust Of Pakistan	Mutual Fund	772,253	<b>2,103,556</b>
1	Evacuee Trust Property Board	Property Board	3,333,333	<b>3,333,333</b>
1	Barrett Hodgson, Pak. (Pvt) Ltd., Employees Provident Fund	Provident Fund	7,262	
2	Trustees Of Ssg Executive Staff Provident Fund	Provident Fund	121,028	
3	Trustees Of Ssg Non-executive Staff Provident Fund	Provident Fund	145,233	
4	Trustee Gul Ahmed Textile Mills Ltd Emp P.F	Provident Fund	1,210	
5	Trustee - The U.s.mission Fsn Staff Provident Fund	Provident Fund	60,514	
6	Wah Nobel (Private) Limited Management Staff Pension Fund	Provident Fund	20,000	
7	Trustee-highnoon Laboratories Limited Staff Provident Fund	Provident Fund	137,405	
8	Soneri Bank Limited Employees Provident Fund	Provident Fund	24,206	
9	Trustees Pak-american Fertilizers Ltd. Emp. Provident Fund	Provident Fund	21,500	<b>538,358</b>
1	Shareholders (Local)		86,802,443	<b>86,802,443</b>
2	Shareholders (Foreigner)		6,000	<b>6,000</b>
<b>Grand Total</b>				<b>392,430,000</b>

## PATTERN OF SHAREHOLDING

The pattern of holding of shares held by the shareholders as at 31 December 2020 is as follows:

Number of shareholders	Shareholding	Total shares held
266	shareholding from 1 to 100	3,441
527	shareholding from 101 to 500	256,892
487	shareholding from 501 to 1,000	481,421
1082	shareholding from 1,001 to 5,000	3,359,586
452	shareholding from 5,001 to 10,000	3,816,963
334	shareholding from 10,001 to 20,000	5,353,519
177	shareholding from 20,001 to 30,000	4,499,054
68	shareholding from 30,001 to 40,000	2,461,561
89	shareholding from 40,001 to 50,000	4,287,001
24	shareholding from 50,001 to 60,000	1,325,739
20	shareholding from 60,001 to 70,000	1,301,145
23	shareholding from 70,001 to 80,000	1,760,000
17	shareholding from 80,001 to 90,000	1,458,000
9	shareholding from 90,001 to 100,000	854,500
130	shareholding from 100,001 to 500,000	22,990,624
19	shareholding from 500,001 to 1,000,000	14,072,713
8	shareholding from 1,000,001 to 1,500,000	10,352,649
5	shareholding from 1,500,001 to 2,000,000	9,727,912
11	shareholding from 2,000,001 to 5,000,000	31,884,931
3	shareholding from 5,000,001 to 10,000,000	27,597,204
9	shareholding from 10,000,001 to 50,000,000	138,570,513
1	shareholding from 50,000,001 to 200,000,000	106,014,632
<b>3,761</b>		<b>392,430,000</b>





**Agritech is fully committed to adopting international benchmarks governing corporate social responsibility.**

## CORPORATE SOCIAL RESPONSIBILITY

### Health Center

Agritech operates a state of the art hospital at its Daudkhel site which includes essential care facilities including emergency, labour and gynecology and minor surgery. The center provides subsidized medical care to its employees and the community at large.

In addition, realizing its duties as a responsible corporate citizen, Agritech continues its effort for a greener environment, planting trees in its neighboring communities, providing scholarships for needy students and arranging many activities for the well being of its employees and communities.

We constantly strive to maintain a leadership role in this area and wholeheartedly support and fund outreach programs which have a beneficial impact on our environment, employees and the communities we live and work in.

### Community Programs

Agritech is committed to a quality education for its employees and its communities. The company has established several educational institutions where over 2000 students are enrolled and managed by over 100 professional staff.



# CERTIFICATIONS & ACHIEVEMENTS

Some of our key certifications and initiatives are mentioned below.



## OSHA Standards

OHS 18001 compliant proactive HSE program aims to prevent work-related injuries, illnesses and fatalities. This effort at Agritech is independently monitored by a high level Corporate Manager of Health, Safety & Environment who has wide ranging mandate and authority to enforce (Health, Safety & Environment (HSE) standards throughout the company. Effort is complemented with Hearts & Minds Winning techniques for sustainable performance.



## ISO 9001

ISO 9001 is a family of standards for quality management systems. ISO 9001 is maintained by ISO, the International Organization for Standardization and is administered by authorized accreditation and certification bodies. The requirements of ISO 9001 include maintaining a set of procedures that cover all key processes in the business, to ensure they are effective, maintain adequate records, check output for defects, with appropriate and corrective action where necessary. The ISO 9001 family of standards also require regular reviews of individual processes and the quality system itself for effectiveness, and to facilitate continuous improvement.



## ISO 14001

ISO 14001 is an organizational system standard for monitoring, controlling, and improving quality of the environment. The ISO 14001 Environmental Management standards exist to help organizations minimize how their operations affect the environment (cause adverse changes to air, water, or land) and comply with applicable laws and regulations.



## PAKISTAN STANDARDS AND QUALITY CONTROL AUTHORITY

The main function of the Authority is to foster and promote standards and conformity assessment as a means of advancing the national economy, promoting industrial efficiency and development, ensuring the health and safety of the public, protecting the consumers, facilitating domestic and international trade and furthering international co-operation relation to standards and conformity assessment in the interest of consumers.

**All these achievements are result of dedicated and consorted efforts of Agritech's team. Management provided the necessary resources and encouragement with a firm commitment to implement these systems in full letter and spirit.**

**For accreditation of above systems, procedures were developed according to the required standards & these are being implemented.**



With the implementation of QMS, EMS & OH&S there have been tremendous improvements at the plant. The following are main benefits.

#### **Increased Efficiency**

Certification process has given a lot of thought to improve the system and how to maximize quality and efficiency. The processes has been established and guidelines in place for anyone to follow easily, making training, transitions, and trouble-shooting etc.

#### **Employee Morale**

Employee's morale has been motivated by defining roles and responsibilities, accountability of management, established training systems and a clear picture of how their roles affect quality and the overall success of the company.

#### **International Recognition**

The company reputa has been increased after getting certifications of QM, EM & OH&S systems as these standards are recognized worldwide.

#### **Supplier Relationships**

Following the processes for documentation and testing has ensured quality of raw materials fed into our production system and finished product. The process also requires thorough evaluation of new suppliers before a change is made and/or consistency with respect to how and where orders are place.

#### **Factual Approach to Decision Making**

The ISO & OHSAS standards set out clear instructions for audits and process reviews that have facilitated information gathering and decision making based on the data.

#### **Documentation**

Documentation is the key requirement of ISO & OHSAS standards of all processes and any changes, errors and discrepancies. This ensures consistency throughout production and accountability of all staff. This also guarantees traceable records are available in case of non-compliance.

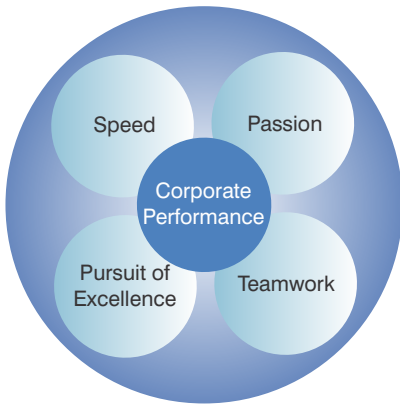
#### **Consistency**

All processes for development, to production, to shipping, are defined, outlined and documented, minimizing room for error. Even the process of making changes to a process is documented, ensuring that changes are well planned and implemented in the best possible way to maximize efficiency.

#### **Customer Satisfaction**

Client confidence is gained because of the universal acceptance of the ISO & OHSAS standards. Customer satisfaction is ensured because of the benefits to company efficiency, consistency and dedication to quality service.

# OUR HUMAN CAPITAL



The corporate culture at Agritech is based on four essential pillars

Our Corporate culture is nurtured through setting world class performance standards and then focusing, empowering, encouraging and challenging all our employees to develop their capabilities to deliver this mind set transcends all levels of the organization.

This forms the core of the underlying HR policies at Agritech which are designed to deliver outstanding business performance by supporting and developing the Company's most important asset, its people.

Our culture empowers people to contribute to our business objectives and to simultaneously achieve their own personal and career goals. Every day our employees are challenged and motivated to seek the state of the art knowledge and skills required to stay ahead in today's changing business environment.

Teams and individuals are constantly encouraged to develop their professional capabilities, to question the status quo with courage of conviction, and reinvent themselves and their systems of work to confront the dynamics of a fast changing world.

Bureaucracy is constantly pruned to enable people to work with each other without being encumbered and to keep the focus on outcomes and delivery rather than just effort.

We have a strong commitment to meritocracy, and complying with our human resource polices, the Company does not employ any child labor and is an equal opportunity employer.

## Acknowledgement

The Board takes this opportunity to express its deep sense of gratitude and thanks to the shareholders, employees, customers, bankers and other stakeholders for the confidence and faith they have always reposed in us.



Ms. Amena Zafar Cheema  
Director



Mr. Muhammad Faisal Muzammil  
Chief Executive Officer

March 30, 2021

**"We Endeavour to be the best employer in the Fertilizer Industry with high growth opportunity in an expanding company, locally and Internationally. Employment at AGL has an opportunity to move into Fertilizer sector enabling you to acquire experience in largest Industrial Sectors of Pakistan".**



## FINANCIAL HIGHLIGHTS

Six years at a glance

	2020	2019	2018	2017 Restated	2016	2015
<b>Operating performance (Rs. 000)</b>						آپریٹنگ کارکردگی
Sales-Net فروخت - نیٹ	5,699,723	12,174,419	4,533,316	3,551,519	7,515,414	3,542,570
Operating income / (loss) آپریٹنگ منافع / (نقصان)	(1,541,384)	2,329,411	(1,057,087)	(1,751,127)	452,041	(1,452,207)
(Loss) before tax (نقصان) قبل از ٹیکس	(4,486,519)	(971,011)	(3,639,609)	(4,051,607)	(1,726,440)	(3,681,939)
(Loss) after tax (نقصان) بعد از ٹیکس	(4,296,900)	(652,777)	(3,343,673)	(4,483,683)	(2,308,925)	(3,490,217)
<b>Financial position (Rs. 000)</b>						مالی حالات
Total equity کل ایکویٹی	6,440,664	10,736,092	(4,888,542)	(1,665,904)	(2,813,324)	(2,414,335)
Long term debt طویل مدت کے قرضے	19,278,672	19,304,062	19,306,932	19,363,731	19,319,355	19,303,467
Property, plant and equipment زمین مشینری اور آلات	58,535,893	60,043,381	38,592,232	39,773,629	40,769,567	41,896,368
<b>Financial analysis</b>						مالی تجزیہ
Current ratio (ratio) موجودہ تناسب	0.12	0.14	0.11	0.12	0.13	0.15
<b>Profitability analysis</b>						منافع تجزیہ
Operating (loss) / profit to sales (%) آپریٹنگ (نقصان) / منافع کا تناسب نسبت فروخت	(0.27)	0.19	(23)	(49.31)	6.05	(40.99)
(Loss) per share (Rs.) (نقصان) فی حصص (روپے)	(10.95)	(1.66)	(8.52)	(11.43)	(6.33)	(9.33)

# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2019

The company has complied with the requirements of the Regulations in the following manner:-

- The total number of directors are seven as per the following:

Gender	Names
Male	6
Female	1

- The Composition of Board is as follows:

Category	Names
Independent Directors	Mr. Asim Murtaza Khan
	Ms. Amena Zafar Cheema
Non-Executive	Mr. Talha Saeed <i>(Resigned on 1.10.20)</i>
	Mr. Hassan Raza <i>(Joined on 23.10.20)</i>
	Mr. Sardar Azmat Babar
	Mr. Abdul Karim Sultanali
	Mr. Asim Jilani
Executive Director	Mr. Muhammad Faisal Muzammil

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the 'Act' and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

- In terms of Regulation 19 of the 2019 Code, six out of seven directors of the Company have attended the approved Directors Training Program and have acquired the certifications;

The Board members participate in orientation courses to apprise them of their duties and responsibilities.

- The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below

Audit Committee	
Name	Position
Mr. Asim Murtaza Khan	Chairman
Mr. Talha Saeed <i>(Resigned on 1.10.20)</i>	Member
Mr. Abdul Karim Sultanali	Member
Mr. Asim Jilani	Member
Mr. Hassan Raza <i>(Inducted on 10.12.20)</i>	Member

Human Resource & Compensation Committee	
Name	Position
Ms. Amena Zafar Cheema	Chairperson
Mr. Asim Jilani	Member
Mr. Abdul Karim Sultanali	Member
Mr. Muhammad Faisal Muzammil	Member

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The number of meetings of the committee were as follows:


Meetings	Frequency
Audit Committee	Total 5 meetings were held during financial year ended December 31, 2020. The meeting for 1st Qtr not held due to Covid-19 related lockdown.
Human Resource & Remuneration Committee	Total 5 meetings were held during the financial year ended December 31, 2020.

- The Board has outsourced the internal audit function to a Chartered Accountants firm, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

## STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

16. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all mandatory requirements of the Regulations have been complied with except for the fact that the Meeting of the Audit Committee had not been held in the first quarter of the year (Regulation 27) due to COVID 19 lock down restrictions imposed in March 2020.
19. The Board of Directors of the Company has performed annual performance evaluation of its directors (Regulation 10). However, one director, Mr. Hasan Raza, is indisposed due to illness and accordingly, his evaluation could not be completed before approval of the Statement of Compliance by the Board.



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Sardar Azmat Babar Chauhan  
Chairman

March 30, 2021





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 Pakistan.  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Agritech Limited

### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Agritech Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph	Description
14	The Audit Committee meeting could not be held in first quarter of the financial year.

*Grant Thornton Anjum Rahman*  
**Grant Thornton Anjum Rahman**

Chartered Accountants  
 Place: Lahore

Date: March 30, 2021

**Chartered Accountants**  
 Member of Grant Thornton International Ltd  
 Offices in Karachi and Islamabad



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## Independent Auditor's Report

### To The Members of Agritech Limited Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the annexed financial statements of **Agritech Limited** (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, (here-in-after referred to as "the financial statements") and we state that, except for as stated in Basis for Qualified Opinion section, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect on financial statements of the matter discussed in Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the loss, the comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

As stated in note 12.2 and 20.2 to the financial statements, the management has assessed the recoverability of deferred tax assets on tax losses and tested the impairment of goodwill based on five years business plan approved by the Board of Directors and asserts that no impairment is required in these financial statements. However, we are unable to obtain sufficient appropriate audit evidence with respect to key assumption used in the business plan i.e. operational days based on the availability of natural gas and cost of raw material based on gas rates since approval from Government of Pakistan for supply of gas to the Company at subsidized rates is available only till 30 November 2021. Management is, however, confident that supply of gas will be available on long term basis. Consequently, we were unable to determine whether any adjustment in respect of impairment was necessary for goodwill amounting to Rs. 2,567.31 million and deferred tax asset amounting to Rs. 6,321.58 million recognized on tax losses of Rs. 21,798.56 million in these financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Material Uncertainty Relating to Going Concern

Notwithstanding the matter discussed in Basis for the Qualified Opinion section, the Company, during the year ended 31 December 2020, has incurred loss before tax amounting to Rs. 4,486.51 million and, as of that date, its current liabilities exceeded its current assets by Rs. 42,507.63 million, and its accumulated losses stood at Rs. 21,630 million. These conditions, along with other matters as set forth in note 2.2 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

#### Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi and Islamabad

### **Emphasis of Matter Paragraph**

We draw attention to note 18.1.2 to the accompanying financial statements, wherein it is stated that the Company could not pay its liabilities on due dates and is now defending legal suits filed by some financial institutions for recovery of their dues. Our opinion is not qualified in this respect.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b><u>Sales</u></b>            (Refer to note 3.15 and 28 to the financial statements.)</p> <p>The Company principally generates revenue from manufacturing and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer.</p> <p>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales;</li> <li>• Assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting and reporting standards;</li> <li>• Comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;</li> <li>• Comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;</li> <li>• Inspecting on a sample basis, credit notes, if any, issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and</li> <li>• Scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</li> </ul>
2.	<p><b><u>Borrowings, accrued mark up and finance cost</u></b>            (Refer to notes 3.11, 8, 9, 16, 34 and 41.2.2 to the financial statements.)</p> <p>The Company has obtained range of long term financing facilities from different financial institutions with varying terms and tenures.</p> <p>This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency.</p>	<p>Our audit procedures, amongst others, included the followings:</p> <ul style="list-style-type: none"> <li>• Assessing the design and operating effectiveness of the Company's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non- current and associated costs.</li> <li>• Obtaining confirmations of borrowings as at 31 December 2020 directly from the financial institutions;</li> </ul>

Sr. No.	Key audit matters	How the matter was addressed in our audit
	Further, compliance with debt covenants is a key requirement of these financing arrangements.	<ul style="list-style-type: none"> <li>• Testing the calculation of markup recognized as expense during the year in accordance with the terms and to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan;</li> <li>• Assessing whether loans maturing within twelve months were classified as current liabilities; and</li> <li>• Assessing the Company's compliance with the terms of the loans and assessing the presentation and adequacy of disclosure in the financial statements.</li> </ul>
3.	<p><b><u>Trade and other Payables (GIDC &amp; LPS payable to SNGPL)</u></b></p> <p>(Refer note 11 and 15 of the financial statements.)</p> <p>Pursuant to the decision of Supreme Court of Pakistan (SCP) dated August 13, 2020 and outcome of review petition on November 2, 2020 seeking review of judgement of GIDC levy, the Company has classified its GIDC liabilities due towards SNGPL as long term and has not recognized LPS on delayed payments on such payable upto date of SCP decision. The Company had also reversed LPS on GIDC amounting to Rs. 846.211 million recognized upto December 31, 2018 in last year financial statements.</p> <p>The modified liability has been accounted for under the measurement principles of IFRS – 9 "Financial Instruments" at amortized cost, which is also in line with the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January, 2021.</p> <p>We considered this as a key audit matter, due to the significance of the amount and the judgments involved in selection of accounting policies and estimation of present value of liability as a result of SCP judgement.</p>	<p>Our audit procedures in relation to this matter included, amongst others:</p> <ul style="list-style-type: none"> <li>• Obtained and read the detailed judgement and the review petition dismissal order announced by the Supreme Court of Pakistan (SCP) and the stay order granted to the Company by the Lahore High Court;</li> <li>• Checked the requirements of GIDC Act, 2015;</li> <li>• Obtained and read the "Guidance on Accounting of GIDC" issued by ICAP and understood the management's process for selection of accounting policies and held discussions with the management regarding accounting treatment and the related impact thereof, subsequent to judgements of SCP;</li> <li>• Checked the mathematical accuracy of the management's working of current / non - current classification of GIDC payable, its present value and assessed its accuracy and reasonableness of key estimates used;</li> <li>• Circularized and obtained opinion of the Company's legal counsel handling the matter, as of reporting date; and</li> <li>• Checked the appropriateness of disclosures made in the annexed financial statements in relation to the matter in accordance with the applicable accounting and reporting framework.</li> </ul>

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Board of Directors are responsible for the other information. Other information comprises the information included in the annual report for the year ended December 31, 2020, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### **Report on Other Legal and Regulatory Requirements**

Based on our audit, except as stated in Basis for Qualified Opinion, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017;
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Afzal.



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Lahore.

Date: March 30, 2021

# Statement of Financial Position


as at 31 December 2020

		2020	2019
	Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized share capital</b>	4	<b>15,000,000,000</b>	15,000,000,000
<b><u>Share capital and reserves</u></b>			
Issued, subscribed and paid-up ordinary share capital	5	<b>3,924,300,000</b>	3,924,300,000
Reserves	6	<b>9,000,000</b>	9,000,000
Accumulated losses		<b>(21,630,116,483)</b>	(17,943,049,039)
Surplus on revaluation of property, plant and equipment - net of tax	7	<b>24,137,480,414</b>	24,745,841,418
		<b>6,440,663,931</b>	10,736,092,379
<b><u>Non-current liabilities</u></b>			
Redeemable capital-secured	8	-	-
Long term finances-secured	9	-	-
Convertible, redeemable preference shares	10	<b>1,593,342,690</b>	1,593,342,690
Long term payable - <i>unsecured</i>	11	<b>1,740,315,519</b>	2,241,502,508
Deferred liabilities	12	<b>8,892,070,120</b>	9,177,221,791
		<b>12,225,728,329</b>	13,012,066,989
<b><u>Current liabilities</u></b>			
Current maturity of long term liabilities	13	<b>19,278,671,712</b>	19,304,061,923
Short term borrowings-secured	14	<b>3,646,985,016</b>	3,626,035,840
Trade and other payables	15	<b>2,296,715,315</b>	1,816,409,524
Interest / mark-up accrued on borrowings	16	<b>21,731,686,709</b>	19,260,897,262
Preference dividend payable	17	<b>1,556,102,687</b>	1,380,354,802
		<b>48,510,161,439</b>	45,387,759,351
		<b>67,176,553,699</b>	69,135,918,719
<b>Contingencies and commitments</b>	18		
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	19	<b>58,535,893,173</b>	60,043,380,678
Intangible assets	20	<b>2,567,310,828</b>	2,567,310,828
Long term loans and advances-considered good	21	<b>11,941,876</b>	14,289,695
Long term deposits-unsecured considered good	22	<b>58,884,712</b>	44,986,934
		<b>61,174,030,589</b>	62,669,968,135
<b><u>Current assets</u></b>			
Stores, spare parts and loose tools	23	<b>2,051,915,868</b>	2,098,888,058
Stock-in-trade	24	<b>456,581,089</b>	787,565,071
Trade debts	25	<b>489,620</b>	-
Advances, deposits, prepayments and other receivables	26	<b>2,569,711,620</b>	2,872,621,399
Tax refunds due from Government - <i>net</i>		<b>128,486,262</b>	144,377,100
Cash and bank balances	27	<b>795,338,651</b>	562,498,956
		<b>6,002,523,110</b>	6,465,950,584
		<b>67,176,553,699</b>	69,135,918,719

The annexed notes from 1 to 51 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## Statement of Profit or Loss

For the year ended 31 December 2020

		2020	2019
	Note	Rupees	Rupees
Sales - net	28	5,699,723,002	12,174,418,992
Cost of sales	29	(6,872,441,922)	(10,601,349,400)
<b>Gross (loss)/profit</b>		<b>(1,172,718,920)</b>	1,573,069,592
Selling and distribution expenses	30	(222,429,800)	(524,761,227)
Administrative and general expenses	31	(323,405,494)	(296,399,918)
Other expenses	32	(5,435,819)	(1,556,610)
		(551,271,113)	(822,717,755)
Other income	33	182,605,940	1,579,058,848
<b>Operating (loss)/Income</b>		<b>(1,541,384,093)</b>	2,329,410,685
Finance cost	34	(2,945,134,522)	(3,300,421,547)
<b>Loss before taxation</b>		<b>(4,486,518,615)</b>	(971,010,862)
Taxation for the year	35	189,618,160	318,234,006
<b>Loss after taxation</b>		<b>(4,296,900,455)</b>	(652,776,856)
<b>Loss per share - basic and diluted</b>	36	<b>(10.95)</b>	(1.66)

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# Statement of Comprehensive Income


For the year ended 31 December 2020

		2020	2019
	Note	Rupees	Rupees
<b>Loss after taxation</b>		<b>(4,296,900,455)</b>	(652,776,856)
<b><u>Other comprehensive income</u></b>			
<i>Items that will not be reclassified to statement of profit or loss:</i>			
- Revaluation surplus on property, plant and equipment		-	22,474,685,566
- Related deferred tax liability on revaluation surplus		-	(6,191,748,385)
- Re-measurement of defined benefit liability	12.1.9	<b>2,073,249</b>	(7,783,276)
- Related deferred tax asset/(liability)	12.2.3	<b>(601,242)</b>	2,257,150
		<b>1,472,007</b>	16,277,411,055
<i>Items that will be reclassified to statement of profit or loss</i>			
		-	-
<b>Total comprehensive (loss) / income for the year</b>		<b>(4,295,428,448)</b>	15,624,634,199

The annexed notes from 1 to 51 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# Statement of Cash Flows

For the year ended 31 December 2020

		2020	2019
	Note	Rupees	Rupees
<b><u>Cash flows from operating activities</u></b>			
Cash generated from operations	37	464,926,689	596,019,429
Income tax paid		(84,129,943)	(46,412,591)
Staff retirement benefits paid		(18,013,868)	(35,002,054)
Long term loans and advances - net		2,347,819	(590,491)
Long term deposits - net		(13,897,778)	1,551,499
<b>Net cash from operating activities</b>		<b>351,232,919</b>	<b>515,565,792</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure incurred		(88,820,049)	(24,704,157)
Interest income received		31,112,453	13,802,741
<b>Net cash used in investing activities</b>		<b>(57,707,596)</b>	<b>(10,901,416)</b>
<b><u>Cash flows from financing activities</u></b>			
Decrease in long term finances - net		(25,390,211)	(2,869,886)
Short term borrowings - net		(3,651)	-
Finance cost paid		(56,244,593)	(266,536,801)
<b>Net cash used in financing activities</b>		<b>(81,638,455)</b>	<b>(269,406,687)</b>
<b>Net increase in cash and cash equivalents</b>		<b>211,886,868</b>	<b>235,257,689</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(2,134,556,293)</b>	<b>(2,369,813,982)</b>
<b>Cash and cash equivalents at end of the year</b>	38	<b>(1,922,669,425)</b>	<b>(2,134,556,293)</b>

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Statement of Changes in Equity


For the year ended 31 December 2020

	Capital Reserve		Revenue Reserve		Total
	Ordinary Share Capital	Surplus on revaluation of property, plant and equipment - net of tax	Reserves	Accumulated loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>As at 01 January 2019</b>	3,924,300,000	8,694,728,272	9,000,000	(17,516,570,092)	(4,888,541,820)
Loss for the year ended December 31, 2019	-	-	-	(652,776,856)	(652,776,856)
<u>Other comprehensive income for the year:</u>					
Revaluation surplus on property, plant and equipment	-	22,474,685,566	-	-	22,474,685,566
Related deferred tax liability on revaluation surplus	-	(6,191,748,385)	-	-	(6,191,748,385)
Re-measurement gain on employee retirement benefits	-	-	-	(7,783,276)	(7,783,276)
Related deferred tax liability on re-measurement gain	-	-	-	2,257,150	2,257,150
Total comprehensive income/loss for the year ended 31 December 2019	-	16,282,937,181	-	(658,302,982)	15,624,634,199
<u>Surplus transferred to accumulated losses on account of:</u>					
incremental depreciation on property, plant and equipment - net of deferred tax	-	(231,824,035)	-	231,824,035	-
	-	(231,824,035)	-	231,824,035	-
<b>As at 31 December 2019</b>	3,924,300,000	24,745,841,418	9,000,000	(17,943,049,039)	10,736,092,379
Loss for the year ended 31 December 2020	-	-	-	(4,296,900,455)	(4,296,900,455)
<u>Other comprehensive income for the year:</u>					
Re-measurement gain on employee retirement benefits	-	-	-	2,073,249	2,073,249
Related deferred tax liability on re-measurement gain	-	-	-	(601,242)	(601,242)
Total comprehensive loss for the year ended 31 December 2020	-	-	-	(4,295,428,448)	(4,295,428,448)
<u>Surplus transferred to accumulated losses on account of:</u>					
Incremental depreciation on property, plant and equipment - net of deferred tax	-	(608,361,004)	-	608,361,004	-
	-	(608,361,004)	-	608,361,004	-
<b>As at 31 December 2020</b>	3,924,300,000	24,137,480,414	9,000,000	(21,630,116,483)	6,440,663,931

The annexed notes from 1 to 51 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# Notes to the Financial Statements

For the year ended 31 December 2020

## 1 Reporting entity

- 1.1 Agritech Limited ("the Company") was incorporated in Pakistan on 15 December 1959 as an unlisted Public Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and remained a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned Corporation, until 15 July 2006. The shares of the Company are quoted on Pakistan Stock Exchange. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer.

The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. Geographical locations of the manufacturing facilities of the Company are located at:

- Unit I located at Iskanderabad, District Mianwali; and
- Unit II at Hattar Road, Haripur.

## 2 Basis of preparation

### 2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Going concern assumption

The gas curtailment coupled with gas pricing issue to the Company's urea plant has been the most crucial factor for the past few years' operational and liquidity issues of the Company. The fertilizer plants on SNGPL including the Company's Urea plant faced unprecedented gas curtailment during the last five years. The Company has been financing its assets and operations through high level of borrowings. Due to overall gas shortage in the system, Government of Pakistan ("GOP") diverted gas from fertilizer sector to other sectors particularly power sector during summer and domestic sector during winter. This gas curtailment caused low urea production versus available capacity resulting in continuous operational and liquidity issues which further resulted in overdue borrowings and related mark-up as referred to in Note 41 to the financial statement.

During past couple of years, gas supply to the Company has witnessed improvements with regular imports of Liquefied Natural Gas ("LNG") by the Government of Pakistan ("GOP"). Consistent LNG imports improved RLNG flow to Sui Northern Gas Pipelines Limited ("SNGPL") benefitting consumers including fertilizer sector. Gas supply to the Company's urea plant was restored in the September 2018 on a blend of natural gas and RLNG. Subsequently in 2019 RLNG supplies at subsidized rate were provided to the company and plant was running on regular basis. In 2020, similar policy by GOP continued, however, with lower gas supplies than in 2019. Subsequent to year end, ECC has approved supply of gas upto November 2021.

These conditions indicate existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

However, the management is confident that the Company will be able to continue as a going concern based on the expectation of continuous availability of gas at subsidized rates and restructuring of its existing over-due long-term debts and related mark-up under the rehabilitation plan approved by shareholders which is currently filed in the Honorable Lahore High Court as per the provisions of repealed Companies Ordinance, 1984 and the following factors:

The expectation of continuous availability of gas is based on the fact that the GOP is operating both LNG terminals in the country with having a combined capacity of 1200 mmscfd. Supply of RLNG is contracted for one terminal though a 15 year long term agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The supply for the second terminal is also recently contracted through another long term supply contract with Qatar and spot cargo purchases. The import of LNG has been already been tested and ensured at 1,200 mmscfd per day of maximum load on both terminals in the country. SNGPL is receiving major flow of LNG imports under swap arrangement from both terminals. This has improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

GOP's renewed focus on the Food Security is the most critical aspect of feeding the population of more than 200 million and fertilizer, especially Urea plays a critical role in enhancing the production and yield of the crops. Urea demand in recent past has increased from an average 5.8 million tons to 6-6.2 million tons during last two years. Growing urea demand can only be met if all the plants in the country are operated on regular basis. Local production ensures GOP with significant savings on precious Foreign Exchange as well as lower subsidy than on expensive urea imports. The company is confident that on these basis, continuous gas supply solution likely to be worked out with GOP.

With the support of its lenders, the management, for rehabilitation of the Company, has prepared a scheme of arrangement ("the Scheme") to restructure its existing over-due long term debts and related markup as of 31 December 2013 (proposed effective date) through issuance of preference shares. The scheme also envisages settlement / restructuring and repayment of that portion of overdue markup that is not converted into preference shares. After the approval by the Board of Directors and Shareholders of the proposed scheme in their meeting held on 05 November 2013 and 10 December 2013 respectively, the said scheme was filed with Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984 on 10 June 2016 for necessary sanction and order. As at the reporting date, the proceedings are in process and the order of the Lahore High Court is awaited.

In addition to above, the Company sees strong potential in selling its spare land after the necessary legal and commercial approvals. In 2016, 216 kanals of Company's land was acquired by National Highway Authority (NHA) for the construction of China Pakistan Economic Corridor (CPEC) that crosses through the land owned by the Company. With the development of CPEC in next couple of years, the Company foresee significant appreciation of its spare land. The proceeds from sale of land will also help settle long term liabilities of the Company.

The management believes that the measures as explained above will generate sufficient financial resources for the continuing operations. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

### 2.3 New standards, interpretations and amendments applicable to the financial statements for the year ended 31 December, 2020

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 01, 2020. However, there is no significant implication of new standards adopted during the year.

### 2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Business Combinations- Conceptual framework — (Amendments)	1 January 2022
IFRS 16 Leases - To provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification — (Amendments)	1 June 2020
IAS 16 Property, Plant and Equipment — (Amendments)	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets — (Amendments)	1 January 2022
Annual improvements to IFRS Standards 2018-20	1 January 2022

The Company is in process of evaluation of impact of these standards on its subsequent financial statements.

Following new standards have also been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2023

## **2.5 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value and / or amortized cost, employees retirement benefits under defined benefit plan at present value and certain items of property, plant and equipment measured at revalued amounts. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

## **2.6 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

### **2.6.1 Depreciation method, rates and useful lives of property, plant and equipment**

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

### **2.6.2 Amortisation method, rates and useful lives of intangible assets**

The management of the Company reassesses useful lives, amortisation method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

### **2.6.3 Recoverable amount of assets / cash generating units and impairment**

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication of impairment.

### **2.6.4 Taxation**

The management of the Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities. For recognition of deferred tax assets, estimates of the Company's future taxable profits against which carry forward tax losses can be used are taken into account.

### **2.6.5 Provisions**

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

### **2.6.6 Revaluation of property, plant and equipment**

Revaluation of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

### **2.6.7 Stores, spares, loose tools and stock-in-trade**

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.

**2.6.8 Staff retirement benefits**

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used for the valuation of the scheme is based on assumptions stated in note 12.

**2.6.9 Fair values of financial instruments with no active market**

Fair values of financial assets and financial liabilities with no active market are determined by discounting estimated future cash flows at effective interest rate; the rate that exactly discounts estimated future receipts / payments through expected life of the financial assets / liabilities or, when appropriate, a shorter period, to the net carrying amount of the financial assets / liabilities.

Other areas where estimates and judgments are involved have been disclosed in the respective notes to the financial statements.

**2.7 Functional currency**

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

**3 Significant accounting policies**

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**3.1 Property, plant and equipment****Owned**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is measured at revalued amount and any identified impairment loss and building on freehold land, residential colony assets, electrical installations and plant and machinery which are measured at revalued amount less accumulated depreciation and identified impairment loss. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Parts of an item of property, plant and equipment having different useful lives are recognized as separate items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The Company recognizes depreciation in statement of profit or loss by applying straight line method over the useful life of each item of property, plant and equipment as specified in Note 19 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An item of property, plant and equipment is de-recognized when permanently retired from use. Any gain or loss on disposal of property, plant and equipment is recognized in statement of profit or loss.

**Capital work-in-progress**

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

**Leased**

The Company assesses whether a contract is or contains a lease at the inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the entity obtains substantially all the economic benefits from the use of that asset, and whether the entity has the right to direct the use of that asset.

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low value items which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the entity, term and the currency of the contract. Lease payments represent the periodic fixed payments to lessor.

The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less and leases of low value items which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the entity, term and the currency of the contract. Lease payments represent the periodic fixed payments to lessor.

The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in the future lease payments in case of renegotiation, change of an index or rate or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of lease term or useful life of the asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the non-current assets, and the lease obligation is included in the current and non-current long term lease obligation.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of lease term or useful life of the asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the non-current assets, and the lease obligation is included in the current and non-current long term lease obligation.

### **3.2 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

### **3.3 Surplus / (deficit) arising on revaluation of property, plant and equipment**

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged to other comprehensive income against this surplus, all other decreases are charged to statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

### **3.4 Intangible assets**

#### **3.4.1 Software**

Intangibles are measured initially at cost. The cost of the intangibles comprise its purchase price, including non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition. Costs incurred after the asset is in the condition necessary for it to operate in the manner intended by the management are recognized in profit and loss account. Subsequent to initial recognition, intangibles are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

All intangibles are amortized over the period of four years on a straight line basis. Amortisation on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto month of disposal.



**3.4.2 Goodwill acquired in business combination**

Goodwill acquired in business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested annually for impairment.

**3.5 Stores, spare parts and loose tools**

These are measured principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon upto the reporting date. Provision is made in the financial statements for obsolete and slow moving stores and spares on management's estimate as a result of changes in usage pattern and physical form.

**3.6 Stock-in-trade**

These are valued at lower of cost and net realizable value. Cost is determined using the following basis:

Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Raw Material	Average purchase cost
Stock-in-transit	Invoice price plus related expense incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management's estimate.

**3.7 Trade debts**

Trade debts are carried at original invoice amount which is the fair value of consideration receivable less an allowance for doubtful debts based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off as and when identified.

**3.8 Employee benefits****3.8.1 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**3.8.2 Post-employment benefits****(a) Defined contribution plan**

The Company operates an approved defined contributory provident fund for all employees. Obligations for contributions to defined contribution plan is expensed as the related service is provided. Equal contributions are made by the Company and employees at 8.33% and 10% of basic salary of executives and workers respectively.

**(b) Defined benefit plan**

The Company operates approved funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/ (asset), taking into account any changes in

the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The main features of the scheme are detailed in Note 12 to the financial statements.

### **3.8.3 Termination benefits / Voluntary separation scheme ("VSS")**

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits or when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

## **3.9 Financial instruments**

### **3.9.1 Financial assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs.

For the purpose of subsequent measurement, financial assets of the Company are classified into the followings:

#### **3.9.1.1 Financial assets at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of profit or loss.

#### **3.9.1.2 Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **3.9.1.3 Financial assets at fair value through statement of profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through statement of profit or loss.

Changes in fair value of financial assets are normally recognised in statement of profit or loss. However, change in fair value of financial instruments measured at fair value through OCI are subsequently measured through OCI.

#### **3.9.1.4 Financial assets - Derecognition**

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Any gain or loss on the de-recognition of the financial assets is included in the statement of profit or loss for the period in which it arises.

Assets that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

#### **3.9.1.5 Impairment of financial assets**

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments, excluding due from the Government, not held at fair value through statement of profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company may consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

**3.9.2 Financial liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through statement of profit or loss are initially recognised at fair value and transaction costs are expensed in statement of profit or loss.

Financial liabilities, other than those at fair value through statement of profit or loss, are subsequently measured at amortised cost using the effective yield method. Financial liabilities at fair value through statement of profit or loss are subsequently measured at fair value.

**3.9.2.1 Financial liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in statement of profit or loss.

**3.10 Offsetting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.11 Loans and borrowings**

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and redemption value recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Preference shares which are convertible at the option of the holder into variable number of equity instruments and represents a contractual obligation are classified as financial liabilities. The dividend on preference shares is recognized in the statement of statement of profit or loss as finance cost.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Further, liability is not classified as current only because the counted party has an option to require settlement within twelve months in equity instruments issued by the entity.

Finance costs are accounted for on an accrual basis and are included in markup accrued on borrowings to the extent of amount remaining unpaid.

**3.12 Ijarah**

Ijarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Company's benefit.

**3.13 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the amount is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

Liabilities for trade and other payables are carried at fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company. Subsequently, these are measured at amortized cost. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

**3.14 Provisions and contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

**3.15 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other operating income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably and there is no continuing management involvement with the goods.

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

- Return on deposit is accrued on a time proportion basis by reference to the principal outstanding and applicable rate of return.

Government subsidy on sale of fertilizer is recognized when the right to receive such subsidy is established and the underlying conditions are met. Government subsidy is deducted from cost of sales.

### 3.16 Government grants

Government grants are recognized when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants related to future expenditure are initially recognized as deferred income. Subsequent to initial recognition grants related to assets are recognized in profit or loss on a systematic basis over the useful life of the assets whereas grants relating to income are recognized in profit or loss on a systematic basis in the same period in which related expenses are recognized. Grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these become receivable.

Government grants other than related to a biological asset are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in statement of profit or loss on a systematic basis in the same period in which the expenses are recognised.

### 3.17 Taxation

#### Current tax

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years arising from assessment framed during the year for such years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognised as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

#### Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not recognized for:

- temporary differences arising on the initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

### 3.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the statement of profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

**3.19 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement cash and cash equivalents comprise of cash in hand, cash at banks and outstanding balance of running finance facilities availed by the Company.

**3.20 Foreign currency transactions**

Foreign currency transactions are translated into Pak Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

**3.21 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

	Note	2020 Rupees	2019 Rupees
<b>4 Authorized share capital</b>			
<i>Ordinary shares of Rs. 10 each</i>			
600,000,000 (2019: 600,000,000) class A shares	4.1	6,000,000,000	6,000,000,000
200,000,000 (2019: 200,000,000) class B shares	4.2	2,000,000,000	2,000,000,000
200,000,000 (2019: 200,000,000) class C shares	4.3	2,000,000,000	2,000,000,000
		10,000,000,000	10,000,000,000
<i>Preference shares of Rs. 10 each</i>			
500,000,000 (2019: 500,000,000) shares	4.4	5,000,000,000	5,000,000,000
		15,000,000,000	15,000,000,000

**4.1** Class A ordinary shares include all ordinary shares of the Company other than non-voting ordinary shares and restrictive rights voting ordinary shares, having all rights and privileges, including voting rights as provided in the Companies Act, 2017.

**4.2** Class B ordinary shares are restrictive rights voting ordinary shares that have the restricted or disproportionate rights and privileges.

**4.3** Class C ordinary shares are non-voting ordinary shares of the Company that do not have any voting rights attached thereto and do not have any rights to receive notice of, attend, or vote at a general meeting of the Company, however, holders of such shares shall have all other rights of ordinary shares, including right to dividend and to share in the assets of the Company in event of its winding up.

**4.4** This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares.

	Note	2020 Rupees	2019 Rupees
<b>5 Issued, subscribed and paid-up ordinary share capital</b>			
<i>Class A ordinary shares of Rs. 10 each</i>			
383,430,000 (2019: 383,430,000) shares issued fully paid in cash	5.1	<b>3,834,300,000</b>	3,834,300,000
9,000,000 (2019: 9,000,000) shares issued for consideration other than cash		<b>90,000,000</b>	90,000,000
		<b>3,924,300,000</b>	3,924,300,000

5.1 Ordinary shares of the Company held by associated undertakings at year end are as follows:

	2020 (Percentage held)	2019	2020 (Number of shares)	2019
National Bank of Pakistan	<b>27.01%</b>	27.01%	<b>106,014,632</b>	106,014,632
Faysal Bank Limited	<b>4.56%</b>	4.56%	<b>17,914,040</b>	17,914,040
Summit Bank Limited	<b>8.74%</b>	8.74%	<b>34,306,400</b>	34,306,400
Silk Bank Limited	<b>0.00%</b>	0.00%	<b>1,000</b>	1,000
Standard Chartered Bank (Pakistan) Limited	<b>5.70%</b>	5.70%	<b>22,373,615</b>	22,373,615

	2020 Rupees	2019 Rupees
<b>6 Reserves</b>		
Revenue reserve	<b>9,000,000</b>	9,000,000
<b>7 Surplus on revaluation of fixed assets - net</b>		
Revaluation surplus as at 01 January	<b>34,244,303,452</b>	12,096,130,611
Surplus arising during the year on revaluation of - Freehold Land, building, plant & machinery and electrical equipments	-	22,474,685,566
<i>Surplus transferred to accumulated losses on account of:</i>		
- incremental depreciation charged during the year - net of deferred tax	<b>(608,361,004)</b>	(231,824,035)
<i>Related deferred tax liability</i>		
- incremental depreciation charged during the year	<b>(248,485,480)</b>	(94,688,690)
	<b>(856,846,484)</b>	(326,512,725)
Revaluation surplus as at 31 December	<b>33,387,456,968</b>	34,244,303,452
Less: deferred tax liability on revaluation surplus as at 01 January	<b>9,498,462,034</b>	3,401,402,339
Deferred tax liability on revaluation of - Building, plant & machinery and electrical equipment	-	6,191,748,385
<i>Reduction in deferred tax liability due to:</i>		
- incremental depreciation charged during the year	<b>(248,485,480)</b>	(94,688,690)
Deferred tax liability on revaluation surplus as at 31 December	<b>9,249,976,554</b>	9,498,462,034
Revaluation surplus as at 31 December - net	<b>24,137,480,414</b>	24,745,841,418

- 7.1 The Company's freehold land, buildings on freehold land, residential colony assets, plant and machinery and electrical installations (owned) were revalued by Nayyar Hameed Associates, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) in "any amount" category, resulting in surplus of Rs. 22,473.69 million at 31 December 2019. Land was revalued on the basis of prevailing market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land, buildings on freehold land, plant and machinery, residential colony assets, and electrical and other installations was Rs. 2,300.49 million, Rs. 1,016.19 million, Rs. 38,867.59 million, Rs. 240 million respectively. The basis of revaluation for items of these fixed assets were as follows:

**Freehold land**

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighbourhood and adjoining areas. Neighbouring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

**Buildings on freehold land**

Construction specifications were noted for each building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

**Residential colony assets**

Construction specifications were noted for each residential colony's building and structure and current construction rates were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

**Plant machinery electrical and other installations**

Plant machinery electrical and other installation have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

	Note	2020 Rupees	2019 Rupees
<b>8 Redeemable capital - secured</b>			
Privately Placed Term Finance Certificates - I	8.2	1,498,602,000	1,498,602,000
Privately Placed Term Finance Certificates - II	8.3	6,894,286,800	6,894,286,800
Privately Placed Term Finance Certificates - III	8.4	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	8.5	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	8.6	618,685,000	618,685,000
Privately Placed Term Finance Certificates	8.7	509,874,996	509,874,996
Privately Placed Sukuk Certificates	8.8	1,599,800,000	1,599,800,000
		<b>12,165,534,546</b>	12,165,534,546
Current maturity presented under current liabilities	13 & 2.3	<b>(12,165,534,546)</b>	(12,165,534,546)
		--	--
<b>8.1 Types of redeemable capital</b>			
Interest / mark-up based financing		10,565,734,546	10,565,734,546
Islamic mode of financing		1,599,800,000	1,599,800,000
		<b>12,165,534,546</b>	12,165,534,546

- 8.2 Privately Placed Term Finance Certificates - I ("PPTFC - I") have been issued on 15 November 2007 by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 300,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - I is structured to be in fifteen unequal semi-annual installments. First two instalments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 29 November 2013 and ending on 29 November 2019.

#### **Call option**

The Company may redeem the PPTFC - I by way of exercise of call option by giving notice in writing to PPTFC - I holders and the Trustee of not less than thirty days. However, the call option can be exercised only after expiry of two years from the date of issue.

#### **Return on PPTFC - I**

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

#### **Trustee**

In order to protect the interests of PPTFC - I holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - I holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

#### **Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 1,498.60 million (2019: Rs. 1,498.60 million) and interest amounting to Rs. 1,565.7 million (2019: Rs. 1,401.01 million) were overdue. (Refer to note 41.2.2 for details.)

- 8.3** Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued on 14 December, 2007 by way of private placements with a consortium of investors for redemption of privately placed term finance certificates issued earlier by the Company. The total issue comprises of 1,380,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August, 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

#### **Principal redemption**

The principal redemption of PPTFC - II is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments and due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 14 July 2013 and ending on 14 July 2019.

#### **Call option**

The Company may redeem the PPTFC - II by way of exercise of call option by giving a notice in writing to PPTFC - II holders and the trustee of not less than thirty days.

#### **Return on TFCs**

The issue carries return at six month KIBOR plus 1.75% per annum, payable semi-annually.

#### **Trustee**

In order to protect the interests of PPTFC - II holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - II holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

#### **Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 6,894.28 million (2019: Rs. 6,894.28 million) and interest / mark-up amounting to Rs. 7,015.62 million (2019: Rs. 6,257.93 million) were overdue. (Refer to note 41.2.2 for details.)



- 8.4 Privately Placed Term Finance Certificates - III ("PPTFC - III") have been issued on 25 November 2008 by way of private placements with a consortium of investors to finance the acquisition of Hazara Phosphate Fertilizer (Private) Limited ("HPFL"). The total issue comprises of 100,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Supplemental Trust Deed entered on 26 August 2011 effective from 31 July 2011 and accordingly the terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - III is structured to be in twenty eight unequal installments. First two installments were just token payments and due on 31 October 2010 and 30 November 2010 which have been partially paid, while remaining installments are starting from 01 September 2013 and ending on 01 December 2019.

**Call option**

The Company may redeem the PPTFC - III by way of exercise of call option by giving a notice in writing to PPTFC - III holders and the trustee of not less than thirty days. Any early redemption of PPTFC - III shall be either in part or whole of the outstanding amount payable in respect of the PPTFC - III. In case of partial redemption the minimum amount of early redemption will be Rs. 100 million.

**Return on PPTFC - III**

The issue carries return at three month KIBOR plus 3.25% per annum, payable quarterly.

**Trustee**

In order to protect the interests of PPTFC - III holders, JS Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case the Company defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - III holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first pari passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first pari passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 495.46 million (2019: Rs. 495.46 million) and interest / mark-up amounting to Rs. 566.10 million (2019: Rs. 503.89 million) were overdue. (Refer to note 41.2.2 for details.)

- 8.5 Privately Placed Term Finance Certificates - IV ("PPTFC - IV") represent restructuring of outstanding mark-up amounting to Rs. 553.83 million related to long term debts. The restructuring agreement was entered on 28 October 2011 effective from 01 July 2011. These were issued by way of private placements with a consortium of investors. The total issue comprises of 110,765 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC - IV is structured to be in seven unequal semi annual installments. First installment was just token payment and due on 01 January 2012, remaining installments are starting from 01 July 2012 and ending on 01 January 2015.

**Call option**

The Company shall be allowed to call the PPTFC - IV in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - IV by providing a notice in writing five days before.

**Trustee**

In order to protect the interests of PPTFC - IV holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - IV holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immovable properties) of the Company; and

- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company.

**8.6** Privately Placed Term Finance Certificates - V ("PPTFC - V") have been issued for restructuring of outstanding mark-up amounting to Rs. 618.69 million on long term debts. The restructuring agreement is entered on 28 October 2011 effective from 01 July 2011. These are issued by way of private placements with a consortium of investors. The total issue comprises of 123,737 certificates of Rs. 5,000 each. The terms and conditions of the issue are as follows:

**Principal redemption**

After twelve semi-annual token payments from 01 January 2012 to 01 July 2016, a bullet payment of principal was to be made at the maturity of PPTFC - V which was due on 01 January 2017.

**Call option**

The Company shall be allowed to call the PPTFC - V in full or in multiples of Rs. 500 million after the first day of issuance of PPTFC - V by providing a notice in writing five days before.

**Return on PPTFC - V**

The issue carries fixed return rate of 11.00% per annum, payable semi annually.

**Trustee**

In order to protect the interests of PPTFC - V holders, Faysal Bank Limited has been appointed as Trustee for the issue under a trust deed. The trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPTFC - V holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immoveable properties) of the Company; and
- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 618.69 million (2019: Rs. 618.69 million) and interest / mark-up amounting to Rs. 646.25 million (2019: Rs. 578 million) were overdue. (Refer to note 41.2.2 for details.)

**8.7** Privately Place Term Finance Certificates ("PPTFCs") represent restructuring of subordinated loan along with the outstanding mark-up amounting to Rs. 509.87 million by way of Settlement Agreement ("Agreement") between the Company and JS Infocom Limited entered on 22 October 2012 effective from 1 July 2012. The total issue comprises 12 certificates of Rs. 42,489,583 each. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPTFC is structured to be in twelve equal semi-annual installments of Rs. 42.49 million each starting from 31 December 2014 and ended on 30 June 2020.

**Return on PPTFCs**

The issue carries mark-up at six month KIBOR plus 1.95% per annum payable semi-annually.

**Security**

The issue is secured by:

- ranking hypothecation charge (ranking subordinate and subservient to the charges created in favour of the existing creditors) over all present and future fixed assets (excluding immoveable properties) of the Company;
- ranking mortgage charge (ranking subordinate and subservient to mortgages created in favour of the existing creditors) over immoveable fixed assets (including land and building) of the Company and;
- demand promissory note amounting to Rs. 679.83 million in favour of JS Infocom.

At the reporting date, principal amounting to Rs. 509.87 million (2019: Rs. 467.38 million) and interest / mark-up amounting to Rs. 460.63 million (2019: Rs. 403.56 million) were overdue. (Refer to note 41.2.2 for details.)

- 8.8** Privately Placed Sukuk Certificates ("PPSCs") have been issued by way of private placements with a consortium of investors to finance the balancing, modernization and replacement of Company's property, plant and equipment. The total issue comprises of 320,000 certificates of Rs. 5,000 each. This issue was rescheduled by way of Second Master Addendum to Transaction Documents entered on 26 August 2011 effective from 31 July 2011. The terms and conditions of the issue are as follows:

**Principal redemption**

The principal redemption of PPSCs is structured to be in fifteen unequal semi-annual installments. First two installments were just token payments due on 31 July 2010 and 31 August 2010 which have been paid, while remaining installments are starting from 06 August 2013 and ending on 06 August 2019.

**Call option**

The Company has a call option to redeem the PPSCs having aggregate face value of multiples of Rs. 500 or the entire issued certificates and will be exercisable at any time after the expiry of one year from the execution of the trust deed upon giving to the Sukuk holders not less than thirty days notice in writing.

**Return on PPSCs**

The issue carries return at six month KIBOR plus 2% per annum, payable semi-annually.

**Trustee**

In order to protect the interests of PPSCs holders, Pak Brunei Investment Company Limited has been appointed as Trustee for the issue under a trust deed. The Trustee has the power to enforce the Company's obligations, in case it defaults, in accordance with the terms of the trust deed and to distribute the proceeds of any such enforcement among the PPSCs holders on pari passu basis subject to the priority rights of all other creditors and depositors of the Company.

**Security**

The issue is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 1,599.80 million (2019: Rs. 1,599.80 million) and profit amounting to Rs. 1,688.52 million (2019: Rs. 1,508.68 million) were overdue. (Refer to note 41.2.2 for details.)

- 8.9** In accordance with the financing agreements, the Company is required to comply with certain financial covenants which mainly includes current ratio, interest coverage ratio, debt service coverage ratio and leverage ratio. The Company is not in compliance with these covenants. The Company is also required to comply with certain conditions imposed by the providers of finance to make dividend payments.
- 8.10** As explained in note 2.2, the Company has filed a scheme of arrangement in the Honorable Lahore High Court as per the provisions of the repealed Companies Ordinance, 1984 to restructure its existing over-due redeemable capital along-with related markup as of 31 December 2013 through conversion into preference shares.
- 8.11** Assets held as collateral are disclosed in Note 44 to these financial statements.

	Note	2020 Rupees	2019 Rupees
<b>9 Long term finances - secured</b>			
Syndicate Term Finance - I	9.2	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	9.3	471,537,000	472,037,000
Syndicate Term Finance - III	9.4	2,840,145,329	2,862,845,329
Bank Islami Pakistan Limited - Term Finance	9.5	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	9.6	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	9.7	365,000,000	365,000,000
AL Baraka Bank (Pakistan) Limited - Diminishing Musharika	9.8	4,371,102	6,561,313
		<b>7,113,137,166</b>	7,138,527,377
Current maturity presented under current liabilities	13	<b>(7,113,137,166)</b>	(7,138,527,377)
		-	-
<b>9.1 Types of long term finances - secured</b>			
Interest / mark-up based financing		<b>6,743,766,064</b>	6,766,966,064
Islamic mode of financing		<b>369,371,102</b>	371,561,313
		<b>7,113,137,166</b>	7,138,527,377

**9.2** Syndicate Term Finance - I ("STF - I") has been obtained on 01 August 2008 from a consortium of banking companies to finance the revamping of operational efficiencies of the Company's plant. This facility was rescheduled by way of Second Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility after rescheduling are as follows:

**Principal repayment:**

The principal of STF - I is repayable in thirteen unequal semi-annual installments starting from 30 December 2013 and ended on 30 December 2019.

**Return on STF - I**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 3000.00 million (2019: Rs. 2,725.00 million) and interest / mark-up amounting to Rs. 3,250.39 million (2019: Rs. 2,905.64 million) were overdue. (Refer to note 41.2.2 for details.)

**9.3** Syndicate Term Finance - II ("STF - II") has been obtained from a consortium of various banking companies to finance the acquisition of Hazara Phosphate Fertilizers (Private) Limited. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 23 February 2009 effective from 28 February 2009. Terms and conditions of STF - II after rescheduling are as follows:

**Principal repayment:**

The principal of STF - II is repayable in sixteen equal quarterly installments with the first installment due after fifteen months from the date of disbursement on 28 February 2010 and last installment was due on 28 November 2013.

**Return on STF - II**

This carries mark-up at three month KIBOR plus a spread of 3.25% per annum, payable on quarterly basis.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal and interest / mark-up amounting to Rs. 471.54 million (2019: Rs. 472.04 million) and Rs. 561.32 million (2019: Rs. 502.05 million) respectively were overdue. (Refer to note 41.2.2 for details.)

- 9.4** Syndicate Term Finance - III ("STF - III") represents restructuring of various short term facilities and overdue letters of credit amounting to Rs. 3,026.39 million into long term facility. This facility was rescheduled by way of First Supplemental Syndicated Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility after rescheduling are as follows:

**Principal repayment:**

The principal of STF - III is repayable in eight unequal semi-annual installments starting from 25 September 2013 and ending on 25 March 2017.

**Return on STF - III**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- first parri passu hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- first parri passu mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 2,840.15 million (2019: Rs. 2,862.85 million) and interest / mark-up amounting to Rs. 3202.3 million (2019: Rs. 2,875.63 million) were overdue. (Refer to note 41.2.2 for details.)

As referred to in note 18.1.2.2, one of the lenders of STF - III, M/s Pak Libya Holding Company (Private) Limited has filed a suit for recovery.

As referred to in note 18.1.2.4, one of the lenders of STF - III, Soneri Bank has filed a suit for recovery of balance amounting to Rs. 738.452 million including markup.

As referred to in note 18.1.2.5, one of the lenders of STF - III, Bank Alfalah Limited has filed a suit for recovery of balance amounting to Rs. 1,969.88 million including markup.

- 9.5** This term finance facility has been obtained from Bank Islami Pakistan Limited (formerly KASB Bank Limited) to meet working capital requirements. This facility was rescheduled by way of First Supplemental Term Finance Agreement entered on 26 August 2011 effective from 31 July 2011. Terms and conditions of the facility are as follows:

**Principal repayment:**

The principal of this facility is repayable in fourteen unequal semi-annual installments starting from 30 June 2013 and ending on 30 December 2019.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.50% per annum, payable semi-annually.

**Security**

This facility is secured against ranking pari passu charge over all present and future fixed assets (excluding immovable properties) of the Company.

At the reporting date, principal amounting to Rs. 300.00 million (2019: Rs. 300.00 million) and mark-up amounting to Rs. 319.07 million (2019: Rs. 283.84 million) were overdue. (Refer to Note 41.2.2 for details.)

- 9.6** This facility has been obtained from National Bank of Pakistan to finance 'cost over-run' for successful completion and commissioning of revamp project. This facility was rescheduled effective from 20 August 2011. Terms and conditions of the facility are as follows:

**Principal repayment:**

The principle of this facility is repayable in eight equal semi-annual installments starting from 08 November 2013 and ending on 08 May 2017.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by :

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 132.08 million (2019: Rs. 132.08 million) and interest / mark-up amounting to Rs. 263.28 million (2019: Rs. 248.10 million) was overdue. (Refer to Note 41.2.2 for details.)

- 9.7 This term finance represents restructuring of short term Istisna facility amounting to Rs. 365 million into long term facility under the restructuring agreement entered on 07 June 2011. The terms and conditions of this facility after restructuring are as follows:

**Principal repayment:**

The principal of this facility is repayable in six unequal semi-annual installments starting from 01 December 2013 and ending on 01 June 2016.

**Return on facility**

This carries mark-up at six month KIBOR plus a spread of 2.25% per annum, payable semi-annually.

**Security**

The facility is secured by:

- ranking hypothecation charge over all present and future fixed assets (excluding immovable properties) of the Company; and
- ranking mortgage charge over immovable fixed assets (including land and building) of the Company.

At the reporting date, principal amounting to Rs. 365 million (2019: Rs. 365 million) and interest / mark-up amounting to Rs. 339.66 million (2019: Rs. 297.72 million) were overdue. (Refer to Note 41.2.2 for details.)

- 9.8 This represents diminishing musharika facility obtained from Al Baraka Bank (Pakistan) Limited for purchase of vehicles. The term of the agreement is 4 years. The balance is repayable in 48 monthly installments maturing between December 2020 and October 2021. Profit is payable monthly and is charged at the rate of six month KIBOR plus a spread of 2.00% per annum. Under the agreement, the Company has joint ownership of underlying musharika assets with the bank.

- 9.9 In accordance with financing agreements, the Company is required to comply with certain financial covenants which mainly includes current ratio, interest coverage ratio, debt service coverage ratio and leverage ratio. The Company is not in compliance with these covenants along with certain other covenants. The Company is also required to comply with certain conditions imposed by the providers of finance to make dividend payments.

- 9.10 As explained in note 2.2, the Company has filed a scheme of arrangement in the Honorable Lahore High Court as per the provisions of the repealed Companies Ordinance, 1984 to restructure its existing over-due long term finances along-with related markup as of 31 December 2013 through conversion into preference shares.

- 9.11 Asset held as collateral are disclosed in Note 44 to these financial statements.

	<i>Note</i>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>10 Convertible, redeemable preference shares</b>			
<i>Preference shares of Rs. 10 each</i>			
159,334,269 (2019: 159,334,269)			
shares issued fully paid in cash	<i>10.1</i>	<b>1,593,342,690</b>	1,593,342,690

- 10.1** This represents local currency, listed, non-voting, redeemable, convertible and cumulative preference shares issued at the rate of Rs. 10 per share under the agreement between the Company and various investors entered on 13 February 2012 ("Completion date") effective from 01 August 2011.

The Company shall have the option to redeem the preference shares plus any accumulated unpaid dividends in full or in part, within ninety days after the expiry of each anniversary of the Completion date by giving at least thirty days notice.

Each Investor will also have the right to convert their preference shares into ordinary shares of the Company. The conversion price is the average price of the ordinary share quoted in the daily quotation of Pakistan Stock Exchange during the 360 working days prior to the relevant conversion date; adjusted for any corporate action / announcement of the Company, including but not limited to right issue, cash dividend to ordinary shareholders, bonus shares, stock split etc., during the last 360 working days prior to the conversion date. The investors shall be entitled to convert up to 100% of their preference shares at the conversion ratio as defined in letters of rights by giving a thirty days notice to the Company prior to any conversion date. For the purpose of this right, a conversion date shall be the last business day of each financial quarter commencing from the fifth anniversary of the Completion date.

The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis (on annual basis).

- 10.2** Preference shares of the Company held by related / associated undertakings as at year end are as follows:

	2020 (Number of shares)	2019
Faysal Bank Limited	31,035,594	31,035,594
National Bank of Pakistan	3,458,756	3,458,756
	<b>34,494,350</b>	<b>34,494,350</b>

	Note	2020 Rupees	2019 Rupees
<b>11 Long term payable - unsecured</b>			
Payable to contractor	11.1	31,135,199	31,135,199
Payable to SNGPL	15.1.2	1,709,180,320	2,210,367,309
		<b>1,740,315,519</b>	<b>2,241,502,508</b>

- 11.1** This represents amount payable to a contractor who had claimed additional amounts payable in arbitral proceedings which is pending award of court as explained in Note 18.1.1.1.

	Note	2020 Rupees	2019 Rupees
<b>12 Deferred Liabilities</b>			
Staff retirement benefits	12.1	6,930,313	17,569,221
Deferred taxation-net	12.2	8,885,139,807	9,159,652,570
		<b>8,892,070,120</b>	<b>9,177,221,791</b>

- 12.1 Staff retirement benefits**

The latest actuarial valuation of the Company's defined benefit plan was conducted on 31 December 2020 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2020 Rupees	2019 Rupees
<b>Staff retirement benefits</b>	12.1.1	6,930,313	17,569,221
<b>12.1.1 Statement of financial position liability</b>			
Present value of defined benefit obligations	12.1.3	122,822,808	113,205,687
Fair value of plan assets	12.1.4	(116,881,801)	(95,636,466)
Benefits due but not paid during the year		989,306	-
<b>Net liability</b>		<b>6,930,313</b>	<b>17,569,221</b>

	2020 Rupees	2019 Rupees
<b>12.1.2 Movement in net liability</b>		
Net liability as at 01 January	17,569,221	13,533,831
Charge to statement of profit or loss for the year	9,448,209	31,254,168
Charge to statement of comprehensive income for the year	(2,073,249)	7,783,276
Contributions made during the year	(18,013,868)	(35,002,054)
<b>Net liability as at 31 December</b>	<b>6,930,313</b>	17,569,221
<b>12.1.3 Movement in the present value for defined benefit obligations is as follows:</b>		
Present value of defined benefit obligations as at 01 January	113,205,687	106,464,576
Current service cost for the year	8,524,084	7,062,704
Interest cost for the year	12,316,110	13,650,352
Benefits paid during the year	(6,469,009)	(40,711,120)
Benefits due but not paid during the year	(989,306)	-
Losses arising on plan settlement	-	22,475,080
Actuarial (gains) / losses on defined benefit obligation	(3,764,758)	4,264,095
<b>Present value of defined benefit obligation as at 31 December</b>	<b>122,822,808</b>	113,205,687
<b>12.1.4 Movement in fair value of plan assets is as follows:</b>		
Fair value of plan assets as at 01 January	95,636,466	93,335,233
Expected return on plan assets for the year	11,391,985	11,933,968
Contribution made during the year	18,013,868	772,544
Benefits paid during the year	(6,469,009)	(6,886,098)
Benefits paid pertaining to prior year	-	-
Actuarial losses on plan assets	(1,691,509)	(3,519,181)
<b>Fair value of plan assets as at 31 December</b>	<b>116,881,801</b>	95,636,466
<b>12.1.5 Actual return on plan assets</b>		
Expected return on plan assets	11,391,985	11,933,968
Actuarial losses on plan assets	(1,691,509)	(3,519,181)
	<b>9,700,476</b>	8,414,787
<b>12.1.6 Fair value of plan assets is as follows:</b>		
Shares of HBL	27,779	33,058
CDC Alfalah Bank Limited Units	4,732,581	4,573,896
JS Cash Fund Units	68,532,859	60,699,146
NIT Units	479,895	427,245
Income receivable on investments	1,785,726	1,785,726
Cash at banks	41,322,961	28,117,395
	<b>116,881,801</b>	95,636,466
<b>12.1.7 Plan assets comprise of:</b>	<b>2020</b>	<b>2019</b>
Equity	63.12%	68.70%
Cash and / or term deposits receipts	36.88%	31.30%
	<b>100.00%</b>	100.00%



	2020 Rupees	2019 Rupees
<b>12.1.8 Charge for the year in statement of profit or loss</b>		
Current service cost for the year	8,524,084	7,062,704
Interest cost for the year	12,316,110	13,650,352
Losses arising on plan settlements / amendments	-	22,475,080
Expected return on plan assets for the year	(11,391,985)	(11,933,968)
	<b>9,448,209</b>	<b>31,254,168</b>
<b>12.1.9 Actuarial (gains) and losses recognized directly in statement of comprehensive income</b>		
<i>Actuarial losses / (gains) on present value</i>		
- Changes in financial assumptions	(336,996)	(410,469)
- Experience adjustments	(3,427,762)	4,674,564
	<b>(3,764,758)</b>	<b>4,264,095</b>
<i>Return on plan assets, excluding interest income</i>	<b>1,691,509</b>	<b>3,519,181</b>
(Gains) / losses recognized during the year	<b>(2,073,249)</b>	<b>7,783,276</b>

**12.1.10** The Company expects to recognize Rs. 8.328 million to profit or loss on account of defined benefit plan in 2021.

**12.1.11 Historical information**

Comparison of present value of defined benefit obligation, the fair value of plan assets and the deficit of gratuity fund for five years is as follows:

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	122,822,808	113,205,687	106,464,576	105,245,855	105,948,341
Fair value of plan assets	(116,881,801)	(95,636,466)	(93,335,233)	(73,697,203)	(77,954,629)
Benefits due but not paid during the year	989,306	-	404,488	210,289	705,103
Deficit in the plan	<b>6,930,313</b>	<b>17,569,221</b>	<b>13,533,831</b>	<b>31,758,941</b>	<b>28,698,815</b>
Experience adjustment arising on plan liabilities	(3,764,758)	4,264,095	(8,930,585)	(9,848,192)	10,216,613
Experience adjustment arising on plan assets	<b>1,691,509</b>	<b>3,519,181</b>	<b>9,110,514</b>	<b>3,485,427</b>	<b>2,754,817</b>

**12.1.12 Assumptions used for valuation of defined benefit plan**

	2020	2019
Discount rate used for interest cost	11.25%	13.25%
Expected return on plan assets	11.25%	13.25%
Discount rate used for year ended obligation	9.75%	11.25%
Expected rates of salary increase in future	8.75%	10.25%
Expected mortality rate	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement assumption	60 years	60 years

12.1.13 The Plan exposes the Company to the actuarial risks such as:

**Salary risks**

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

**Mortality / withdrawal risks**

The risks that the actual mortality / withdrawal experiences is different from what was assumed. The effect depends upon beneficiaries' service / age distribution and the benefit.

**Investment risks**

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

12.1.14 In this funded plan, it is ensured that the long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage its risks has not been changed from previous periods. Investments are well diversified.

12.1.15 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

12.1.16 Gratuity scheme entitles the members to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules. Gratuity is based on the last month basic salary for each year of service.

12.1.17 **Sensitivity analysis**

If the significant actuarial assumptions used to estimate the define benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 31 December 2020 would have been as follows:

	<b>Gratuity</b>	
	<b>Impact on present value of defined benefit obligation</b>	
	<b>Increase</b>	<b>Decrease</b>
	<b>.....Rupees.....</b>	
Discount rate + 100 bps	<b>112,491,242</b>	<b>103,409,610</b>
Discount rate - 100 bps	<b>134,614,482</b>	<b>103,409,610</b>
Future salary increase + 100 bps	<b>134,746,588</b>	<b>103,409,610</b>
Future salary increase - 100 bps	<b>112,193,588</b>	<b>124,542,556</b>

12.1.18 The average duration of the defined benefit obligation is 9 years (2019: 9 years)

**12.2 Deferred taxation - net**

The liability for deferred taxation comprises temporary differences relating to:

	Note	2020 Rupees	2019 Rupees
<i>Deferred tax liability arising on</i>			
Accelerated tax depreciation		5,972,956,280	6,068,097,565
Revaluation of fixed assets		9,249,976,552	9,498,462,032
<i>Deferred tax asset arising on</i>			
Provision for trade debts		(14,201,493)	(14,174,630)
Provision for gratuity		(2,009,791)	(5,095,074)
Unabsorbed tax losses	12.2.1	(6,321,581,741)	(6,387,637,323)
		<b>8,885,139,807</b>	<b>9,159,652,570</b>

**12.2.1** Tax losses on account of unabsorbed depreciation amounting to Rs. 21,798.56 million (2019: Rs. 22,026.33 million) is available to the Company's credit. Deferred tax asset in respect thereof has been recognized as availability of sufficient taxable profits in future tax years to absorb these losses is expected on the basis of business plan as discussed in note 20.2.

Business losses available for carry forward amounting to Rs. 10,481.30 million (2019: Rs. 13,489.78 million) and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 amounting to Rs. 431.35 million (2019: Rs. 383.05 million) are also available to the Company. However, no deferred tax asset on these losses and tax credit has been recognised as sufficient tax profits may not be available to set these off in foreseeable future.

**12.2.2** Deferred tax has been recognized at rates enacted at the reporting date at which these are expected to be settled / realized.

**12.2.3 Movement in deferred tax balances is as follows:**

	2020			
	Charge to / (reversal from)			
	Opening balance	Profit and loss	Equity	Closing balance
	Rupees	Rupees	Rupees	Rupees
<b>Deferred taxation</b>				
<u><b>Taxable / (deductible) temporary difference</b></u>				
Accelerated tax depreciation allowances	6,068,097,565	(95,141,285)	-	5,972,956,280
Surplus on revaluation of fixed assets	9,498,462,032	(248,485,480)	-	9,249,976,552
Trade debts	(14,174,630)	(26,863)	-	(14,201,493)
Provision for gratuity	(5,095,074)	2,484,041	601,242	(2,009,791)
Unused tax losses	(6,387,637,323)	66,055,582	-	(6,321,581,741)
	<b>9,159,652,570</b>	<b>(275,114,005)</b>	<b>601,242</b>	<b>8,885,139,807</b>
<b>2019</b>				
Charge to / (reversal from)				
	Opening	Profit and loss	Equity	Closing
	Rupees	Rupees	Rupees	Rupees
<u><b>Taxable / (deductible) temporary difference</b></u>				
Accelerated tax depreciation allowances	6,147,566,222	(79,468,657)	-	6,068,097,565
Surplus on revaluation of fixed assets	3,401,402,338	(94,688,691)	6,191,748,385	9,498,462,032
Trade debts	(14,006,775)	(167,855)	-	(14,174,630)
Provision for gratuity	(3,924,811)	1,086,887	(2,257,150)	(5,095,074)
Unused tax losses	(6,060,025,348)	(327,611,975)	-	(6,387,637,323)
	<b>3,471,011,626</b>	<b>(500,850,291)</b>	<b>6,189,491,235</b>	<b>9,159,652,570</b>

	Note	2020 Rupees	2019 Rupees
<b>13 Current maturity of long term liabilities</b>			
Redeemable capital	8	<b>12,165,534,546</b>	12,165,534,546
Long term finances	9	<b>7,113,137,166</b>	7,138,527,377
		<b>19,278,671,712</b>	19,304,061,923

#### 14 Short term borrowings - secured

These represent short term finances utilized under mark-up arrangements from banking companies.

	2020 Rupees	2019 Rupees
<i>Secured:</i>		
Running finance	<b>2,718,008,076</b>	2,697,055,249
Cash finance	-	3,651
Finance against trust receipt	<b>88,528,540</b>	88,528,540
Istisna / Salam	<b>561,735,176</b>	561,735,176
Demand finance	<b>91,683,224</b>	91,683,224
Bills payable	<b>187,030,000</b>	187,030,000
	<b>3,646,985,016</b>	3,626,035,840

#### 14.1 Particulars of borrowings

Interest / mark-up based financing	<b>2,946,417,769</b>	2,925,468,593
Islamic mode of financing	<b>700,567,247</b>	700,567,247
	<b>3,646,985,016</b>	3,626,035,840

**14.2** These short term financing facilities have been obtained from various banking companies under mark-up / shariah based arrangements to meet working capital requirements and are secured by charge over present and future current assets of the Company.

These financing facilities carry mark-up at rates ranging from one to nine months KIBOR plus a spread of 1.00% to 2.75% per annum (2019: one to nine months KIBOR plus a spread of 1.00% to 2.75% per annum), payable quarterly and semi-annually.

The aggregate available short term funded facilities amount to Rs. 5,121.76 million (2019: Rs. 5,411.76 million) out of which Rs. 1,661.84 million (2019: Rs. 1,972.80 million) remained unavailed as at the reporting date. These funded facilities are majorly sub-limits of non-funded facilities and can interchangeably be used. Out of total sanction facilities, facilities amounting to Rs. 1,462.29 million were not renewed upto reporting date.

**14.3** At the reporting date, principal and interest amounting to Rs. 1,709.29 million (2019: Rs. 1,709.29 million) and Rs. 1,819.88 million (2019: Rs. 1,060.24 million) respectively were overdue. (Refer Note 41.2.2 for details.)

**14.4** As referred to in note 18.1.2.3, one of the lenders of these facilities M/s Meezan Bank Limited has imposed a lien on Company's account for recovery of balance amounting to Rs. 38.83 million.

**14.5** Aggregate limits available for non-funded facilities amount to Rs. 1,473.53 million (2019: Rs. 1,373.53 million) out of which limits that remain unutilized as at reporting date amount to Rs. 1,142.79 million (2019: Rs. 1,100.00 million). These non-funded facilities mainly include limits for opening letter of credits, guarantees and bills discounting and are secured by lien over underlying documents and overall charge over current assets of the Company.

At the reporting date, bills and markup / interest amounting to Rs. 187.03 million (2019: Rs. 187.03 million) and Rs. 219.99 million (2019: Rs. 196.56 million) respectively were overdue. (Refer to Note 41.2.2 for details).

**14.6** As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

**14.7** Asset held as collateral are disclosed in note 44 to these financial statements.

	Note	2020 Rupees	2019 Rupees
<b>15 Trade and other payables</b>			
Trade and other creditors	15.1	1,881,736,485	1,319,557,327
Accrued liabilities		113,095,904	237,685,078
Security deposits and retention money	15.2	18,597,680	16,256,483
Advances from customers		228,827,852	174,243,902
Tax deducted at source		1,584,139	16,109,075
Provincial Excise Duty		-	90,170
Workers' Welfare Fund		9,003,142	9,003,142
Other payables	15.3	43,870,113	43,464,347
		<b>2,296,715,315</b>	<b>1,816,409,524</b>

**15.1** Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including Agritech were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments. GIDC was declared payable on the presumption that burden of same has been passed to the customers.

In this regard, Agritech along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on, SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including Agritech and stated that the Government of Pakistan is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments. Accordingly, related adjustment of amortisation had been made in last year's financial statements.

During the year, the Company has also filed a Suit with the Lahore High Court against collection of 48 GIDC installments, before a factual determination of GIDC charged and recovered is carried out, against which the Lahore High Court has granted a stay against recovery of GIDC payable by the Company till the finalisation of matter by Lahore High Court. The matter is currently pending in the Lahore High Court. However, pursuant to the above decisions of the SCP and without prejudice to the suit pending in Lahore High Court, the Company on prudent basis, has measured its GIDC liability payable to SNGPL (on behalf of the Government of Pakistan) at amortised cost which is in line with last year's amortisation.

		2020 Rupees	2019 Rupees
<b>15.1.1</b>	GIDC Payable as on 31 Dec	3,040,811,856	3,040,811,856
	Less accumulated PV adjustment as at 31 Dec	(482,707,322)	(714,803,040)
	GIDC payable (net of discounting) as on 31 Dec	2,558,104,534	2,326,008,816
<b>15.1.2</b>	GIDC payable as on 31 Dec	2,558,104,534	2,326,008,816
	Less transfer to non current portion	(1,709,180,320)	(2,210,367,309)
	Balance current portion of GIDC payable	848,924,214	115,641,507

**15.2** These represent amounts received as security deposits from dealers and suppliers of the Company which are being utilized in the business of the Company and are not kept in separate bank accounts.

**15.3** This includes an amount of Rs. Nil (2019: Rs. 10.45 million) relating to housing colony payable.

	2020 Rupees	2019 Rupees
<b>16 Interest / mark-up accrued on borrowings</b>		
Redeemable capital - <i>secured</i>	11,930,776,044	10,641,057,329
Long term finances - <i>secured</i>	7,936,214,689	7,113,007,997
Short term borrowings - <i>secured</i>	1,864,695,976	1,506,831,936
	<b>21,731,686,709</b>	<b>19,260,897,262</b>

The overdue amounts of mark-up / interest are disclosed under their respective financing notes and in Note 41.2.2.

## 17 Preference dividend payable

This represents preference dividend payable as per the terms described in Note 10.

## 18 Contingencies and commitments

### 18.1 Contingencies

#### 18.1.1 Other Contingencies

**18.1.1.1** A contractor's claim amounting to Rs. 839.51 million (2019: Rs. 839.51 million) against the Company has not been acknowledged as debt since the Company also has a counter claim amounting to Rs. 2,556.02 million (2019: Rs. 2,556.02 million) against the contractor. The Tribunal gave the final award on 10.08.2019. The arbitral Tribunal rejected all claims of AKCC and no amount was awarded to the contractor against its claims. At the same time, the Company's counter-claims were also denied by the Tribunal. The award has been filed in the Civil Court at Lahore by the Company in order to make it rule of court.

**18.1.1.2** Certain cases against the Company are pending before labour courts, where the claim cannot be quantified and ascertained at this stage. The Company's legal advisors are confident that the ultimate outcomes of above mentioned cases will be in favour of the Company.

**18.1.1.3** The Company has filed a Civil Suit number 2341 before the Islamabad High Court impugning the decision of Government of Pakistan (Ministry of Industries, Production & Special Initiatives) dated 02 March 2007 wherein it was communicated that since the Company commenced its operations with effect from 13 September 1998 therefore the ten years period for the subsidised rate of feedstock gas under the '1989 Fertilizer Policy' shall end on 12 September 2008. The Company has contended that the Government granted subsidy to other fertilizer companies from the date of their "commercial operations" and is therefore bound under constitutional law to equal treatment and non-discrimination against the Company. The commercial operations of the Company commenced on 29 November 1999 therefore the subsidized period of ten years shall end on 28 November 2009. Through an order dated 09 September 2008 (passed in C. M. No. 697 of 2008), the Islamabad High Court restrained the Oil and Gas Regulatory Authority from notifying an increase in the (subsidized) feedstock gas price subject to Company depositing cash of Rs. 36 million and bank guarantee of Rs. 86.50 million with Islamabad High Court which was deposited by the Company. As per Islamabad High Court's stay order, the Company has been charged subsidised rate on feedstock gas from September 2008 to November 2009 which has a financial impact amounting to Rs. 740.8 million (2019: Rs. 740.8 million). The case for the Company's eligibility to avail subsidised rate on feedstock gas is pending with the Islamabad High Court.

**18.1.1.4** The Company had filed a suit against the recovery proceedings of WAPDA amounting to Rs. 2.24 million in the court of Senior Civil Judge Mianwali. During the pendency of case, G.M.(Operation) WAPDA withdrew the said bill, consequently the suit was withdrawn by the Company. In 2002, WAPDA again started recovery proceedings. The Company again approached Civil Court at Mianwali, but the Court dismissed Company's case on 02-06-2004. The Company preferred an appeal before Add. Distt. & Session Judge, Mianwali.

WAPDA preferred an appeal before the Lahore High Court, Lahore on 23-4-2005. Court had adjudicated the case in favor of the Company on 21-11-2015. WAPDA preferred an appeal in the Supreme Court of Pakistan which is pending adjudication.

#### 18.1.2 Contingencies relating to Banks

**18.1.2.1** During prior years, a suit has been filed by Allied Bank Limited ("ABL") against the Company under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 201.66 million along with cost of funds, from the date of default by the Company in fulfilling their financial obligations in return of the facility availed. The Company has filed an application for leave to defend in this suit. The legal advisor review expects a good likelihood of success in this matter.

**18.1.2.2** During the prior years, a civil suit no. 1768/2019 has been filed by Pak Libya Holding Company (Private) Limited ("PLHCL") against the Company for Rs. 1,500.92 million under section 9 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 before the Honorable Lahore High Court. The Company filed a petition for Leave to Appear (PLA) number 11058/19 under section 10 of the Financial Institution (Recovery Of Finances) Ordinance, 2000 which entails that the instant suit cannot proceed or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring bearing number 21/2016 which is pending adjudication before the Honorable Lahore High Court.

**18.1.2.3** During the prior years, through a titled suit, the Company seeks, inter alia, the removal of a lien imposed by Meezan Bank Limited ("MBL") on the account of the Company to the extent of Rs. 40.21 million. MBL has imposed lien claiming recovery of alleged outstanding amount due to HSBC Bank (which was acquired by the MBL in 2015). The Company alleges that MBL has imposed this lien without determination of actual liability and without any regard to due process of law. The suit is pending adjudication before the Learned Banking Court Lahore. Meezan Bank Limited (MBL) has filed countersuit for the recovery of Rs. 40.21 million from the Company. The Company has a good likelihood of success in this matter. The suit is pending adjudication before the Learned Banking Court Lahore.

- 18.1.2.4** During the prior years, civil suit no. 29172/2019 has been filed by Soneri Bank against the Company for recovery of Rs. 738,452,864. Application for leave to appear and defend the above mentioned suit under the provisions of Financial Institutions (Recovery of Finances), Ordinance 2001 has been filed in the Lahore High Court on behalf of the defendant, which is pending before the Honorable Lahore High Court. In view of the legal advisor, this suit lacks merit as it is filed by one of the creditors who has agreed to the Scheme of arrangement date 31-12-2013, which is pending before the Lahore High Court.
- 18.1.2.5** During the year, civil suit no. 23043/2020 has been filed by Bank Alfalah Limited in the Honourable Lahore High Court in its jurisdiction under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 1,969.88 million including markup along with cost of funds and other charges till the realization of whole amount by sale of mortgaged, hypothecated properties and other assets. The Company has filed PLA No. 40218 in the titled suit. However, Bank Alfalah Limited did not file the requisite replication and vide order dated November 09, 2020 the right of the Bank Alfalah Limited to file replication has been closed by the Honourable Lahore High Court.
- 18.1.2.6** Subsequent to the year end, a civil suit has been filed by National Bank of Pakistan (a related party) in the Honourable Lahore High Court under the Financial Institutions (Recovery of Finances) Ordinance, 2001 for the recovery of Rs. 6,497 million including markup along with cost of funds and other charges. The legal advisor of the Company is of the view that this suit lacks merit as the instant suit cannot be proceeded or tried as the matter is in relation to petition under section 284 to 287 of the repealed Companies Ordinance, 1984 for scheme of arrangement / restructuring is pending for adjudication before the Honorable Lahore High Court.

### **18.1.3 Taxation Contingencies**

- 18.1.3.1** Income tax return for the tax year ended 30 June 2008 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 4,206.80 million and claimed refund of Rs. 26.75 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 December 2013 and assessed tax loss at Rs. 1,106.38 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 17 June 2014 against the aforementioned order. The appeal was heard on 23 July 2014 and was partially decided in favor of the Company. Resultantly, the company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which is pending fixation.

- 18.1.3.2** Income tax return for the tax year ended 30 June 2009 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 5,657.31 million and claiming refund of Rs. 140.27 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Income Tax Ordinance vide his order dated 30 January 2015 whereby creating a demand of Rs. 42.88 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue - Appeals (CIR (A)) on 16 June 2015. The case was decided by CIR (A) vide order no. 05 dated 05 April 2018 wherein demand of Rs. 22.11 million was deleted by CIR (A), against which an appeal effect order was passed. Being aggrieved, an appeal has been filed in Appellate Tribunal Inland Revenue ("ATIR") which is pending for fixation.

- 18.1.3.3** Income tax return for the tax year ended 30 June 2010 was filed under the self-assessment scheme. Subsequently, the company filed revised return declaring loss of Rs. 8,179 million and claiming refund of Rs. 69.027 million. Income tax audit was conducted by DCIR under section 214C of the Ordinance whereby assessment was amended under section 122(1)/122(5) of the Ordinance wherein various additions were made to the tune of Rs. 7,121 million.

The Company, being aggrieved, filed an appeal before CIR-A who, vide Order No. 13 dated 12 June 2013 annulled the order of DCIR and deleted all additions to the tune of 7,121 million The tax authority preferred appeal before ATIR, Lahore which is pending for fixation.

- 18.1.3.4** Income tax return for tax year 30 June 2011 was filed under the self-assessment scheme declaring a tax loss of Rs. 9,327.07 million and a refund of Rs. 1.16 million was claimed. Later on, the said return was revised resulting in increase of refunds due to claim of previous years refunds. The Company was selected for audit under section 214C of the Income tax Ordinance (ITO), 2001 and on completion of audit proceedings, the assessment was amended under section 122(1) and 122(5) of the Income Tax Ordinance, 2001 and additions amounting to Rs. 77.98 million were made to the assessment.

The Company, being aggrieved, preferred an appeal before CIR-A who vide Order No. 15 dated 17 March 2014 has deleted the additions to the tune of Rs. 47.33 million and upheld the remaining amount. The tax authority has filed an appeal before ATIR, Lahore which is pending for fixation.

- 18.1.3.5** Income tax return for tax year 30 June 2012 was filed under the self-assessment scheme declaring tax loss of Rs. 18,120.36 million and a refund of Rs. 514.29 million was claimed. Later on the said return was revised resulting in increase of refunds at Rs. 542.78 million wherein previous year refunds were also claimed.

The DCIR passed rectification order by amending the annual income tax return under section 221 of the Ordinance. Being aggrieved, the Company filed an appeal before CIR-A. The Order was passed in favor of the Company while tax department has filed appeal before ATIR, Lahore which is pending for fixation.

The Additional Commissioner Inland Revenue ("Add CIR") issued an order dated 09 February 2017 to amend the assessment under section 122(5A) of the Income Tax Ordinance, 2001 wherein the ADD CIR charged turnover tax on other income and creating a demand of Rs. 30.73 million. The Company being aggrieved filed an appeal in the office of CIR-A which is pending for adjudication.

- 18.1.3.6** Income tax return for tax year 30 June 2013 was filed under the self-assessment scheme declaring tax loss for the year amounting to Rs. 21.70 billion and refund of Rs. 109.38 million.

Tax department initiated proceedings under section 161/205 of the Ordinance and demand was created to the tune of Rs. 3.82 million. The Company, being aggrieved filed appeal before CIR-A who vide its Order No. 01 dated 04 March 2020 passed ex-parte Order upholding the demand created by tax department. The Company, being aggrieved, filed an appeal before ATIR, Lahore which is pending for adjudication.

The Adl. CIR initiated proceedings under section 122 of the Ordinance for the amendment of assessment whereby passed Order under section 122(5A) of the Ordinance dated 25 June 2019 through which no demand was created, however, depreciation loss amounting to Rs. 1.8 billion was curtailed. The Company, being aggrieved, filed appeal before CIR-A which is pending for fixation.

- 18.1.3.7** The Company filed its income tax return for tax year 2014 (starting from 01 July 2013 to 31 December 2013.), declaring tax loss for the period amounting to Rs. 457.10 million and tax refund amounting to Rs. 24.32 million.

The Company was selected for audit through computerized random balloting by FBR. DCIR passed order under section 122(1) of the Ordinance dated 31 October 2017 wherein loss was curtailed to Rs. 41.61 million and resultantly refunds come to Rs. 24.28 million. Being aggrieved, the Company filed an appeal before CIR-A that is pending for fixation.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2014 was initiated by the department against the Company and a demand of Rs. 34.61 million was created by order dated 24 May 2017. However, the Company filed an appeal in the office of Commissioner Inland Revenue Appeals-I which is pending for fixation. The said demand has been adjusted against refunds of Tax Year 2016 vide adjustment memo dated 23-06-2017.

- 18.1.3.8** The Company had filed income tax return for tax year 2015 declaring loss of Rs. 4.074 billion and claiming a refund of Rs. 84.593 million.

Proceedings under section 161/236G and 236H of the Income Tax Ordinance, 2001 in respect of tax year 2015 was initiated by the department against the Company and a demand of Rs. 16.72 million was created by Order dated 24 May 2017. The Company filed an appeal in the office of Commissioner Inland Revenue Appeals-I who have confirmed the demand created by the department. The Company being aggrieved preferred an appeal with the Appellate Tribunal Inland Revenue which is pending for fixation.

- 18.1.3.9** The Company was selected for sales tax audit under section 72B/25 for tax period July 2010 to June 2011 of the Act wherein the DCIR passed Order by completing the audit proceedings and created demand to the tune of Rs. 4.60 million. The Company, being aggrieved, preferred appeal before CIR-A who reduced the demand to the tune of Rs. 4.19 million vide order No. 06 dated 06 September 2013. Being aggrieved, the Company filed an appeal before ATIR, Lahore which is pending for fixation.

- 18.1.3.10** The Deputy Commissioner Inland Revenue ("DCIR") passed an order u/s 11(2) of the Sales Tax Act, 1990 for tax period June 2013 to October 2014 dated 26 January 2015 whereby creating demand of Rs. 165.70 million. The Company being aggrieved preferred an appeal before Commissioner Inland Revenue-Appeals (CIR (A)) dated 31 July 2015 against the said order. The Learned CIR (A) passed an order dated 06 October 2015, annulling the said Order. Resultantly, the department preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (A) which is pending for fixation.

- 18.1.3.11** The DCIR passed an assessment order under Sales Tax Act, 1990 (the Act) pertaining to the period July 2009 to June 2010 dated 27 June 2012 whereby creating demand of Rs. 4.96 million. The Company, being aggrieved, filed an appeal before CIR-A who passed the Order date 16 November 2012, whereby reduced the said demand to Rs.4.51 million. Being aggrieved, the Company filed an appeal before ATIR, Lahore which is pending fixation.

Based on opinion of tax advisors handling income tax and sales tax litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these financial statements.



	Note	2020 Rupees	2019 Rupees
<b>18.2</b>	<b>Commitments</b>		
<b>18.2.1</b>	Commitments under irrevocable letters of credit for		
	- purchase of plant and machinery	41.3.1 (a) 10,594,605	12,167,670
	- purchase of raw material	46,545,000	-
		<b>57,139,605</b>	<b>12,167,670</b>

**18.2.2** The amount of future rentals for Ijarah financing and the period in which these payments will become due are as follows:

	2020 Rupees	2019 Rupees
Not later than one year	--	528,976
	--	528,976

These represent vehicles hired under the Ijarah financing and are secured by depositing amount equal to 10 - 20 percent of the total cost of Ijarah asset. Under terms of agreements, rentals are payable monthly in arrears. Moreover, operational repair and maintenance costs in respect of assets subject to Ijarah financing are borne by the Company and the title of vehicles remain in the name of lessors. The Company does have the option to acquire these assets at the end of the respective lease term.

**18.2.3** Guarantees given by banks on behalf of the Company at the reporting date amounts to Rs. 86.50 million (2019: Rs. 86.50 million).

	Note	2020 Rupees	2019 Rupees
<b>19</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets	19.1 58,517,324,878	59,996,710,030
	Capital work in progress	19.2 18,568,295	46,670,648
		<b>58,535,893,173</b>	<b>60,043,380,678</b>

19.1

Operating fixed assets

	2020											
	Cost / revalued amount					Depreciation					Net book value	
	As at 01 January 2020 Rupees	Additions Rupees	Disposals / Write offs Rupees	As at 31 December 2020 Rupees	Useful lives in years	As at 01 January 2020 Rupees	For the year/ Adjustments Rupees	Disposals / Write offs Rupees	As at 31 December 2020 Rupees	As at 31 December 2020 Rupees	Depreciation rate (% per annum)	
<b>Owned assets</b>												
Freehold land	3,750,575,000	-	-	3,750,575,000		-	-	-	-	3,750,575,000	Nil	
Factory Buildings	2,682,096,224	-	-	2,682,096,224	45	887,724,667	39,627,198	-	937,351,865	1,744,744,359	2	
Plant machinery Electrical and other installations	84,631,974,630	61,093,796	-	84,693,068,426	35-45	30,673,331,430	1,533,695,619	-	32,207,027,049	52,486,041,377	2.5 - 25	
Residential colony building	528,918,943	16,850,404	-	545,769,347	45	127,910,453	9,383,168	-	137,293,621	408,475,726	2	
Road, bridges and culverts	88,742,859	-	-	88,742,859	50	23,997,904	1,752,451	-	25,750,355	62,992,504	2	
Furniture, fixtures and office equipment	133,311,130	8,601,647	-	141,912,777	3 - 10	117,630,282	4,671,634	-	122,301,916	19,610,861	10 - 30	
Vehicles and rail transport	124,684,915	24,145,000	-	148,829,915	5	106,111,251	4,398,476	-	110,509,727	38,320,188	2	
Tools and other equipment	155,260,163	-	-	155,260,163	3 - 10	153,347,912	609,782	-	153,957,694	1,302,469	10	
Plantation	296,476	-	-	296,476		296,476	-	-	296,476	-	10	
Books and literature	926,479	-	-	926,479	10	926,413	57	-	926,470	9	10	
Catalyst	260,717,768	6,314,870	-	267,032,638	3 - 6	259,517,770	2,252,483	-	261,770,253	5,262,385	17-33	
<b>2020</b>	<b>92,357,504,587</b>	<b>117,005,717</b>	<b>-</b>	<b>92,474,510,304</b>		<b>32,360,794,558</b>	<b>1,596,390,868</b>	<b>-</b>	<b>33,957,185,426</b>	<b>58,517,324,878</b>		

19.1.1

Title documents of land are in the name of Pak American Fertilizer Limited and Hazara Phosphate Fertilizer Limited.

19.1.2

Ownership of residential colony assets included in the operating fixed assets is shared by the Company jointly with Maple Leaf Cement Factory Limited in ratio of 2:45:101 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of residential colony establishment for mutual benefits.

	2019											
	Cost / revalued amount				Depreciation				Net book value as at			
	As at 01 January 2019	Additions	Revaluation Adjustment	As at 31 December 2019	Useful lives in years	For the year	Revaluation Adjustment	As at 31 December 2019	As at 31 December 2019	Depreciation rate (% per annum)		
Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees			
<b>Owned assets</b>												
Freehold land	2,626,745,932	-	1,123,829,068	3,750,575,000		-	-	-	3,750,575,000	Nil		
Buildings on freehold land	2,698,479,862	-	(16,383,638)	2,682,096,224	45	40,067,067	3,342,808	897,724,667	1,784,371,557	2		
Plant machinery Electrical and other installations	48,288,309,791	6,175,000	36,337,469,839	84,631,974,630	35-55	980,017,196	14,951,800,939	30,673,331,430	53,958,643,200	2.5 - 25		
Residential colony building	543,392,699	5,450,575	(19,924,331)	528,918,943	45	9,266,857	(4,818,376)	127,910,453	401,008,490	2		
Road, bridges and culverts	88,742,859	-	-	88,742,859	50	1,752,281	-	23,997,904	64,744,955	2		
Furniture, fixtures and office equipment	130,352,486	2,958,644	-	133,311,130	3 - 10	5,324,345	-	117,630,282	15,680,848	10 - 30		
Vehicles and rail transport	123,740,915	944,000	-	124,684,915	5	4,525,147	-	106,111,251	18,573,664	2		
Tools and other equipment	155,260,163	-	-	155,260,163	3 - 10	670,721	-	153,347,911	1,912,252	10		
Plantation	296,476	-	-	296,476		-	-	296,476	-	10		
Books and literature	926,479	-	-	926,479	10	-	-	926,413	66	10		
Catalyst	260,717,768	-	-	260,717,768	3 - 6	7,793,005	-	259,517,770	1,199,998	17-33		
<b>2019</b>	<b>54,916,965,430</b>	<b>15,528,219</b>	<b>37,425,010,938</b>	<b>92,357,504,587</b>		<b>1,049,416,619</b>	<b>14,950,325,371</b>	<b>32,360,794,557</b>	<b>59,996,710,030</b>			

	Note	2020 Rupees	2019 Rupees
<b>19.1.3</b>	<b>Allocation of depreciation charge</b>		
Cost of sales	29	1,591,993,608	1,042,674,320
Administrative and general expenses	31	4,278,599	5,372,368
Other expenses / other income	33.1 & 33.2	35,346	194,732
		<b>1,596,307,553</b>	<b>1,048,241,420</b>

**19.1.4** Following are the carrying values of freehold land, buildings on freehold land, residential colony assets, electrical and other installations owned and leased plant and machinery that would have been included in the financial statements had the assets been carried under the cost model:

	2020 Rupees	2019 Rupees
<b>Revalued Assets</b>		
Freehold land	2,259,588,898	2,259,588,898
Buildings on freehold land	1,414,175,766	1,447,130,769
Residential colony building	70,300,351	54,968,780
Plant machinery electrical and Other Installations	21,258,314,480	21,888,606,348
	<b>25,002,379,495</b>	<b>25,650,294,795</b>

**19.1.5** Particulars of immovable property (i.e. land and building) are as follows:

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Iskanderabad, Distt. Mianwali.	Housing colony, Farms and Manufacturing facility	1,546.550	1,344,675
Hattar Road, Haripur.	Housing colony and Manufacturing facility	58.006	461,227

**19.2** Capital work in progress

	2020				
	As at 01 January 2020	Additions during the year	Transfers / written off	As at 31 December 2020	
	Note Rupees	Rupees	Rupees	Rupees	
Civil work	657,500	585,000	-	1,242,500	
Plant, machinery & electric installation	46,013,148	32,024,181	(60,711,534)	17,325,795	
	19.2.1	46,670,648	32,609,181	(60,711,534)	18,568,295
	2019				
	As at 01 January 2019	Additions	Transfers / written off	As at 31 December 2019	
	Rupees	Rupees	Rupees	Rupees	
Civil work	-	657,500	-	657,500	
Plant, machinery & electric installation	36,319,510	9,693,638	-	46,013,148	
	36,319,510	10,351,138	-	46,670,648	

**19.2.1** These represents expenditure on plant and machinery in the course of construction, development and installation and majorly comprises of urea reactor, boiler shell, storage tank for production and material for shed.

	Note	2020 Rupees	2019 Rupees
<b>20 Intangible assets</b>			
Oracle computer software and implementation	20.1	--	--
Goodwill acquired in business combination	20.2	<b>2,567,310,828</b>	2,567,310,828
		<b>2,567,310,828</b>	2,567,310,828
<b>20.1 Oracle computer software and implementation</b>			
<b>Cost</b>			
As at 01 January		<b>42,567,574</b>	42,567,574
<b>Accumulated amortisation</b>			
Opening		<b>(42,567,574)</b>	(42,567,574)
Amortisation for the year	31	-	-
		<b>(42,567,574)</b>	(42,567,574)
As at 31 December		-	-
Rate of amortisation		<b>25%</b>	25%

**20.1.1** The software represents financial accounting software which has been capitalized by the Company. The amortisation of the software represents the total accumulated amortisation charged till the reporting date and is fully amortised.

**20.2** Azgard Nine Limited ("ANL") acquired 100% shares in the Company on 15 July 2006, inclusive of shares offered to the employees of the Company, which were divested by the employees in favour of ANL. As permitted by the terms and conditions of privatization for the purpose of raising finance ANL formed a wholly owned subsidiary; Dominion Fertilizers (Private) Limited ("DFL"). By virtue of agreement ANL transferred 69.19% shares in the Company to DFL, which were later reverted back to ANL on merger of DFL into the Company under the court order dated 07 December 2006.

This goodwill represents the excess of purchase consideration paid by ANL to the Privatization Commission of Pakistan for acquisition of the Company over DFL interest in the fair value of identifiable net assets of the Company. The amount of goodwill was transferred to the Company on merger of DFL into the Company.

The recoverable amount of goodwill was tested for impairment as at 31 December 2019, by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The aforesaid plans are stated in detail in note 2.2. The value in use calculations are based on cash flow projections derived from aforesaid business plan which assumes availability of natural gas / RLNG on long term basis and at a subsidized rate. These cash flow projections have been extrapolated beyond five years, by using a steady 5.00% growth rate which is consistent with the long term average growth rate for the country. The cash flows are discounted using a discount rate of 7.98% for its use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation, no impairment of goodwill is required.

	Note	2020 Rupees	2019 Rupees
<b>21 Long term loans and advances - considered good</b>			
Advances to employees - secured	21.1 & 21.2	<b>18,642,505</b>	21,518,559
Less: Current maturity presented under current assets	26	<b>(6,700,629)</b>	(7,228,864)
		<b>11,941,876</b>	14,289,695

**21.1** These represent loans provided to the employees of the Company in accordance with the terms of their employment, under a scheme for house building, purchase of motorcycle/car and soft advances for different purposes. These loans are secured against future salaries and retirement benefits of the employees and in case of motorcycle/car title on the same. The outstanding amount at the end of the year is recoverable over a period of one to ten years. House building loan provided to employees is interest free, while motorcycle/car loan and soft advances carry markup at 10% per annum and 7% per annum, respectively.

21.2 This includes advances to executives amounting to Rs. 4.68 million (2019: Rs. 7.37 million). The movement is as follows:

	2020 Rupees	2019 Rupees
Balance as at 01 January	7,375,626	9,083,416
Additions during the year	-	1,083,273
Recoveries during the year	(2,693,049)	(2,791,063)
Balance as at 31 December	4,682,577	7,375,626

The maximum aggregate amount outstanding during the year is Rs. 4.68 million (2019: Rs. 7.37 million).

	Note	2020 Rupees	2019 Rupees
<b>22 Long term deposits - unsecured, considered good</b>			
Deposits against musharika assets	22.1	1,916,192	1,916,192
Security deposits with utility companies		58,884,712	44,269,712
		60,800,904	46,185,904
Current maturity presented under current assets		(1,916,192)	(1,198,970)
		58,884,712	44,986,934

22.1 These have been deposited with various islamic banking companies against Diminishing Musharika arrangements amounting to Rs. 1.30 million (2019: Rs. 1.30 million) and Rs. 0.60 million (2019: Rs. 0.60 million) respectively.

	Note	2020 Rupees	2019 Rupees
<b>23 Stores, spare parts and loose tools</b>			
Stores		124,016,385	142,595,450
Spare parts		1,927,437,452	1,955,968,068
Loose tools		462,031	324,540
		2,051,915,868	2,098,888,058

<b>24 Stock-in-trade</b>			
Raw material		78,450,173	41,208,001
Packing material		17,298,875	13,568,324
Work in process		89,279,443	95,566,686
Finished goods		271,552,598	637,222,060
		456,581,089	787,565,071

<b>25 Trade debts</b>			
Considered good - unsecured		489,620	-
Considered doubtful - unsecured		48,481,045	48,878,035
		48,970,665	48,878,035
Less: provision for doubtful trade debts	25.1	(48,481,045)	(48,878,035)
		489,620	-

<b>25.1 Movement in provision for doubtful trade debts</b>			
As at 01 January		48,878,035	48,299,224
Provision for the year - net of recoveries		(396,990)	578,811
As at 31 December		48,481,045	48,878,035

	Note	2020 Rupees	2019 Rupees
<b>26 Advances, deposits, prepayments and other receivables</b>			
Advances to suppliers - <i>unsecured, considered good</i>	26.1	<b>480,492,784</b>	456,983,594
Advances to employees - <i>secured, considered good</i>			
- against salaries and post employment benefits	21	<b>6,700,629</b>	7,228,864
- against purchases and expenses		<b>15,197,148</b>	17,328,041
Deposit with High Court	18.1.1.3	<b>36,000,000</b>	36,000,000
Prepayments		<b>7,567,322</b>	7,045,228
Deposits against Ijarah	22.1	<b>1,916,192</b>	1,198,970
Receivable from Government of Pakistan	26.2	<b>1,346,250</b>	1,346,250
Sales tax receivable - net		<b>1,345,817,803</b>	1,649,323,255
Subsidy receivable	26.3	<b>812,227,932</b>	812,227,932
Other receivables	26.4	<b>82,342,759</b>	98,939,265
		<b>2,789,608,819</b>	3,087,621,399
Less: provision against doubtful advances and receivable	26.5	<b>(219,897,199)</b>	(215,000,000)
		<b>2,569,711,620</b>	2,872,621,399

**26.1** This includes Rs. 327.729 million (2019: Rs. 359.57 million) receivable from SNGPL in respect of gas supply. GOP has approved subsidy of differential of capped Gas/RLNG blend price of Rs. 782/MMBTU (inclusive of GIDC) with the OGRA notified Gas/RLNG Blend Prices (inclusive of GIDC) at ratio of 62:38. The subsidy is to be paid by GOP directly to SNGPL. This amount will be adjusted against payable to SNGPL once SNGPL receives the subsidy from GOP in respect of supply of gas to the Company at the subsidized rate of Rs. 782 / MMBTU (inclusive of GIDC).

**26.2** This represents land acquired by the Government of Pakistan ("GOP") under the Land Acquisition Act, 1894 and rules thereon for infrastructure development including for Inland Water Transport Development Company ("IWTDC"). GOP has taken over the possession of the said land, however, transfer of land title in the name of GOP is in process at the reporting date.

	Note	2020 Rupees	2019 Rupees
<b>26.3 Subsidy receivable -related party</b>			
- from Ministry of Food, Agriculture and Livestock	26.3.1	<b>550,823,960</b>	550,823,960
- from Ministry of National Food Security and Research	26.3.2	<b>261,403,972</b>	261,403,972
		<b>812,227,932</b>	812,227,932

**26.3.1** This represents receivable from Government of Pakistan against subsidy granted by Ministry of Food, Agriculture, and Livestock ("MINFAL") amounting to Rs. 550.82 million (2019: Rs. 550.82 million) through letter No. F-4-13/2000-Fert dated 05 September 2008, on Phosphatic and Potassic Fertilizer ("PPF") at the rate of Rs. 19,120 per metric ton. The Company being a producer of PPF, was entitled to the same subsidy for the period commencing on 05 September 2008 and ending on 14 April 2009. However, on 14 April 2009 subsidy regime was withdrawn by MINFAL with retrospective effect from 31 December 2008 which was contended by the Company through filing a legal suit in the Court of 1st Class Civil judge ("the Court") for recovery of subsidy relating to the period from 01 January 2009 to 14 April 2009, on the grounds that the Company had priced and sold its product in said period based on bonafide belief and legitimate expectation that subsidy regime was available and therefore the Company is entitled to the payment of aforesaid amount being the sum of the subsidy claim for said period along with markup. In the year 2017, an ex-parte decision for the recovery of subsidy claim along with markup was given in favor of the Company by the Court. Based on the above decision, the management is pursuing its claim with the concerned authorities. However being prudent, Rs. 215 million has been provided against this receivable in these financial statements.

**26.3.2** This includes the following:

- Subsidy amounting to Rs. 16.40 million (2019: Rs. 16.40 million) at the rate of Rs. 196 /- per 50 kg bag of SSP Fertilizer sold (based on phosphorous content) as notified by Ministry of National Food Security and Research ("MNFSR"), Government of Pakistan through Notification No. F.1-11/2012/DFSC-II/Fertilizer dated 03 November 2015 and subsidy amounting to Rs. 30.78 million (2018: Rs. 30.78 million) at the rate of Rs. 117/- per 50 kg bag of SSP Fertilizer sold (based on phosphorous content) as notified by Ministry of National Food Security and Research ("MNFSR"), Government of Pakistan through Notification No. F. 1-11/2012/DFSC-II/Fertilizer dated 12 August 2016.
- Receivable from Government of Pakistan against subsidy granted by Ministry of Food Security and Research ("MNFSR") amounting to Rs. 131.88 million (2019: Rs. 131.88 million) through letter No. F-1-11/2012/DFSC-II/Fertilizer dated 25 June 2016, on sale of Urea fertilizer at the rate of Rs. 156/- per 50 kg bag sold and subsidy amounting to Rs. 82.34 million (2018: Rs. 82.34 million) through revised letter No. 15 (4) CFC/2015-615 dated 07 August 2017, on sale of Urea fertilizer at the rate of Rs. 100/- per 50 kg bag. Under the subject notifications, all manufacturers of urea fertilizer registered with the Federal Board of Revenue under Sales Tax regime will be eligible for receiving cash subsidy. The Company being a producer of urea fertilizer, was entitled to the same subsidy for the periods notified in the respective notices.

**26.4** This mainly includes acknowledged insurance claim amounting to Rs. 50.25 million lodged by the Company in respect of break down of Turbomach gas turbine ("the Turbine Claim") and the consequential losses sustained by the Company from the interruption of its business. The company has filed a legal suit in the court of District and Session Judge Insurance Tribunal, Lahore for the recovery of turbine claim and consequential losses of Rs. 396.79 million and is hopeful of a favorable outcome. This claim is pending processing based on outcome of the case.

	Note	2020 Rupees	2019 Rupees
<b>26.5</b>			
<b>Movement in provision for doubtful advances and receivables</b>			
As at 01 January		215,000,000	215,000,000
Provision for the year		4,897,199	-
As at 31 December		219,897,199	215,000,000

**27** Cash and bank balances

Cash in hand		599,249	497,389
Cash at bank - local currency			
Current accounts	27.1	174,489,007	480,884,534
Saving accounts	27.2	620,250,395	81,117,033
		794,739,402	562,001,567
		795,338,651	562,498,956

**27.1** These include bank accounts of Rs. 43.90 million (2019: Rs. 45.04 million) maintained under Shariah compliant arrangements.

**27.2** These carry mark-up at the rates ranging from 5% to 12% per annum (2019: 7.35% to 9.80% per annum).

**27.3** As referred to in note 18.1.2.3, during the last year, a lien has been imposed by Meezan Bank Limited ("MBL") on the account of the Company to the extent of Rs. 40.21 million (2019: Rs. 40.21 million).

	2020 Rupees	2019 Rupees
<b>28</b>		
<b>Sales - net</b>		
Sale of fertilizer		
- Local	5,800,667,587	12,581,176,472
Other products	116,611,794	128,302,083
<b>Gross sales</b>	5,917,279,381	12,709,478,555
Sales tax	(135,391,734)	(273,106,386)
Trade discounts	(82,164,645)	(261,953,177)
<b>Net sales</b>	5,699,723,002	12,174,418,992



	Note	2020 Rupees	2019 Rupees
<b>29 Cost of sales</b>			
Raw and packing material consumed	29.1	3,154,613,501	7,505,600,045
Salaries, wages and other benefits	29.2	508,481,798	517,124,744
Fuel and power		829,863,502	1,623,118,045
Stores, spare part and loose tools consumed		205,734,174	205,927,146
Travelling, conveyance and entertainment		33,769,757	42,706,331
Rent, rates and taxes		616,731	428,272
Insurance expenses		28,005,693	31,052,459
Repair and maintenance		26,124,663	24,150,564
Research and development		-	164,015
Depreciation on property, plant and equipment	19.1.3	1,591,993,608	1,042,674,320
Printing and stationery		2,173,991	2,851,586
Communication		5,060,529	5,028,346
Loading and handling charges		24,787,368	31,075,145
Ijarah lease rentals	29.3	-	301,859
Contract services		2,835,413	2,136,759
Security		44,971,893	42,848,109
Others	29.4	41,452,596	36,250,847
		<b>6,500,485,217</b>	<b>11,113,438,592</b>
Opening work-in-process		95,566,686	86,242,415
Closing work-in-process		(89,279,443)	(95,566,686)
		<b>6,287,243</b>	<b>(9,324,271)</b>
Cost of goods manufactured		<b>6,506,772,460</b>	<b>11,104,114,321</b>
Opening finished goods		637,222,060	134,457,139
Closing finished goods		(271,552,598)	(637,222,060)
		<b>365,669,462</b>	<b>(502,764,921)</b>
Cost of goods sold		<b>6,872,441,922</b>	<b>10,601,349,400</b>

29.1 This is net of Government subsidy Rs. Nil (2019: Rs. Nil) as stated in Note 26.3.2.

29.2 These include charges in respect of employees' retirement benefits amounting to Rs. 6.43 million (2019: Rs. 26.3 million) and Rs. 14.76 million (2019: Rs 14.4 million) on account of gratuity and provident fund respectively.

29.3 This represents vehicles under Ijarah financing provided to the executives under the Company's policy.

29.4 Other expenses include housing colony expenses aggregating to Rs. 27.92 million (2019: Rs. 25.78 million).

	Note	2020 Rupees	2019 Rupees
<b>30 Selling and distribution expenses</b>			
Salaries, wages and other benefits	30.1	32,359,217	39,917,001
Freight and other expenses		170,519,870	449,434,717
Communication		588,000	515,896
Travelling and conveyance		2,422,729	2,906,076
Advertisement		4,966,879	16,423,849
Rent, rates and taxes		4,928,808	8,008,766
Insurance expenses		2,954,000	2,631,193
Vehicle running and maintenance		83,242	43,690
Printing and stationery		261,152	206,571
Security services		2,866,218	4,054,227
Ijarah lease rentals	29.3	-	99,422
Miscellaneous		479,685	519,819
		<b>222,429,800</b>	<b>524,761,227</b>

30.1 These include charges in respect of employees retirement benefits amounting to Rs. 8,000 (2019: Rs. Nil) and Rs. 1.40 million (2019: Rs. 1.37 million) on account of gratuity and provident fund respectively.

	Note	2020 Rupees	2019 Rupees
<b>31 Administrative and general expenses</b>			
Salaries and other benefits	31.1	184,840,117	189,832,062
Travelling, conveyance and entertainment		11,414,416	11,892,265
Rent, rates and taxes		6,466,288	5,881,290
Printing and stationery		3,420,996	3,983,342
Communication		2,486,256	2,575,766
IT consultancy		4,321,190	4,818,834
Legal and professional charges	31.2	76,160,551	45,698,273
Depreciation on property, plant and equipment	19.1.3	4,278,599	5,372,368
Guest house expenses		2,394,875	1,619,481
Bad debt expense		-	-
Utilities		12,784,645	11,453,493
Repair and maintenance		3,293,610	2,071,838
Insurance expenses		1,425,956	1,096,281
Subscription fee		42,613	47,113
Ijarah lease rentals	29.3	-	1,226,916
Miscellaneous		10,075,382	8,830,596
		<b>323,405,494</b>	<b>296,399,918</b>

31.1 These include charges in respect of employees' retirement benefits amounting to Rs. 3.00 million (2019: Rs. 4.35 million) and Rs. 4.28 million (2019: Rs. 3.89 million) on account of gratuity and provident fund respectively.

	2020 Rupees		2019 Rupees	
<b>31.2 These include following in respect of auditors' remuneration:</b>	<b>GTAR</b>	<b>KPMG</b>	<b>GTAR</b>	<b>KPMG</b>
Statutory audit fee for the year	5,720,000	-	5,200,000	-
Review report under Code of Corporate Governance	82,500	-	75,000	-
Interim review	1,285,680	-	-	1,168,800
Taxation and other services	350,000	6,870,000	-	4,514,000
Out of pocket expenses	500,000	300,000	500,000	116,800
	<b>7,938,180</b>	<b>7,170,000</b>	<b>5,775,000</b>	<b>5,799,600</b>

	Note	2020 Rupees	2019 Rupees
<b>32 Other expenses</b>			
Workers' Welfare Fund		-	-
Loss on disposal of property, plant and equipment		-	977,799
Provision against doubtful receivable	26.3.1	4,897,199	578,811
Loss from experimental farm	32.1	538,620	-
		<b>5,435,819</b>	1,556,610

32.1 Depreciation amounting to Rs. 0.035 million has been netted off in this balance.

	Note	2020 Rupees	2019 Rupees
<b>33 Other income</b>			
<b><u>Income from financial assets</u></b>			
Profit on a profit and loss sharing bank balance	27	30,446,439	13,198,693
Present Value adjustment of GIDC payable	15.1	-	714,803,040
Reversal of LPS	33.1	-	846,211,215
Mark-up on advances to employees		666,014	604,048
		<b>31,112,453</b>	1,574,816,996
<b><u>Income from non-financial assets</u></b>			
Sale of scrap		986,402	-
Liabilities written back		150,463,167	3,720,639
Bad debt recovered		43,918	-
Gain from experimental farm	33.2	-	521,213
		<b>151,493,487</b>	4,241,852
		<b>182,605,940</b>	1,579,058,848

33.1 This represents LPS on GIDC of Rs 846.211 million reversed during last year based on judgment of the Honourable Supreme Court of Pakistan dated 02-11-2020.

33.2 Depreciation amounting to Rs. Nil (2019: Rs. 0.19 million) has been netted off in this balance.

	Note	2020 Rupees	2019 Rupees
<b>34 Finance cost</b>			
Interest / mark-up on:			
- Redeemable capital		1,289,718,711	1,570,303,851
- Long term finances		823,963,479	987,129,816
- Short term borrowings		411,109,102	558,054,995
- Late payment surcharge		10,256,879	-
- Workers' Welfare Fund ("WWF")		-	-
		<b>2,535,048,171</b>	3,115,488,662
Dividend on preference shares	10	175,747,885	175,267,699
Amortisation of present value of GIDC		232,095,718	-
Bank charges and commission		2,242,748	9,665,186
		<b>2,945,134,522</b>	3,300,421,547

34.1 The Company has not recognized LPS on GIDC pertaining to last year and for few months of current year due to the Judgment of Honourable Supreme Court decision dated 02-11-2020.

	Note	2020 Rupees	2019 Rupees
<b>35 Taxation</b>			
For the year			
- Current tax		85,495,845	182,616,285
- Deferred tax	12.2.3	(275,114,005)	(500,850,291)
		<b>(189,618,160)</b>	<b>(318,234,006)</b>

**36 Loss per share - basic and diluted**

Loss attributable to ordinary shareholders		(4,296,900,455)	(652,776,856)
		<b>2020</b>	<b>2019</b>
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year		392,430,000	392,430,000
Loss per share - <i>basic and diluted</i>	<b>(Rupees)</b>	<b>(10.95)</b>	(1.66)

The effect of conversion of preference shares into ordinary shares is anti-dilutive, accordingly the diluted loss per share (LPS) is restricted to basic EPS.

	Note	2020 Rupees	2019 Rupees
<b>37 Cash generated from operations</b>			
<b>Loss before taxation</b>		<b>(4,486,518,615)</b>	<b>(971,010,862)</b>
<b><u>Adjustments for non-cash items:</u></b>			
Interest / mark-up / dividend expense		2,945,134,522	3,300,421,547
Depreciation on property, plant and equipment		1,596,307,553	1,048,241,420
Staff retirement benefits		9,448,209	31,254,168
Reversal of provisioning		-	578,811
Mark-up / interest income/reversal of markup/discounting income		(31,112,453)	(1,574,816,996)
		<b>4,519,777,831</b>	<b>2,805,678,950</b>
<b>Operating profit / (loss) before changes in working capital</b>		<b>33,259,216</b>	<b>1,834,668,088</b>
<b><u>Changes in working capital:</u></b>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		46,972,190	(44,193,460)
Stock-in-trade		330,983,982	(494,244,476)
Trade debts		(489,620)	34,286,252
Advances, deposits, prepayments and other receivables		302,909,780	(857,910,282)
		<b>680,376,332</b>	<b>(1,362,061,966)</b>
<i>Increase in current liabilities:</i>			
Trade and other payables		(248,708,859)	123,413,307
		<b>464,926,689</b>	<b>596,019,429</b>
<b>38 Cash and cash equivalents</b>			
Running finance - <i>secured</i>	14	(2,718,008,076)	(2,697,055,249)
Cash and bank balances	27	795,338,651	562,498,956
		<b>(1,922,669,425)</b>	<b>(2,134,556,293)</b>

**39 Transactions and balances with related parties**

Related parties include associated undertakings, key management personnel (including the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties.

Details of transactions and balances with related parties are as follows:

	2020 Rupees	2019 Rupees
<b>39.1 Transactions with related parties</b>		
<b>39.1.1 Associated Undertakings</b>		
<b><u>Shareholding and common directorship</u></b>		
<b>National Bank of Pakistan</b>		
Mark-up expense for the year	357,713,565	410,109,522
Preference dividend for the year	3,815,055	3,804,632
(Decrease) / Increase in bank balances - <i>net</i>	(4,785,148)	4,552,796
<b><u>Common directorship</u></b>		
<b>Faysal Bank Limited</b>		
Mark-up expense for the year	208,336,312	257,559,882
Preference dividend for the year	34,232,685	34,139,153
Loan paid	500,000	-
Trustee fee for the year	2,500,000	2,500,000
Increase in bank balances - <i>net</i>	3,645,289	7,367
<b>Standard Chartered Bank (Pakistan) Limited</b>		
Mark-up expense for the year	153,290,041	209,702,079
Short term borrowings - <i>net</i>	-	299,997,050
Loan paid	22,700,000	-
Markup paid	11,845,663	-
Decrease in bank balances - <i>net</i>	5,058,651	-
<b>Silk Bank Limited</b>		
Mark-up expense for the year	71,280,320	106,456,082
Markup paid	13,958,106	65,327,177
Short term borrowings - <i>net</i>	554,363	-
<b>Summit Bank Limited</b>		
Mark-up expense for the year	129,402,313	176,883,197
Markup paid	30,441,641	102,226,792
Short term borrowings - <i>net</i>	20,504,478	173,014,293
Increase in bank balances - <i>net</i>	198,171,723	79,942,062
<b>39.1.2 Post employment benefit plans</b>		
- Provident fund trust-contribution	20,446,637	33,133,004
- Gratuity trust-contribution	18,013,868	772,544
<b>39.1.3 Key management personnel</b>		

The remuneration paid to chief executive officer, directors and executives (key management personnel) in terms of their employment is disclosed in note 40 to the financial statements.

	Note	2020 Rupees	2019 Rupees
<b>39.2 Balances with related parties</b>			
<b>39.2.1 Associated Undertakings</b>			
<b><u>Shareholding and common directorship</u></b>			
<b>National Bank of Pakistan</b>			
Long term finances	9.2, 9.4 & 9.6	2,467,083,735	2,467,083,735
Redeemable capital	8.6	462,057,100	462,057,100
Bills payable	14	187,030,000	187,030,000
Preference shares	10	34,587,560	34,587,560
Mark-up payable	16	3,475,457,548	3,117,743,983
Preference dividend payable		186,186,766	182,371,710
Bank account balances	27	2,433,094	7,218,242
Advisory fee payable	15	738,600,000	738,600,000
Advance for transaction cost	26	23,200,000	23,200,000
<b><u>Common directorship</u></b>			
<b>Faysal Bank Limited</b>			
Redeemable capital	8.6 & 34	1,499,109,500	1,499,109,500
Long term finances	9.3 & 9.4	349,500,000	350,000,000
Preference shares	10	310,355,940	310,355,940
Mark-up payable	16	1,940,032,592	1,731,696,280
Preference dividend payable		303,136,975	268,904,291
Bank account balances	27	3,812,806	167,517
Trustee fee payable		5,668,582	5,688,582
<b>Standard Chartered Bank (Pakistan) Limited</b>			
Redeemable capital	8.8	146,995,500	146,995,500
Long term finances	9.2 & 9.4	1,330,160,982	1,352,860,982
Mark-up payable	16	1,589,821,917	1,436,531,876
Bank account balances	27	917,927	5,976,578
<b>Silk Bank Limited</b>			
Long term finances	9.4	130,607,546	130,607,546
Short term borrowings	14	551,996,429	551,442,066
Mark-up payable	16	282,124,426	222,302,573
<b>Summit Bank Limited</b>			
Redeemable capital	8.6 & 8.8	603,406,000	603,406,000
Short term borrowings	14	667,175,480	646,671,002
Mark-up payable	16	544,113,860	445,153,188
Bank account balances	14 & 27	278,850,049	80,678,328
<b>Others</b>			
Housing colony payable		-	10,456,668
Housing colony receivable		4,948,070	-
<b>39.2.2 Post employment benefit plans</b>			
Payable to Provident Fund Trust		-	-
Payable to Gratuity trust	12	6,930,313	17,569,221

All transactions with related parties have been carried out on commercially agreed terms and conditions.

**40 Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amount charged in financial statements in respect of Chief Executive Officer, Directors and Executives on account of managerial remuneration, perquisites and benefits, post employment benefits and the number of such Directors and Executives are as follows:

2020				
	Directors			Executives
	Chief Executive Officer	Executive Director	Non-executive Director	
	Rupees	Rupees	Rupees	
Managerial remuneration	14,957,140	-	-	40,293,570
House rent allowance	4,487,140	-	-	11,244,074
Utility allowance	1,495,720	-	-	1,713,876
Others	457,476	-	-	22,213,317
Post employment benefits	1,245,930	-	-	3,116,795
Meeting fee	-	-	154,000	-
Bonus	2,226,554	-	-	11,308,168
	<b>24,869,960</b>	<b>-</b>	<b>154,000</b>	<b>89,889,800</b>
Number of persons	1	-	6	19
2019				
	Directors			Executives
	Chief Executive Officer	Executive Director	Non-executive Director	
	Rupees	Rupees	Rupees	
Managerial remuneration	12,600,000	-	-	35,813,535
House rent allowance	3,780,000	-	-	10,329,096
Utility allowance	1,260,000	-	-	1,701,288
Other	1,245,875	-	-	22,322,425
Post employment benefits	1,049,580	-	-	2,988,038
Meeting fee	-	-	78,000	-
Bonus	550,000	-	-	2,982,372
	<b>20,485,455</b>	<b>-</b>	<b>78,000</b>	<b>76,136,754</b>
Number of persons	1	-	6	16

Chief executive officer and certain executives are provided with free use of Company maintained car. Other terms and conditions are as per the terms of reference of the respective employment contracts.

## 41 Financial risk management

The Company's activities expose it to a variety of financial risks which affect its revenues, expenses, assets and liabilities. These risks are as follows:

- Credit risk
- Liquidity risk; and
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board has developed a risk policy that sets out fundamentals of risk management framework.

### **Risk Management Framework**

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

#### **41.1 Credit risk and concentration of credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

##### **41.1.1 Exposure to credit risk**

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Out of total financial assets of Rs. 1008.74 million (2019: Rs. 782.47 million), the financial assets that are subject to credit risk amount to Rs. 974.304 million (2019: Rs. 743.127 million).

The maximum exposure to credit risk at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Long term deposits - <i>unsecured, considered good</i>	58,884,712	44,986,934
Trade debts - <i>considered good</i>	489,620	-
Advances and other receivables	120,258,951	136,138,235
Bank balances	794,739,402	562,001,567
	<b>974,372,685</b>	<b>743,126,736</b>



**41.1.2 Concentration of credit risk**

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2020 Rupees	2019 Rupees
Customers	489,620	-
Banking companies and financial institutions	794,739,402	562,001,567
Others	177,227,471	179,208,977
	<b>971,966,873</b>	<b>741,210,544</b>

**41.1.3 Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

**41.1.3(a) Counterparties with external credit ratings**

These include banking companies and financial institutions, which are counterparties to cash deposits, bank guarantees, security deposits and margin deposits. These are neither past due nor impaired. Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

**Banks and financial institutions**

Bank	Rating		Rating Agency	2020 Rupees	2019 Rupees
	Long term	Short term			
<b>Bank balances</b>					
Al Baraka Bank (Pakistan) Limited	A+	A-1	JCR-VIS	616,702	1,784,862
Allied Bank Limited	AAA	A1+	PACRA	22,615	21,611
Askari Bank Limited	AA+	A1+	PACRA	20,693,305	3,244,856
Bank Alfalah Limited	AA-	A1+	PACRA	72,189	72,189
Bank Islami Pakistan Limited	A+	A1	PACRA	1,519,489	1,519,489
Dubai Islamic Bank Pakistan Limited	AA	A1+	JCR-VIS	1,548,199	1,548,199
Faysal Bank Limited	AA	A1+	JCR-VIS	3,812,806	167,516
Habib Bank Limited	AAA	A1+	JCR-VIS	58,568,609	3,268,075
MCB Bank Limited	AAA	A1+	PACRA	25,874,762	7,462,097
Meezan Bank Limited	AA+	A1+	JCR-VIS	40,212,297	40,212,297
National Bank of Pakistan	AAA	A1+	JCR-VIS	2,433,094	7,218,242
NIB Bank Limited	AA-	A1+	PACRA	12,116	11,513
Soneri Bank Limited	A1+	AA-	PACRA	24,649	24,649
Standard Chartered Bank (Pakistan) Limited	AA	A1+	PACRA	917,927	5,976,578
Summit Bank Limited	A1	A-	JCR-VIS	286,141,587	80,678,327
The Bank of Punjab	AA	A1+	PACRA	2,765	2,765
United Bank Limited	AAA	A1+	JCR-VIS	352,266,291	408,788,302
				<b>794,739,402</b>	<b>562,001,567</b>
<b>Security Deposits</b>					
Albaraka Bank (Pakistan) Limited	A+	A-1	PACRA	1,309,472	1,309,472
JS Bank Limited	AA-	A1+	PACRA	606,720	606,720
				<b>1,916,192</b>	<b>1,916,192</b>
				<b>796,655,594</b>	<b>563,917,759</b>

#### 41.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. Major sales of the Company are on advance basis, however for few customers the Company is exposed to credit risk in respect of trade debts. Major portion of sales made to customers are secured against bank guarantees. The analysis of age of trade debts at the reporting date is as follows:

	2020		2019	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	-	-	-	-
Past due by 3 to 6 months	-	-	-	-
Past due by 6 to 12 months	-	-	-	-
Past due by more than one year	48,970,665	48,481,045	48,878,035	48,878,035
	48,970,665	48,481,045	48,878,035	48,878,035

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from the particular customer. Based on historical default rates, the Company believes that no impairment allowance other than already provided is necessary in respect of trade receivables not past due or those past due by less than one year, since these relate to customers who have had good payment record with the Company. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited to income statement.

#### 41.1.4 Credit risk management

As mentioned in note 41.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk. The Company also avoids any significant exposure to a single customer.

#### 41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

##### 41.2.1 Exposure to liquidity risk

##### 41.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments

The following are the remaining contractual maturities at the reporting date. The amounts are grossed and undiscounted, include estimated interest payments and exclude the impact of netting agreements.

	2020				
	Carrying amount	Contractual cash flow	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Non-derivative financial liabilities</b>					
Redeemable capital - secured	12,165,534,546	12,165,534,546	12,165,534,546	-	-
Long term finances - secured	7,113,137,166	7,113,137,166	7,113,137,166	-	-
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690	-	-	1,593,342,690
Long term payable	1,740,315,519	1,740,315,519	-	1,709,180,320	31,135,199
Short term borrowings - secured	3,646,985,016	3,646,985,016	3,646,985,016	-	-
Trade and other creditors	1,881,736,485	1,881,736,485	1,881,736,485	-	-
Accrued liabilities	113,095,904	113,095,904	113,095,904	-	-
Security deposits and retention money	18,597,680	18,597,680	18,597,680	-	-
Other payables	43,870,113	43,870,113	43,870,113	-	-
Mark-up accrued on borrowings	21,731,686,709	21,731,686,709	21,731,686,709	-	-
Preference dividend payable	1,556,102,687	1,556,102,687	1,556,102,687	-	-
	51,604,404,515	51,604,404,515	48,270,746,306	1,709,180,320	1,624,477,889

	2019				
	Carrying amount	Contractual cash flow	Less than one year	One to three years	More than three years
	Rupees	Rupees	Rupees	Rupees	Rupees
<b><u>Non-derivative financial liabilities</u></b>					
Redeemable capital - <i>secured</i>	12,165,534,546	12,165,534,546	12,165,534,546	-	-
Long term finances - <i>secured</i>	7,138,527,377	7,138,527,377	7,138,527,377	-	-
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690	-	-	1,593,342,690
Long term payable	2,241,502,508	2,241,502,508	-	2,210,367,309	31,135,199
Short term borrowings - <i>secured</i>	3,626,035,840	3,626,035,840	3,626,035,840	-	-
Trade and other creditors	1,319,557,327	1,319,557,327	1,319,557,327	-	-
Accrued liabilities	200,582,486	200,582,486	200,582,486	-	-
Security deposits and retention money	16,256,483	16,256,483	16,256,483	-	-
Other payables	43,464,347	43,464,347	43,464,347	-	-
Mark-up accrued on borrowings	19,260,897,262	19,260,897,262	19,260,897,262	-	-
Preference dividend payable	1,380,354,802	1,380,354,802	1,380,354,802	-	-
	48,986,055,668	48,986,055,668	45,151,210,470	2,210,367,309	1,624,477,889

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

#### 41.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company continues to face a liquidity shortfall, as a result of which it was unable to meet its obligations in respect of various debt finances and is not in compliance with certain financial covenants as referred to in note 8.9 and 9.9. The details of overdue financial liabilities are as follows:

	Note	2020		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<b><u>Nature of liability</u></b>				
Redeemable capital	8	12,165,534,546	11,930,776,044	24,096,310,590
Long term finances	9	7,108,766,064	7,936,023,212	15,044,789,276
Short term borrowings	14	1,709,291,163	1,819,885,587	3,529,176,750
		<b>20,983,591,773</b>	<b>21,686,684,843</b>	<b>42,670,276,616</b>

	Note	2019		
		Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
<b><u>Nature of Liability</u></b>				
Redeemable capital	8	12,123,044,963	10,653,106,538	22,776,151,501
Long term finances	9	6,856,911,221	7,092,202,386	13,949,113,607
Short term borrowings	14	1,709,291,163	1,060,240,851	3,418,933,606
		20,689,247,348	18,805,549,775	40,144,198,714

In lieu of prevailing situation, the Company appointed National Bank of Pakistan (“NBP”) as Financial Advisor (“FA”) to review its capital structure and propose financial rehabilitation plan. The Company was unable to meet its financial obligations due to liquidity constraints as a result of gas curtailment, and its debt burden ballooned in the form of principal and overdue mark up. It was in this backdrop that FA was mandated to propose the most suitable capital structure based on a realistic view of gas availability. After analyzing the situation, complete debt plus mark-up conversion into Preference Shares was proposed. The Board as part of the rehabilitation plan offered settlement of entire accrued mark up till 31 December 2013. This scheme has been approved in BOD meeting held on 05 November 2013 and subsequently approved by shareholders in an Extra Ordinary General Meeting held on 10 December 2013. After obtaining NOCs from the lenders and completing procedural and secretarial requirements, the Company in the year 2016 filed the proposed rehabilitation plan with the Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984 for necessary approval and order. By implementing this scheme, the Company expects to achieve suitable capital structure, reduce servicing burden to a sustainable level eventually leading to improved financial position. The matter is pending approval by the Lahore High Court.

#### 41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

##### 41.3.1 Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros, JPY and US dollars.

##### 41.3.1(a) Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2020	2019
	Rupees	Rupees
<b><u>Off balance sheet items</u></b>		
Outstanding letters of credit:		
US \$	57,139,605	3,853,676
EUR €	-	1,997,502
GBP	-	96,610
CHF	-	259,927
JPY	-	5,959,954
<b>Net exposure</b>	<b>57,139,605</b>	<b>12,167,669</b>

##### 41.3.1(b) Exchange rates applied during the year

The following significant exchange rates have been applied during the year:

		2020	2019
		Rupees	Rupees
<i>Reporting date spot rate:</i>			
- buying	US \$	159.90	154.68
- selling	US \$	160.50	155.05
Average rate for the year	US \$	157.78	147.01
<i>Reporting date spot rate:</i>			
- buying	EUR €	188.50	173.30
- selling	EUR €	191.50	173.72
Average rate for the year	EUR €	182.61	166.27
<i>Reporting date spot rate:</i>			
- buying	GBP	210.00	202.91
- selling	GBP	213.00	203.39
Average rate for the year	GBP	208.20	189.83
<i>Reporting date spot rate:</i>			
- buying	CHF	175.25	159.80
- selling	CHF	176.15	160.17
Average rate for the year	CHF	168.16	150.60

		2020 Rupees	2019 Rupees
<i>Reporting date spot rate:</i>			
- buying	<i>JPY</i>	1.55	1.42
- selling	<i>JPY</i>	1.58	1.43
Average rate for the year	<i>JPY</i>	1.51	1.35

#### 41.3.1(c) Sensitivity analysis

A reasonably possible strengthening / (weakening) of 1% in Pak Rupee against the foreign currencies would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2020 Rupees	2019 Rupees
US \$	571,396	38,537
EUR €	-	19,975
GBP	-	966
CHF	-	2,599
JPY	-	59,600
	<b>571,396</b>	<b>121,677</b>

#### 41.3.1(d) Currency risk management

Since the maximum amount exposed to currency risk is minimal, any adverse / favorable movement in functional currency with respect to Euros, JPY US dollar will not have any material impact on the operational results.

#### 41.3.2 Interest / markup rate risk

Interest / markup rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

#### 41.3.2(a) Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2020		2019	
		Financial asset Rupees	Financial liability Rupees	Financial asset Rupees	Financial liability Rupees
<b><i>Non-derivative financial instruments</i></b>					
Redeemable capital	8	-	618,685,000	-	618,685,000
Convertible, redeemable preference shares	10	-	1,593,342,690	-	1,593,342,690
Long term advance to employees	21	11,941,876	-	14,289,695	-
		<b>11,941,876</b>	<b>2,212,027,690</b>	14,289,695	2,212,027,690

#### ***Fair value sensitivity analysis for fixed rate instruments***

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit or loss.

#### 41.3.2(b) Variable rate financial instruments

	Note	2020		2019	
		Financial asset	Financial liability	Financial asset	Financial liability
		Rupees	Rupees	Rupees	Rupees
<b><u>Non-derivative financial instruments</u></b>					
Redeemable capital	8	-	10,998,024,546	-	10,998,024,546
Long term finances	9	-	7,113,137,166	-	7,138,527,377
Short term borrowings - secured	14	-	3,646,985,016	-	3,626,035,840
Bank balances - saving accounts	27	620,250,395	-	81,117,033	-
		<b>620,250,395</b>	<b>21,758,146,728</b>	<b>81,117,033</b>	<b>21,762,587,763</b>

#### 41.3.2(c) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates as at the reporting date would have (increased) / decreased loss by amounts presented below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	2020 Rupees	2019 Rupees
<b><u>Increase of 100 basis points</u></b>		
Variable rate instruments	(211,378,963)	(216,814,707)
<b><u>Decrease of 100 basis points</u></b>		
Variable rate instruments	211,378,963	216,814,707

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and the outstanding liabilities of the Company at the year end.

#### 41.3.2(d) Interest/markup rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Most of the loans have variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

#### 41.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

#### 41.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- 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 (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

#### 41.4.1 Financial instruments by category

The following table show the categories as well as carrying amounts and fair values of financial assets and financial liabilities according to their respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value.

Particulars	Carrying amount				Fair Value			
	Amortised Cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>December 31, 2020</b>								
<i>Financial assets not measured at fair value</i>								
Long term loans and advances	11,941,876	-	-	11,941,876	-	-	-	-
Trade debts	489,620	-	-	489,620	-	-	-	-
Long term deposits	58,884,712	-	-	58,884,712	-	-	-	-
Advances and other receivables	142,156,728	-	-	142,156,728	-	-	-	-
Cash and bank balances	795,338,651	-	-	795,338,651	-	-	-	-
<b>Total</b>	<b>1,008,811,587</b>	<b>-</b>	<b>-</b>	<b>1,008,811,587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2019</b>								
<i>Financial assets not measured at fair value</i>								
Long term loans and advances	14,289,695	-	-	14,289,695	-	-	-	-
Long term deposits	44,986,934	-	-	44,986,934	-	-	-	-
Advances and other receivables	160,695,140	-	-	160,695,140	-	-	-	-
Cash and bank balances	562,498,956	-	-	562,498,956	-	-	-	-
<b>Total</b>	<b>782,470,725</b>	<b>-</b>	<b>-</b>	<b>782,470,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

41.4.2 The Company does not hold any financial liability at fair value. Remaining financial liabilities are as follows.

	2020 Rupees	2019 Rupees
<b><i>Financial liabilities at amortised cost</i></b>		
Redeemable capital	12,165,534,546	12,165,534,546
Long term finances	7,113,137,166	7,138,527,377
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	1,740,315,519	2,241,502,508
Short term borrowings	3,646,985,016	3,626,035,840
Trade and other payables	1,881,736,485	1,319,557,327
Accrued liabilities	113,095,904	200,582,486
Security deposits and retention money	18,597,680	16,256,483
Other payables	43,870,113	43,464,347
Mark-up accrued on borrowings	21,731,686,709	19,260,897,262
Preference dividend payable	1,556,102,687	1,380,354,802
	<b>51,604,404,515</b>	<b>48,986,055,668</b>

#### 41.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 42 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital employed. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises redeemable capital preference shares and long term finances and liabilities. Total capital employed includes total equity as shown in the balance sheet, including surplus on revaluation of property, plant and equipment. Gearing ratio of the Company as at the reporting date is as follows:

	2020 Rupees	2019 Rupees
Total debt	<b>20,872,014,402</b>	20,897,404,613
Total equity (including surplus)	<b>6,440,663,931</b>	10,736,092,379
Total capital employed	<b>27,312,678,333</b>	31,633,496,992
Gearing - rate	<b>76%</b>	66%

There were no changes in the Company's approach to capital management during the year. The Company's debt is at the same level as the management is planning to convert its long term as explained in note 2.2 and 41.2.2. The Company has filed a scheme for conversion of its over-due long term debts and related loans markup into preference shares in accordance with a scheme of arrangement to be approved by the Honorable Lahore High Court under the provisions of repealed Companies Ordinance, 1984. The proceedings of the Court are in progress at the reporting date. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance which the Company could not comply as at the reporting date.



#### 43 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities							Equity		Total
	Long term finances	Redeemable capital	Short term borrowings	Short term running finances - note 39	Accrued finance cost	Convertible, redeemable preference shares	Preference Dividend Payable	Ordinary Share Capital	Reserves	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 01 January 2020	7,138,527,376	12,165,534,546	928,980,591	2,697,055,249	19,436,164,961	1,593,342,690	1,380,354,802	3,924,300,000	9,000,000	49,273,260,215
<b>Cash flows</b>										
Net decrease in long term finances	(25,390,211)	-	-	-	-	-	-	-	-	(25,390,211)
Short term borrowings received	-	-	-	-	-	-	-	-	-	-
net of payments	-	-	(3,651)	-	-	-	-	-	-	(3,651)
Finance cost paid	-	-	-	-	(56,244,593)	-	-	-	-	(56,244,593)
<b>Total changes from financing cash flows</b>	<b>(25,390,211)</b>	<b>-</b>	<b>(3,651)</b>	<b>-</b>	<b>(56,244,593)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(81,638,455)</b>
<b>Non-cash changes</b>										
Preference dividend expense	-	-	-	-	-	-	175,747,885	-	-	175,747,885
Changes in running finances	-	-	-	20,952,827	-	-	-	-	-	20,952,827
Interest / markup expense	-	-	-	-	2,945,134,522	-	-	-	-	2,945,134,522
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,952,827</b>	<b>2,945,134,522</b>	<b>-</b>	<b>175,747,885</b>	<b>-</b>	<b>-</b>	<b>3,141,835,234</b>
<b>Closing as at 31 December 2020</b>	<b>7,113,137,165</b>	<b>12,165,534,546</b>	<b>928,976,940</b>	<b>2,718,008,076</b>	<b>22,325,054,890</b>	<b>1,593,342,690</b>	<b>1,556,102,687</b>	<b>3,924,300,000</b>	<b>9,000,000</b>	<b>52,333,456,994</b>
Balance as at 01 January 2019	7,141,397,262	12,165,534,546	928,980,591	2,696,369,695	16,402,280,215	1,593,342,690	1,205,087,103	3,924,300,000	9,000,000	46,066,292,102
<b>Cash flows</b>										
Net decrease in long term finances	(2,869,886)	-	-	-	-	-	-	-	-	(2,869,886)
Short term borrowings received	-	-	-	-	-	-	-	-	-	-
net of payments	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	(266,536,801)	-	-	-	-	(266,536,801)
<b>Total changes from financing cash flows</b>	<b>(2,869,886)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(266,536,801)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(269,406,687)</b>
<b>Non-cash changes</b>										
Preference dividend expense	-	-	-	-	-	-	175,267,699	-	-	175,267,699
Changes in running finances	-	-	-	685,554	-	-	-	-	-	685,554
Interest / markup expense	-	-	-	-	3,300,421,547	-	-	-	-	3,300,421,547
<b>Total liability related other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>685,554</b>	<b>3,300,421,547</b>	<b>-</b>	<b>175,267,699</b>	<b>-</b>	<b>-</b>	<b>3,476,374,800</b>
<b>Closing as at 31 December 2019</b>	<b>7,138,527,376</b>	<b>12,165,534,546</b>	<b>928,980,591</b>	<b>2,697,055,249</b>	<b>19,436,164,961</b>	<b>1,593,342,690</b>	<b>1,380,354,802</b>	<b>3,924,300,000</b>	<b>9,000,000</b>	<b>49,273,260,215</b>

#### 44 Restriction on title, and assets pledged as security

##### **Mortgages and charges**

	2020 Rupees	2019 Rupees
Hypothecation of stocks and movables	2,508,496,957	2,886,453,129
Hypothecation of book debts and receivables	2,574,910,035	2,872,621,399
Mortgage over land and building	5,495,319,359	5,534,946,557
Hypothecation of plant and machinery	52,465,328,649	53,958,643,200
Charge over stocks - (pledge)	456,581,089	787,565,071

#### 45 Segment reporting

**45.1** The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Company's reportable segments:

##### **Reportable Segments**

Urea fertilizer segment

Phosphate fertilizer segment

##### **Operation of reportable segments**

production of Urea fertilizer and ammonia from natural gas

production of Phosphate fertilizer from rock phosphate

Information regarding the Company's reportable segments is presented below:

##### **45.2 Segment revenue and results**

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
External revenues	4,480,999,374	11,345,853,590	1,218,723,627	828,565,402	5,699,723,001	12,174,418,992
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	4,480,999,374	11,345,853,590	1,218,723,627	828,565,402	5,699,723,001	12,174,418,992
Reportable segment (loss) /profit before tax	(4,735,462,470)	(1,043,166,041)	248,943,855	72,155,178	(4,486,518,615)	(971,010,863)

#### 45.3 Other segment information

Interest income	27,474,300	13,761,835	3,638,153	40,906	31,112,453	13,802,741
Interest expense	2,942,891,774	3,290,756,361	-	-	2,942,891,774	3,290,756,361
Depreciation	1,530,938,744	1,001,291,000	65,452,125	48,125,619	1,596,390,869	1,049,416,619
Capital expenditure incurred during the year	89,885,040	13,078,852	27,120,677	2,449,367	117,005,717	15,528,218

#### 45.4 Segment assets and liabilities

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Reportable segment assets	62,566,367,413	64,619,151,285	6,146,888,442	5,853,766,384	68,713,255,855	70,472,917,669
Reportable segment liabilities	61,705,778,054	59,222,772,640	566,813,870	514,052,650	62,272,591,924	59,736,825,290

#### 45.5 Reconciliations of reportable segment loss, assets, liabilities and other material items.

	2020 Rupees	2019 Rupees
<b>45.5.1 Profit or loss</b>		
Total loss for reportable segments	(4,486,518,615)	(971,010,863)
Unallocated corporate expenses	189,618,160	318,234,006
Consolidated loss after tax	(4,296,900,455)	(652,776,857)
<b>45.5.2 Assets</b>		
Total assets for reportable segments	68,713,255,855	70,472,917,669
Elimination of inter-segment assets	(1,536,702,156)	(1,336,998,950)
Consolidated total assets	67,176,553,699	69,135,918,719
<b>45.5.3 Liabilities</b>		
Total liabilities for reportable segments	62,272,591,924	59,736,825,290
Elimination of inter-segment liabilities	(1,536,702,156)	(1,336,998,950)
Consolidated total liabilities	60,735,889,768	58,399,826,340

#### 45.5.4 Other material items

The inter-segment transactions related to other material items are insignificant.

	2020 Rupees	2019 Rupees
<b>45.6 Geographical information</b>		
Sales are made by the Company in the following countries:		
Pakistan	5,699,723,001	12,174,418,992
	5,699,723,001	12,174,418,992

The Company manages and operates manufacturing facilities and sales offices in Pakistan only.

45.7 100% (2019: 100%) of the sales of the Company are made to customers located in Pakistan.

45.8 All non-current assets of the Company as at 31 December 2020 are located in Pakistan.

**46 Plant capacity and actual production**

Urea fertilizer	Unit	2020	2019
Rated capacity	Metric tons	433,125	433,125
Actual production for the year	Metric tons	124,785	338,090
Production efficiency	%age	29%	78%
<b>Phosphate fertilizer</b>			
Rated capacity	Metric tons	81,000	81,000
Actual production for the year	Metric tons	66,341	41,809
Production efficiency	%age	82%	52%

The low production is due to working capital and raw material constraints.

**47 Provident Fund Trust**

The following information is based on latest audited financial statements of the Provident Fund Trust.

		30 June 2020	30 June 2019
Size of fund - total assets	<b>Rupees</b>	197,115,062	174,920,301
Cost of investments made	<b>Rupees</b>	144,940,202	150,672,896
Percentage of investments made	<b>Percentage</b>	73.53%	86.14%
Fair value of investments	<b>Rupees</b>	168,752,979	166,030,292

The breakup of fair value of investments is as follows:

	30 June 2020		30 June 2019	
	Rupees	Percentage	Rupees	Percentage
Shares of listed companies	20,343	0.01%	23,785	0.01%
NAFA funds (AMC)	78,839,806	46.72%	71,344,511	42.97%
Mutual Funds	2,134,250	1.26%	-	0.00%
MCB Arif Habib Funds (AMC)	68,882,121	40.82%	62,381,796	37.57%
Saving certificates	14,372,193	8.52%	15,277,797	9.20%
Cash at bank	4,504,266	2.67%	17,002,403	10.24%
	<b>168,752,979</b>	<b>100.00%</b>	<b>166,030,292</b>	<b>100.00%</b>

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**48 Number of employees**

The Company has employed following number of persons including regular and contractual staff:

	2020 (Number of persons)	2019
<b>Total number of employees as at 31 December</b>		
-Head Office	25	25
-Iskanderabad Factory	654	673
-Haripur Factory	242	248
	<b>921</b>	<b>946</b>
<b>Average number of employees during the year</b>		
-Head Office	25	23
-Iskanderabad Factory	664	678
-Haripur Factory	245	217
	<b>934</b>	<b>917</b>

#### 49 Corresponding figures

Corresponding figures have been re-arranged, where necessary, for the purpose of comparison and better presentation.

#### 50 Date of authorization for issue

These financial statements were authorized for issue on March 30, 2021 by the Board of Directors of the Company.

#### 51 General

- Figures have been rounded off to the nearest rupee.
- The novel coronavirus (COVID-19) emerged on March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19 which was lifted subsequently in June 2020. The accounting implications of such developments on these financial statements has been assessed. However, there is no significant impact on these financial statements as agriculture sector is not adversely affected by outbreak of COVID 19.



**Chief Executive Officer**



**Director**



**Chief Financial Officer**

# Notice of Annual General Meeting

Notice is hereby given that **Annual General Meeting of Agritech Limited for the Financial Year ended 31 December 2020**, will be held on April 29, 2021 at 11:00 A.M. at Park Plaza Hotel, 107-B3, M.M Alam Road, Gulberg III, Lahore, as well as through video link provided in the notes herein, to transact the following business:

## **Ordinary Business:**

1. To confirm the minutes of the last Annual General Meeting held on January 06, 2021.
2. To receive, consider and adopt the financial statements for the year ended on December 31, 2020, together with Directors' and Auditors' reports thereon;
3. To appoint external auditors for the financial year ending December 31, 2021 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

**By Order of the Board**

**Date: April 08, 2021**  
**Place: Lahore**

**Fauzia Noorani**  
**Company Secretary**

## **NOTES:**

1. Share transfer books of the Company will remain closed from 23rd April, 2021 to 29th April 2021 (both days inclusive). Share transfer received at the address of M/s Hameed Majeed Associates (Pvt) Limited at 1st Floor, HM House, 7 Bank Square, Lahore at the close of business on 22nd April 2021 will be treated in time, for the purpose of entitlement to the transferees.
2. A member entitled to attend and vote at the meeting may appoint any person/member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members who have not yet submitted photocopies of the Computerized National Identity Card (CNIC) are requested to send the same at the earliest.
4. CDC Account Holders will further have to follow the guidelines as laid down by the Securities and Exchange Commission of Pakistan.

## **A. FOR ATTENDING THE MEETING:**

- i. In case of individuals (the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations), shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

## **B. ONLINE PARTICIPATION IN AGM:**

You are invited to a Zoom webinar.

On: April 29, 2021 11:00AM

Topic: Agritech Limited- Annual General Meeting (AGM)

Zoom link at:- <https://www.paf1.com.pk/media> (2 days before the AGM)

## Notice of Annual General Meeting

- i. The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.
- ii. In this regard, shareholders are required to update their valid e-mail addresses with the Share Registrar, latest by April 23, 2021.
- iii. A detailed procedure shall be placed at the Company's website <https://www.pafl.com.pk> in media section.

### C. FOR APPOINTING PROXIES:

- i. In case of individuals (the account holders and/or sub-account holders and their registration details are uploaded as per the CDC Regulations), shall submit the proxy form as per requirements. Proxy form is attached herewith.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. Members may avail video conference facility for this General Meeting, provided the Company receives consent (standard format is given below) at least 10 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at location.

"I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Agritech Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No./CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_ in respect of Annual General Meeting of the Company to be held on April 29, 2021.

"Signature of Member".

6. Members are requested to notify/submit the following information/documents; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:
  - Change in their addresses, if any;
  - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC number is mandatory for issuance of dividend and in the absence of this information payment of dividend shall be withheld.
7. For any query/problem/information, Members may contact the Company at email [Corporate@pafl.com.pk](mailto:Corporate@pafl.com.pk) and/or the Share Registrar of the Company at (+92 42) 37235081-82, email [shares@hmaconsultants.com](mailto:shares@hmaconsultants.com). Members may also visit website of the Company [www.pafl.com.pk](http://www.pafl.com.pk) for notices/information.
8. In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/Broker (if shares are held through CDS Account) with-out any delay, failing which may result in withholding of dividend payments of respective shareholders.

## اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا ایگری ٹیک لمیٹڈ (کمپنی) کے ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے لئے سالانہ اجلاس عام 29 اپریل 2021 کو صبح گیارہ بجے پارک پلازہ ہوٹل، 107-B3، ایم ایم عالم روڈ، گلبرگ III- لاہور پر، نیز مندرجہ ذیل نوٹس میں فراہم کردہ ویڈیو لنک کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عام امور:

- 1- 06 جنوری 2021 کو منعقدہ سالانہ عمومی اجلاس کی کارروائی کی توثیق۔
- 2- 31 دسمبر 2020 کو ختم ہونے والے سال کے مالی حسابات بعد از ایکسٹرا اور آڈیٹرز کی رپورٹس کی وصولی غور و خوض و منظوری۔
- 3- 31 دسمبر 2020 کو ختم ہونے والے سال کے مالی سال کے لئے بیرونی آڈیٹرز کی تقرری اور ان کے معاوضہ کا تعین کرنا۔
- 4- چیئرمین کی اجازت سے کسی دوسرے امور کی سرانجام دہی۔

بحکم بورڈ

تاریخ: 08 اپریل، 2021

جگہ: لاہور

فوزیہ نورانی

کمپنی سیکرٹری

نوٹ:

- 1- کمپنی کی شیئرز انسفر کتا ہیں 23 اپریل 2021 تا 29 اپریل 2021 (بشمول دونوں دن) تک بند رہیں گی۔ شیئرز انسفر کی درخواست جو 22 اپریل 2021 کو کاروباری اوقات کے اختتام تک میسرز حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پتے پہلی منزل، ایچ ایم ہاؤس، 7 بنک اسکوائر روڈ، لاہور پر موصول ہوگی انکو منتقلی کا استحقاق حاصل ہوگا۔
- 2- مینٹنگ میں شرکت اور ووٹ ڈالنے کا اہل ممبر کسی بھی شخص / ممبر کو اپنی جگہ پر رائے دہنگی کے لئے اپنا پراکسی مقرر کر سکتا ہے۔ ہر لحاظ سے مکمل کئے گئے موثر پراکسیاں اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازمی وصول ہو جانی چاہئے۔
- 3- وہ ممبرز جنہوں نے ابھی تک کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقول جمع نہیں کروائی ہیں، ان سے جلد از جلد ارسال کرنے کی درخواست کی جاتی ہے۔
- 4- سی ڈی سی (CDC) کا وٹ ہولڈرز کو کمپیوٹرائزڈ این ایکسیس کیشن آف پاکستان کی درج ذیل طے شدہ ہدایات پر عمل کرنا ہوگا۔

A. اجلاس میں شرکت کے لئے:

- i- بصورت افراد (کا وٹ ہولڈرز اور / سب کا وٹ ہولڈرز اور ان کی رجسٹریشن کی تفصیلات سی ڈی سی کے ضوابط کے مطابق اپ لوڈ ہیں)، کو اجلاس میں شرکت کے وقت اپنا اصل CNIC یا پاسپورٹ دکھا کر اپنی شناخت ثابت کرنی ہوگی۔
- ii- اجلاس میں حصہ لینے کے لئے کارپوریٹ کی صورت میں (اگر پہلے پراکسی فارم کے ساتھ نہیں دیا گیا ہے) بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، نمونہ دستخط کمپنی کو فراہم کرنا ہوگا۔

B. سالانہ اجلاس عام AGM میں آن لائن شرکت:

آپ کو وزوم ویپنار میں مدعو کیا گیا ہے۔

بروز: 29 اپریل، 2021 صبح 11:00 بجے

ایگری ٹیک لمیٹڈ۔ سالانہ جنرل مینٹنگ

ویڈیو لنک AGL کی ذیل میں دی گئی ویب سائٹ پر اجلاس سے 2 دن قبل دستیاب کر دیا جائے گا۔ <https://www.pafil.com.pk/media>

- i- ممبران اپنی تصدیق اور شناخت کے لئے درکار تمام باضابطہ تقاضوں کو مکمل کرنے کے بعد اپنے اسمارٹ فونز یا کمپیوٹر آلات کے ذریعے اجلاس کی کارروائی میں لاگ ان ہونگے اور اس میں حصہ لے سکیں گے۔
- ii- اس سلسلے میں، حصص یافتگان پر لازم ہے کہ وہ اپنے درست ای میل 23 اپریل 2021 شیئرز رجسٹر کے پاس اپ ڈیٹ کر انیں۔
- iii- ایک تفصیلی طریقہ کار کمپنی کی ویب سائٹ (<https://www.pafil.com.pk>) پر میڈیا سیکشن میں رکھا جائے گا۔

C. پراکسی کے تقرر کے لئے:

- i- افراد کی صورت میں (کا وٹ ہولڈرز / یا سب کا وٹ ہولڈرز، جن کی رجسٹریشن کی تفصیلات سی ڈی سی کے قواعد و ضوابط کے مطابق اپ لوڈ کی جاتی ہیں)، مندرجہ بالا قواعد کے مطابق پراکسی فارم جمع کروائیں۔ پراکسی فارم، نوٹس کے ساتھ منسلک ہے۔
- ii- پراکسی فارم، دو افراد جن کے نام، پتے اور CNIC نمبرز فارم پر مرکوز ہونگے، کے گواہی شدہ ہونے چاہئیں۔





# Notes

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## Form of Proxy Agritech Limited



I/We \_\_\_\_\_  
 son/daughter of \_\_\_\_\_  
 a member of Agritech Limited and holder of \_\_\_\_\_ shares as  
 per Registered Folio No. \_\_\_\_\_ do hereby appoint Mr./Ms. \_\_\_\_\_  
 son/daughter of \_\_\_\_\_ or failing him/her  
 Mr. Ms. \_\_\_\_\_  
 son/daughter of \_\_\_\_\_  
 who is also member of the Company vide Registered Folio No. \_\_\_\_\_

as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **April 29, 2021 at 11:00 AM** at Park Plaza Hotel, 107-B3, MM Alam Road Gulberg 3, Lahore and at any adjournment thereof.

In witness whereof on this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

### WITNESSES:

1. Signature: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 CNIC: \_\_\_\_\_

Affix Revenue  
Stamp

2. Signature: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 CNIC: \_\_\_\_\_

Member's Signature

### NOTE:

1. The Form of Proxy should be deposited at the Registered Office of the Agritech Limited situated at 2nd Floor Asia Centre, 8-Babar Block, New Garden Town, Lahore not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose





## ایگری ٹیک لمیٹڈ پراکسی فارم

پسرا دختر

میں / ہم

بحیثیت رکن ایگری ٹیک لمیٹڈ اور مالک \_\_\_\_\_ حصص بمطابق رجسٹرڈ فولیو نمبر \_\_\_\_\_

بذریعہ ہذا

محترم / محترمہ \_\_\_\_\_ پسرا دختر \_\_\_\_\_ یا کسی غیر موجودگی میں \_\_\_\_\_

محترم / محترمہ \_\_\_\_\_ پسرا دختر \_\_\_\_\_

جو بروئے رجسٹرڈ فولیو نمبر \_\_\_\_\_ کی رو سے مذکورہ کمپنی کا حصص دار بھی ہے کو اپنے / ہمارے ایما پر مورخہ 29 اپریل 2021ء صبح 11:00 بجے بمقام: پاک پلازہ ہوٹل، 107-B3، ایم ایم عالم روڈ گلبرگ 3، لاہور پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز ..... تاریخ ..... 2021ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

رسیدی نکتہ یہاں چسپاں کریں

1-

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

2-

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

### اہم نوٹ:

- 1- پراکسی فارم کمپنی کے رجسٹرڈ دفتر بواقع دوسری منزل ایٹیا سنٹر، 8 بار بلیک، نیو گارڈن ٹاؤن، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اٹھتالیس) گھنٹے قبل لازماً جمع ہو جانا چاہئے۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق ہی ڈی سی حصص داران کو اپنی شناخت ثابت کرنے کے لئے اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اصل ہمراہ لانا چاہئے اور پراکسی کی صورت میں اپنے CNIC یا پاسپورٹ کی کاپی لف کرنی چاہئے۔ کارپوریٹ ارکان کے نمائندگان کو ایسے مقصد کے لئے معمول کے دستاویزات ہمراہ لانا چاہئیں۔





**AGRITECH LIMITED**

Head Office: 2<sup>nd</sup> Floor Asia Centre, 8-Babar Block New Garden Town, Lahore.

Ph: 042 - 35860341-44, Fax: 042 - 35860339-40