

Interim Financial Report
for the half year ended
30 June 2020
(Un-audited)

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



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Company Information

Board of Directors

Mr. Sardar Azmat Babar
Chairman

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Mr. Hassan Raza

Mr. Asim Murtaza Khan

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

Ms. Amena Zafar Cheema

Audit Committee

Mr. Asim Murtaza Khan
Chairman

Mr. Hassan Raza

Mr. Abdul Karim Sultanali

Mr. Asim Jilani

HR & Remuneration Committee

Ms. Amena Zafar Cheema
Chairperson

Mr. Asim Jilani

Mr. Abdul Karim Sultanali

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

2nd 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

Directors' Review

The Directors of Agritech Limited, henceforth called the Company, along with the management team are pleased to present the Company's Interim Report accompanied by the Reviewed Financial Statements for the Six months ended June 30, 2020.

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

Business Review

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 (KPK) Province. The Company markets its fertilizers from these plants under one of the most trusted brand name "TARA" in the fertilizer industry.

First Half in Review

Financial Results of Agritech Limited

	Half Year ended June 30, 2020	Half Year ended June 30, 2019 (Restated)
Sales - Net	1,067,804,492	4,799,028,790
Operating Profit / (Loss)	(1,186,441,370)	353,196,987
Finance cost	(1,673,081,960)	(1,467,082,829)
Profit / (Loss) before Tax	(2,859,523,330)	(1,113,885,842)
Profit / (Loss) after Tax	(2,699,673,605)	(1,032,197,737)
Profit / (Loss) per share	(6.88)	(2.63)

Overview of Fertilizer Industry:

During the 1st half of 2020 the Production of Urea increased marginally by 0.2% to 2,910K tonne vs 2,904K tonne in 2019. Gas supply to the fertilizer was stagnant and gas supply to Urea plants on SNGPL network remained suspended during the period and restored back in the subsequent quarter. Urea offtakes for the period under review were recorded at 2,672K tonne decreasing by 7% vs 2,888K tonne in same period last year.

The Company faced gas curtailment during the first half of year 2020 and the Company managed to produce Nil K Tonne of Urea (172 K tonne: 2019) against installed capacity of 215K tonne for the period. The Company sold 16 K tonne Urea (134 K tonne: 2019). Gas supply to the company's urea plant was later restored in Aug 2020.

Consumption of Phosphates, during the 1st half of 2020, saw a decline of 4% to 342K tonne of Nutrients vs 357K tonne last year. Production of Phosphates products also registered a decline of 3% (233K tonne Nutrients in 2020 vs 240K tonne Nutrients in 2019) primarily due to decrease in DAP production in the country. The Company, being a major SSP player, produced 29K tonne SSP in 1H 2020 (23 K tonne: 2019) and sold 24 K tonne during the period (11 K tonne: 2019).

Changes in accounting policies:

The Company has adopted the amendments to the approved accounting standards and new standards and are further explained in note 3 of condensed Interim Financial Statements which became effective during the period.

Directors' Review

Modification in the Auditors report

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 was available only till 30 November 2020. 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 million and deferred tax assets amounting to Rs. 6,387 million recognized on tax losses of Rs. 22,026 million in these financial statements".

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 conclusion section, the Company during the half year ended 30 June 2020 has incurred loss after tax amounting to Rs.2,699 million and, as of that date, its current liabilities exceeded its current assets by Rs. 41,272 million, and its accumulated losses stood at Rs.20,366 million. These conditions, along with other matters as set forth in note 2.4 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 conclusion is not qualified in respect of this matter".

Emphasis of Matter

Auditors has also given Emphasis of matter which states as "We draw attention to note 10 & 21 to the accompanying condensed interim 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 conclusion 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 Company, along with other plant on SNGPL Network, 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 on SNGPL Network 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 16 to the condensed interim financial information.

During past two to three years, gas supply to the Company has witnessed significant improvement 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. However urea plant remained stopped during the period due to stoppage of gas supply by SNGPL. Subsequently, gas supply was restored in third quarter which continued till mid of December 2020.

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 due to likely increase in urea demand in the country 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 has commissioned second LNG terminal in the country with capacity of 600 mmscfd gas processing and additional RLNG imports for second terminal has already been started. This new terminal is in addition to the first terminal commissioned in 2015 with a 15 year agreement with

Government of Qatar, to import nearly 3.75 million tons of LNG per year. The import of LNG has been streamlined at 1,200 mmscfd per day on both terminals in the country during most part of the year. SNGPL is receiving major flow of LNG imports under swap arrangement from both terminals. This has further improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

The Company based on its negotiations with the GOP is hopeful that they will be able to secure availability of gas on a long term basis subsequent at the subsidized rate to bridge the urea shortages in the country. These measures will ensure the economic viability of utilizing RLNG for the production of Urea in the country and also ensure continuous supply of commodity to avoid recurrence of Urea shortages in the country.

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 coming years, the Company foresees 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.

Capital Restructuring:

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.

Future Outlook;

The future prospect of Urea plant is relied on expectations of continuous availability of gas and demand of urea in the country for the growth of the agriculture and assuring food security in the country. Pakistan is an Agrarian Economy that contributes 20% to the GDP, employs 42% of Labor Force and provides livelihood to the 66% of the population of the country. Food Security is the most critical aspect of feeding the population of more than 200 million. Fertilizer, especially Urea plays a critical role in the production and yield of the crops. Urea demand in the country since the last Fertilizer Policy issued in 2001 is growing at CAGR of 2.5% and Production has kept the pace of growth at CAGR of 2.2%. Installed Capacity of Urea in the country is of ~6.8 million tonne and production of the available capacity of Agritech and other fertilizer plant on SNGPL will be vital to meet the likely shortages, besides saving precious Foreign Exchange and substituting volatile urea imports.

Directors' Review

The company will continue to streamline other initiatives like Scheme of Arrangement after the necessary court approvals and undertake necessary actions for the long term development of the surplus land to generate additional resources to address its financial obligations.

Acknowledgement

The Board takes this opportunity to thank the company's valued customers and the financial institutions whose faith and support over the years has cultivated a mutually beneficial relationship, playing a key role in the growth of the businesses.

The Board also wishes to place on record its appreciation for the employees of the Company. The sustainability of business in the difficult business environment was possible due to their hard work and commitment.

On behalf of the Board

Lahore
Date : 19 February, 2021


Director


Chief Executive Officer

ڈائریکٹرز رپورٹ

ایگری ٹیک لیٹیڈ، کمپنی کے بورڈ آف ڈائریکٹرز اور مشنٹ ٹیم، 30 جون 2020 کو ختم ہونے والی ششماہی کے لئے نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی عبوری رپورٹ پیش کرتے ہوئے خوش ہیں۔

یہ مالیاتی گوشوارے، کارپوریٹ گورننس کے کوڈ 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۔

کاروباری جائزہ

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 ہزارہا 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 پلاس سے کھاد مارکیٹ کرتی ہے۔

پہلی ششماہی کا جائزہ

ایگری ٹیک لیٹیڈ کے مالیاتی نتائج:

30 جون 2019 مختصر ششماہی	30 جون 2020 مختصر ششماہی	
4,799,028,790	1,067,804,492	خالص فروخت
353,196,987	(1,186,441,370)	آپریٹنگ منافع (نقصان)
(1,467,082,829)	(1,673,081,960)	مالیاتی لاگت
(1,113,885,842)	(2,859,523,330)	عمل درآمد منافع (نقصان)
(1,032,197,737)	(2,699,673,605)	بعد از ٹیکس منافع (نقصان)
(2.63)	(6.88)	ٹی صص آمدنی (نقصان)

کھاد کی صنعت کا مجموعی جائزہ:

2020 کی پہلی ششماہی کے دوران یورپا کی پیداوار سال 2019 میں 2,904 ہزار ٹن کے برعکس 2,910 ہزار ٹن تک، 0.2% زیادہ ہوئی۔ فریڈلائزروگنیکس کی فراہمی مستقل رہی اور SNGPL نیٹ ورک پر یورپا پلانٹ کوگنیکس کی فراہمی مدت کے دوران معطل رہی اور سہ ماہی کے بعد واپس بحال کی گئی۔ زبر جائزہ مدت کے لئے یورپا کی فروخت گزشتہ سال کی اسی مدت میں 2,888 ہزار ٹن کے برعکس 2,672 ہزار ٹن تک، 7% کم ہوئی۔

پہلی ششماہی 2020 کے دوران کمپنی کوگنیکس کی قلت کا سامنا کرنا اور کمپنی نے سہ ماہی کی 215 ہزار ٹن کی نصب صلاحیت کے مقابل Nil ہزار ٹن یورپا (2019: 172 K tons) بنایا۔ کمپنی نے گزشتہ سال اسٹاک 166 ہزار ٹن یورپا (2019: 134K tons) فروخت کیا۔ کمپنی کے یورپا پلانٹ کوگنیکس کی فراہمی اگست 2020 میں بحال کی گئی۔

2020 کی پہلی ششماہی کے دوران، فاسفٹس کا استعمال گزشتہ سال 357 ہزار ٹن کے مقابلے نیوٹریٹنٹس کے 342 ہزار ٹن تک، 4% کم ہوا۔ فاسفیٹ مصنوعات کی پیداوار بھی ملک میں ڈی اے پی کی پیداوار میں بنیادی کمی کی وجہ سے (2019 میں 240 ہزار ٹن نیوٹریٹنٹس کے برعکس 2020 میں 233 ہزار ٹن نیوٹریٹنٹس) 3 فیصد کم ہوئی۔

کمپنی نے، ایس ایس پی کے اہم مینوفیکچر ہونے کے ناطے، پہلی ششماہی 2020 میں 29 ہزار ٹن ایس ایس پی (23 ہزار ٹن: 2019) پیدا کی اور سہ ماہی کے دوران 24 ہزار ٹن (11 ہزار ٹن: 2019) فروخت کی ہے۔

اکاؤنٹنگ پالیسیوں میں تبدیلیاں:

کمپنی نے اکاؤنٹنگ کے منظور شدہ معیارات اور نئے معیارات میں ترمیم کو اختیار کیا ہے اور محمد عبوری مالیاتی حسابات کے نوٹ 3 میں مزید وضاحت کی گئی ہے جو اس مدت کے دوران مؤثر ہوئی لیکن انہیں کمپنی کی کارروائیوں پر متعلقہ یا قابل اثر نہیں سمجھا جاتا ہے۔

ڈائریکٹرز رپورٹ

آڈیٹر کی رپورٹ میں ترمیم کوالیفیکیشن

مدت کے لئے آڈیٹر کی رپورٹ میں، آڈیٹرز نے تشویش ظاہر کی ہے، جیسا کہ بیان کیا گیا، منجیمینٹ نے بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ پانچ سالہ کاروباری منصوبہ کی بنیاد پر ٹیکس نقصانات پر ڈیفریڈ ٹیکس اثاثوں کی وصولی کا جائزہ لیا اور اچھی طرح سے خرابی کی جانچ پڑتال کی اور اس بات پر زور دیا گیا کہ ان مالیاتی گوشواروں میں کسی امینیزمنٹ کی ضرورت نہیں ہے۔ تاہم، ہم کاروباری منصوبے میں استعمال ہونے والے کلیدی مفادات کے بارے میں مناسب آڈٹ کے ثبوت حاصل کرنے میں قاصر ہیں مثلاً قدرتی گیس کی دستیابی پٹنی آپریشنل دنوں اور فراہمی کی منظوری کے مطابق ٹیکس کی شرحوں پر پٹنی خام مال کی قیمت اور حکومت پاکستان سے کمپنی کے لئے ٹیکس کی قیمت صرف 30 نومبر 2020 تک دستیاب ہے۔ تاہم منجیمینٹ کو یقین ہے کہ گیس کی فراہمی طویل مدت تک دستیاب ہوگی۔ اس کے نتیجے میں، ہم اس بات کا یقین کرنے سے قاصر تھے کہ خرابی کے سلسلے میں ان مجموعی عبوری مالیاتی گوشواروں میں 22,026 ملین روپے کے ٹیکس نقصانات پر بہتر کارکردگی کے لئے 2,567 ملین روپے اور تسلیم شدہ 6,387 ملین روپے کے ڈیفریڈ ٹیکس اثاثوں کی ایڈجسٹمنٹ ضروری تھی۔"

جاری تشویش سے متعلقہ مادی غیر یقینی

آڈیٹرز نے کمپنی کی رواں دواں ہونے کی صلاحیت پر تشویش کا اظہار کیا ہے۔ اس معاملے کی حقیقت کو کوالیفائیڈ رائے کے سیکشن کی بنیاد پر عارضی معاملہ کے طور پر زیر بحث لایا گیا ہے۔ 30 جون 2020 کو ختم ہونے والی ششماہی کے دوران کمپنی 2,699 ملین روپے کا نقصان ہوا اور، اس تاریخ کے مطابق، اس کے موجودہ واجب ادائیگیاں اس کے موجودہ اثاثوں 41,272 ملین روپے تک تجاوز کر گئی ہیں، اور اس کے مجموعی نقصانات 20,366 ملین روپے ہو گئے ہیں۔ مالی گوشواروں کے نوٹ 2.4 میں بیان کردہ دیگر معاملات کے ہمراہ یہ حالات مادی غیر یقینی کی موجودگی کو ظاہر کرتے ہیں جو کمپنی کے رواں دواں رہنے کی صلاحیت کے بارے میں نمایاں شکوک پیدا کر سکتے ہیں۔ اس معاملہ میں ہماری رائے کو ایضاً یقین نہیں ہے۔

تاکید

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے کہ "ہم منجیمینٹ عبوری مالی حسابات کے نوٹ 10 اور 21 کی طرف توجہ مبذول کراتے ہیں، جس میں بیان کیا گیا ہے کہ کمپنی مقررہ تاریخوں پر اپنی ذمہ داریاں ادا نہیں کر سکی اور اب کچھ مالی اداروں کی طرف سے اپنے واجبات کے وصولی کے لئے دائر کردہ مقدمات کا دفاع کر رہی ہے۔ اس ضمن میں ہماری رائے کو ایضاً یقین نہیں ہے۔"

آڈیٹر کی رپورٹ کی ترمیمات کی وضاحت

کمپنی کے یوریا پلانٹ کو گیس کی قیمت کے مسئلہ کے ساتھ گیس کی قلت گزشتہ چند سالوں سے کمپنی کو آپریشنل اور یکویڈیٹی مسئلوں کا بہت ہی اہم عنصر رہا ہے۔ SNGPL مینٹ ورک پر دیگر پلانٹ کے ساتھ ساتھ کمپنی کو گزشتہ پانچ سالوں کے دوران بے حد گیس کی قلت کا سامنا کرنا پڑا۔ کمپنی اپنے اثاثوں اور آپریشنز کو اعلیٰ سطح کے قرضوں کے ذریعے فنانس کر رہی ہے۔ سسٹم میں گیس کی مجموعی قلت کی وجہ سے، حکومت پاکستان ("GOP") نے SNGPL مینٹ ورک پر فریڈیلٹیز ریگولیشن سے گیس دیگر ٹیکسز کو خاص طور پر گرمیوں کے دوران پاور سیکلر اور سردیوں کے دوران ڈومیسائل سیکلر کو منتقل کر دی ہے۔ اسے گیس کی قلت کے نتیجے میں دستیاب صلاحیت کے مقابلے میں یوریا کی کم پیداوار کا سبب بنی جس کے نتیجے میں مستقل آپریشنل اور یکویڈیٹی مسائل پیدا ہوئے جس سے زائد المیعاد قرضے اور متعلقہ مارک اپ میں مزید اضافہ ہوا جیسا کہ منجیمینٹ عبوری مالی معلومات کے نوٹ 16 میں بیان کیا گیا ہے۔

گذشتہ دو سے تین سالوں کے دوران، حکومت پاکستان ("GOP") کی جانب سے کمپنی کو گیس کی فراہمی میں مائع قدرتی گیس ("LNG") کی کا قاعدہ درآمد کے ساتھ نمایاں بہتری دیکھی گئی ہے۔ مسلسل این ایل این جی کی درآمد نے سوئی ناردرن گیس پائپ لائنز لمیٹڈ ("ایس این جی پائل") کو آرائل این جی کے بہاؤ کو بہتر بنایا ہے جس سے کھاد کے شعبے سمیت صارفین کو فائدہ ہو رہا ہے۔ قدرتی گیس اور آرائل 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 اعلیٰ نرخوں پر آرائل این جی فراہم کی گئی اور باقاعدگی سے پلانٹ چل رہا تھا۔ تاہم SNGPL کی طرف سے گیس کی فراہمی بند ہونے کی وجہ سے اس عرصے کے دوران یوریا پلانٹ بند رہا۔ اس کے بعد، تیسری سہ ماہی میں گیس کی فراہمی بحال کی گئی جو دسمبر 2020 کے وسط تک جاری رہی۔

یہ حالات مادی غیر یقینی صورت حال کی موجودگی کی نشاندہی کرتے ہیں جو کمپنی کی جاری تشویش کی حیثیت سے رواں دواں رہنے کی صلاحیت پر نمایاں شبہات ڈال سکتے ہیں اور، لہذا، وہ

اسپنڈاٹاؤں کی وصولی اور معمول کے کاروبار کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے اہل نہیں ہو سکتی ہے۔ تاہم، انتظامیہ کو یقین ہے کہ ملک میں یورپا کی طلب میں متوقع طور پر اضافے اور موجودہ زائد المیادیں طویل مدتی قرضوں کی تنظیم اور مخصوص بانڈنگ کی طرف سے بحالی کے منصوبے کے تحت متعلقہ مارک اپ کی وجہ سے اعلیٰ نرخوں پر گیس کی مستقل فراہمی کی توقع پختی کہنی اس جاری تشویش کے طور پر رواں دواں رہنے کے قابل ہو جائے گی۔ مخصوص بانڈنگ کی طرف سے منظور شدہ بحالی کے منصوبے اور اس سے وابستہ مارک اپ جو فی الحال منسوخ کیپٹینز آرڈیننس 1984 کی دفعات اور مندرجہ ذیل عوامل کے مطابق معزز لاہور ہائیڈرو پاور پراجیکٹ میں دائر ہیں:

گیس کی مستقل دستیابی کی توقع اس حقیقت پر مبنی ہے کہ GOP نے ملک میں دوسرا ایل این جی ٹریٹمنٹ لگایا ہے جس کی گنجائش 600 mmscf دہائیوں میں گیس پر وسیع ہے اور دوسرے ٹریٹمنٹ کے لئے اضافی آرائل این جی کی درآمدات کا آغاز ہو چکا ہے۔ یہ ٹریٹمنٹ سال 2015 میں شروع کیے گئے پبلر ٹریٹمنٹ کے علاوہ ہے جس میں 15 سال کے معاہدے کے تحت قطر کی حکومت نے سالانہ تقریباً 3.7 بلین ٹن ایل این جی درآمد کرنا ہے۔ ایل این جی کی درآمد کو ملک میں دونوں ٹریٹمنٹ پر یومیہ 1200 ایم ایم سی ایف ڈی پر بہوار کیا گیا ہے۔ ایس این جی ایل این جی کو دونوں ٹریٹمنٹ سے تبادلہ انتظام کے تحت ایل این جی کی درآمد کا مکمل بہاؤ مل رہا ہے۔ اس سے ایس این جی کی دستیابی میں گیس کے بہاؤ میں مزید بہتری آئی ہے اور ایس این جی کی نیٹ ورک پر فریڈا ٹریڈنگ پلائٹوں کے لئے گیس کی مطلوبہ مقدار دستیاب کر دی گئی ہے۔

حکومت پاکستان کے ساتھ اپنے مذاکرات پختی کہنی کو امید ہے کہ وہ ملک میں یورپا کی قلت کو دور کرنے کے لئے طویل مدتی بنیاد پر اعلیٰ نرخوں پر گیس کی دستیابی کو یقینی بنائے گی۔ ان اقدامات سے ملک میں یورپا کی پیداوار کے لئے آرائل این جی کے استعمال کے معاشی استحکام کو یقینی بنایا جائے گا اور ملک میں یورپا کی بار بار قلت سے بچنے کے لئے کوڈڈی کی مسلسل فراہمی کو یقینی بنایا جائے گا۔

اپنے قرض دہندگان کے تعاون سے، انتظامیہ نے کہنی کی بحالی کے لئے، ترجیحی حصص کے اجراء کے ذریعے 31 دسمبر 2013 (مجوزہ موثر تاریخ) کو اپنے موجودہ زائد المیادیں طویل مدتی قرضوں اور اس سے متعلق مارک اپ کی تنظیم نو کے لئے انتظامات کی ایک اسکیم ("سکیم") تیار کی ہے۔ اس اسکیم میں زائد المیادیں مارک اپ کے اس حصے کے تصفیہ اور تنظیم نو اور ادائیگی پر بھی غور کیا گیا ہے جو ترجیحی حصص میں تبدیل نہیں ہوتا ہے۔ بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز کی جانب سے باہمی طور پر 05 نومبر 2013 اور 10 دسمبر 2013 کو اپنی میٹنگ میں مجوزہ اسکیم کی منظوری کے بعد، مذکورہ اسکیم کا وعدہ کیپٹینز آرڈیننس 1984 کی دفعات کے تحت ضروری منظوری اور حکم کے لئے 10 جون 2016 کو معزز لاہور ہائیڈرو پاور پراجیکٹ میں دائر کی گئی۔ رپورٹنگ تاریخ کو، کارروائی جاری ہے اور لاہور ہائیڈرو پاور پراجیکٹ کے حکم کا انتظار ہے۔

اس کے علاوہ، کہنی کو ضروری قانونی اور کرکشل منظور یوں کے بعد اپنے اضافی قرضہ کی فروخت کا قومی امکان ہے۔ 2016 میں، کہنی 2166 کنال رقبہ پیش ہائی وے اتھارٹی (NHA) نے چائنا پاکستان اقتصادی راہداری (سی پیک) جو کہنی کے ملکیتی رقبہ میں سے گزرتا ہے کی تعمیر کے لئے خریدے ہیں۔ سی پیک کی ترقی کے ساتھ اگلے دو سالوں میں، کہنی اپنے اضافی رقبہ کی نمایاں اہمیت کو دیکھتی ہے۔ رقبہ کی فروخت سے حاصل ہونے والی آمدنی کہنی کی طویل مدتی واجب ادائیگیوں کے تصفیہ میں معاون ہوگی۔

انتظامیہ کا خیال ہے کہ مذکورہ اقدامات کے تحت آپریٹنگ جاری رکھنے کے لئے خاطر خواہ مالی وسائل پیدا ہوں گے۔ اس کے مطابق، یہ مالیاتی حسابات تشویشناک بنیاد پر تیار کیے گئے ہیں اور ان میں اثاثوں کی وصولی اور کسی بھی واجب ادائیگیوں کے خاتمے سے متعلق کوئی ایڈجسٹمنٹ شامل نہیں ہے جو کہنی کو تشویش کی حیثیت سے کہنی کو رواں دواں رکھنے سے قاصر ہونے کے لئے ضروری ہوں۔

سرکاری تنظیم نو:

گزشتہ کئی سالوں کے دوران کہنی کے بورڈ یا پلائٹ 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 کہنی کے خلاف مارک اپ اور دیگر متعلقہ چارجز کے ساتھ ساتھ توسیعی قرضوں کی وصولی کے لئے مقدمات دائر کیے 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 کہنی کے پاس موجود اضافی اراضی کا فروخت سے ضروری منظور یوں کے بعد جس کی آمدنی سے طویل مدتی قرض دہندہ کے واجبات کی ادائیگی ممکن ہوگی۔ حکومت کے بنیادی ڈھانچے کی ترقی کے منصوبے سے دونوں پلائٹس کے گرد اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے سیکشن ہا-کلا۔ ڈاؤ ڈیشن۔ ڈی آئی خان میں کہنی کی شرکت، بڈ ریر اراضی کی فراہمی، بہت اہم ہے، سی پیک کی تکمیل کے بعد کہنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔ قانونی آراء کی بنیاد پر، کہنی کو یقین ہے کہ کسی اضافی ذمہ داریوں کا امکان نہیں ہے کیونکہ قرض کے معاہدوں کی شرائط کے مطابق ان مالی گوشواروں میں مارک اپ کو پہلے ہی تسلیم کر لیا گیا ہے۔

ڈائریکٹرز رپورٹ

سرمایہ کی تنظیم نو کے اس پلان کھینچنا آرڈیننس 1984 کی دفعہ 288-284 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پٹیشن کے ذریعے دائر کیا گیا۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کمپنی عدالت کے ذریعے فیصلہ اپنے حق میں حاصل کرنے کے لئے پُر امید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

مستقبل کا نقطہ نظر

یوریا پلانٹ کے مستقبل کے امکانات گیس کی مستقل دستیابی اور زراعت کی ترقی اور ملک میں خوراک کی سیکورٹی کو یقینی بنانے کے لئے ملک میں یوریا کی طلب پر مبنی ہے۔ پاکستان ایک زرعی معیشت ہے جو جی ڈی پی میں 20 فیصد حصہ شامل، لیبر فورس میں 42 فیصد کولملا زمت اور ملک کی 66 فیصد آبادی کو ضروریات زندگی فراہم کرتی ہے۔ فوڈ سکیورٹی 200 ملین سے زیادہ آبادی کو خوراک کھلانے کا سب سے اہم پہلو ہے۔ کھاد، خاص طور پر یوریا فصلوں کی کاشت اور پیداوار میں اہم کردار ادا کرتی ہے۔ 2001 میں جاری کی گئی آخری فریٹلائزر پالیسی کے بعد سے ملک میں یوریا کی طلب 2.5 فیصد کے CAGR سے بڑھ رہی ہے اور پیداوار کی شرح نمونہ 2.2 فیصد کی CAGR پر برقرار ہے۔ ملک میں یوریا کی نصب شدہ صلاحیت ~6.8 ملین ٹن ہے SNGPL پر دیگر فریٹلائزر پلانٹ اور ایگری ٹیک کی دستیاب صلاحیت کی پیداوار قیمتی زرمبادلہ بچانے اور یوریا کی درآمد کو کم کرنے کے علاوہ، ممکنہ قلت کو پورا کرے گی۔

کمپنی سٹریم لائن کے لئے ضروری عدالتی منظوری کے بعد انتظامات کی اسکیم جیسے دیگر اقدامات کرے گی اور اپنے مالی واجبات کی ادائیگیوں کے لئے اضافی وسائل پیدا کرنے کے لئے زائد زمین کی طویل مدتی ڈویلپمنٹ کے ضروری اقدامات اٹھائے گی۔

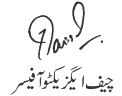
اظہار تشکر

بورڈ کمپنی کے قابل قدر صارفین اور مالیاتی اداروں جن کے اعتماد اور حمایت نے سال کے دوران کاروبار کی ترقی میں اہم کردار ادا کیا ہے، کی باہم مفید تعلق داری کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے ملازمین کی خدمات کو بھی سراہتا ہے۔ مشکل کاروباری ماحول میں کاروبار کی پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی ہے۔

منجانب بورڈ



ڈائریکٹر



چیف ایگزیکٹو آفیسر

Financial Statements

Independent Auditor's Review Report

To the members of Agritech Limited

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Agritech Limited as at June 30, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

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 was available only till 30 November 2020. 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 million and deferred tax assets amounting to Rs. 6,387 million recognized on tax losses of Rs. 22,026 million in these financial statements.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty Relating to Going Concern

Notwithstanding the matter discussed in Basis for the Qualified Conclusion section, the Company during the half year ended 30 June 2020 has incurred loss after tax amounting to Rs.2,699 million and, as of that date, its current liabilities exceeded its current assets by Rs. 41,272 million, and its accumulated losses stood at Rs.20,366 million. These conditions, along with other matters as set forth in note 2.4 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 conclusion is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to note 10 & 21 to the accompanying condensed interim 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 conclusion is not qualified in this respect.

Other Matter

We also draw attention that:

1. the condensed interim financial statements for the half year ended June 30, 2019 were reviewed by another firm of auditors, whose report dated October 30, 2019 expressed a qualified conclusion thereon; and
2. the figures for quarter ended June 30, 2020 in the condensed financial statements of profit or loss have not been reviewed by us and we do not express a conclusion on them.

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

Condensed Interim Statement of Financial Position

As at 30 June 2020

		(Un-audited) 30 June	(Audited) 31 December 2019
	<i>Note</i>	Rupees	Rupees
EQUITY AND LIABILITIES			
Authorized Share Capital		15,000,000,000	15,000,000,000
Equity			
Issued, subscribed and paid-up ordinary share capital	4	3,924,300,000	3,924,300,000
Reserves		9,000,000	9,000,000
Accumulated loss		(20,366,184,939)	(17,943,049,039)
Surplus on revaluation of property, plant and equipment - net of tax		24,469,303,713	24,745,841,418
		8,036,418,774	10,736,092,379
Non-current liabilities			
Redeemable capital	5	-	-
Long term finances	6	-	-
Convertible, redeemable preference shares	7	1,593,342,690	1,593,342,690
Long term payables	8	1,996,878,911	2,241,502,508
Deferred liabilities		8,998,703,822	9,177,221,791
		12,588,925,423	13,012,066,989
Current liabilities			
Current maturity of long term liabilities		19,279,860,989	19,304,061,923
Short term borrowings -secured	9	3,624,412,943	3,626,035,840
Trade and other payables		2,010,259,959	1,816,409,524
Interest/mark-up accrued on borrowings		20,730,960,380	19,260,897,262
Preference dividend payable		1,467,748,559	1,380,354,802
		47,113,242,830	45,387,759,351
		67,738,587,027	69,135,918,719
Contingencies and commitments	10		
ASSETS			
Non-current assets			
Property, plant and equipment	11	59,257,887,803	60,043,380,678
Intangible assets		2,567,310,828	2,567,310,828
Long term loans and advances		11,668,370	14,289,695
Long term deposits		60,501,418	44,986,934
		61,897,368,419	62,669,968,135
Current assets			
Stores, spares parts and loose tools		2,102,871,251	2,098,888,058
Stock-in-trade		380,440,888	787,565,071
Trade debts		1,066,594	-
Advances, deposits, prepayments and other receivables	12	2,194,022,028	2,872,621,399
Tax refunds due from Government - net		181,336,316	144,377,100
Cash and bank balances		981,481,531	562,498,956
		5,841,218,608	6,465,950,584
		67,738,587,027	69,135,918,719

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Profit or Loss (Un-audited)

For the half year ended 30 June 2020

Note	For the six months ended		For the quarter ended		
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	
	Rupees	Rupees (Restated)	Rupees	Rupees (Restated)	
Sales - net	13	1,067,804,492	4,799,028,790	466,229,796	2,444,923,581
Cost of sales	14	(2,085,992,511)	(4,120,492,765)	(1,112,275,450)	(1,947,458,837)
Gross (loss)/profit		(1,018,188,019)	678,536,025	(646,045,654)	497,464,744
Selling and distribution expenses		(37,914,966)	(208,013,912)	(14,737,865)	(105,725,975)
Administrative and general expenses		(145,802,703)	(130,866,785)	(76,361,517)	(62,391,875)
		(183,717,669)	(338,880,697)	(91,099,382)	(168,117,850)
Other income		15,464,318	13,541,658	3,247,496	2,006,390
Operating (loss)/ Profit		(1,186,441,370)	353,196,986	(733,897,540)	331,353,283
Finance cost	15	(1,673,081,960)	(1,467,082,829)	(721,627,041)	(772,673,478)
Loss before taxation		(2,859,523,330)	(1,113,885,842)	(1,455,524,581)	(441,320,195)
Taxation	16	159,849,725	81,688,105	77,238,520	190,863,644
Loss after taxation for the period		(2,699,673,605)	(1,032,197,737)	(1,378,286,061)	(250,456,551)
Loss per share - basic and diluted		(6.88)	(2.63)	(3.51)	(0.64)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended 30 June 2020

	For the six months ended		For the quarter ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Rupees	Rupees	Rupees	Rupees
Loss after taxation for the period	(2,699,673,605)	(1,032,197,737)	(1,378,286,061)	(250,456,551)
Other comprehensive income:				
Items that will not be reclassified to statement of profit or loss	-	-	-	-
Items that will be reclassified to statement of profit or loss	-	-	-	-
Total comprehensive loss for the period	<u>(2,699,673,605)</u>	<u>(1,032,197,737)</u>	<u>(1,378,286,061)</u>	<u>(250,456,551)</u>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended 30 June 2020

		30 June 2020	30 June 2019
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash generated from / (used in) operations	18	533,912,782	(1,048,764,460)
Staff retirement benefits paid		(209,509)	91,692,179
Long term loans and advances - net		2,621,325	1,255,014
Long term deposits - net		(15,514,484)	481,100
Income tax paid		(53,248,182)	(17,391,879)
Net cash from / (used in) operating activities		467,561,932	(972,728,047)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(33,359,088)	(9,320,823)
Interest income received		12,698,829	13,541,658
Net cash (used in) / from investing activities		(20,660,259)	4,220,835
<u>Cash flows from financing activities</u>			
(Decrease) in long term finances		(24,200,934)	(1,422,673)
Increase / (decrease) in short term borrowings - net		(14,524)	899,989,040
Finance cost paid		(2,095,269)	(65,325,048)
Net cash (used in) / from financing activities		(26,310,727)	833,241,319
Net increase/(decrease) in cash and cash equivalents		420,590,946	(135,265,893)
Cash and cash equivalents at the beginning of period		(2,134,556,293)	(2,369,813,982)
Cash and cash equivalents at the end of period	20	(1,713,965,347)	(2,505,079,876)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the half year ended 30 June 2020

	Share Capital		Reserves		Capital Reserve		Total Equity
	Ordinary Shares	Revenue Reserve	Accumulated Loss	Surplus on revaluation property, plant and equipment - net of tax	Rupees	Rupees	
As at 01 January 2019	3,924,300,000	9,000,000	(17,516,570,091)	8,694,728,272	(4,888,541,819)		
Total comprehensive loss for the half year ended 30 June-2019	-	-	(1,032,197,737)	-	(1,032,197,737)		
Surplus transferred to accumulated loss on account of incremental depreciation on property, plant and equipment - net of deferred tax	-	-	111,378,173	(111,378,173)	-		
As at June 30, 2019	3,924,300,000	9,000,000	(18,437,389,656)	8,583,350,099	(5,920,739,556)		
As at 01 January 2020	3,924,300,000	9,000,000	(17,943,049,039)	24,745,841,418	10,736,092,379		
Total comprehensive loss for the half year ended 30 June-2020	-	-	(2,699,673,605)	-	(2,699,673,605)		
Surplus transferred to accumulated loss on account of incremental depreciation on property, plant and equipment - net of deferred tax	-	-	276,537,705	(276,537,705)	-		
As at June 30, 2020	3,924,300,000	9,000,000	(20,366,184,939)	24,469,303,713	8,036,418,774		

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



Chief Executive



Chief Financial Officer



Director



Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 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 Companies Act, 1913 (now the Companies Act, 2017) and was a wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Private) Limited ("NFC"), a Government owned Corporation, until 15 July 2006. Subsequently, 100% shares of the Company were acquired by Azgard Nine Limited ("ANL") as part of privatization process of the Government of Pakistan as stipulated in the Share Purchase Agreement dated 15 July 2006. On 31 October 2012, ANL sold its major shareholding in the Company to a consortium of banks and financial institutions. The shares of the Company are quoted on Pakistan Stock Exchange.

The registered office of the Company is situated at 2nd Floor Asia Center, 8 – Babar Block, Main Boulevard, New Garden Town, Lahore. The principal business of the Company is the production and sale of Urea and Granulated Single Super Phosphate ("GSSP") fertilizer. The Company has two production units with Unit I located at Iskanderabad, District Mianwali and Unit II at Hattar Road, Haripur.

2 Basis of preparation

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of accounting

This condensed interim financial information comprises the condensed interim statement of financial position of Agritech Limited ("the Company"), as at 30 June 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended on 31 December 2019.

Corresponding condensed interim statement of financial position's numbers are extracted from the annual audited financial statements of the Company for the year ended 31 December 2019, whereas corresponding interim statement of profit or loss, interim statement of comprehensive income, interim statement of cash flows and interim statement of changes in equity and related notes are extracted from unaudited condensed interim financial statements of the Company for the six months period ended 30 June 2019.

This condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

2.3 Judgments and estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2019.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

2.4 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 sector as a whole and the Company in particular 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 over due borrowings and related mark-up as referred to in note 21 to the condensed interim financial information.

During past two to three years, gas supply to the Company has witnessed significant improvement 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. However urea plant remained stopped during the period due to stoppage of gas supply by SNGPL. Subsequent to 30 June 2020, gas supply has been restored again which continued till mid of December 2020.

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 has commissioned second LNG terminal in the country with capacity of 600 mmscf gas processing and additional RLNG imports for second terminal has already been started. This new terminal is in addition to the first terminal commissioned in 2015 with a 15 year agreement with Government of Qatar, to import nearly 3.75 million tons of LNG per year. The import of LNG has been streamlined at 1,200 mmscf per day on both terminals in the country during most part of the year. SNGPL is receiving complete flow of LNG imports under swap arrangement from both terminals. This has further improved the flow of gas into SNGPL system and making available required gas volumes for the fertilizer plants on SNGPL network.

The Company based on its negotiations with the GOP is hopeful that they will be able to secure availability of gas on a long term basis subsequent at the subsidized rate to bridge the urea shortages in the country. Moreover, after discontinuity of subsidy on Urea in year 2018, the urea price capping has also removed enabling the Company to pass on the impact of higher input costs for sustainability of business operations in the long term. These measures will ensure the economic viability of utilizing RLNG for the production of Urea in the country and also ensure continuous supply of commodity to avoid recurrence of Urea shortages in the country.

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 two 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.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

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.

3 Statement of consistency in accounting policies

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 31 December 2019.
- 3.2 There are following amendments to the approved accounting standards and new standards which became effective during the period but are considered not to be relevant or not have any significant effect on the Company's operations, as listed below:

Standard or interpretation	Effective date (accounting periods beginning on or after)	
- IAS 1 Presentation of Financial Statements (Amendment)	01 Jan 2020	
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment)	01 Jan 2020	
- IFRS 14 Regulatory deferred Accounts	01 Jan 2020	
- Amendments to IFRS 3 Business Communication	01 Jan 2020	
- Amendments to IFRS 10 Consolidated Financial Accounts and IAS 28 Investments in associates and joint ventures- Sales or contribution of assets between an investor and its associate or joint venture.	01 Jan 2020	
- Interest rate Benchmark Reform (Amendments to IFRS 9, IAS 39)	01 Jan 2020	
- Amendments to Reference to the Conceptual Framework in IFRS	01 Jan 2020	
	30 June 2020	31 December 2019
	Un-audited	Audited
	Rupees	Rupees

4 Issued, subscribed and paid-up ordinary share capital

Class A ordinary shares of Rs. 10 each 383,430,000 (December 2019: 383,430,000) Shares issued fully paid in cash	3,834,300,000	3,834,300,000
Ordinary shares of Rs. 10 each 9,000,000 (December 2019: 9,000,000) Shares issued for consideration other than cash	90,000,000	90,000,000
	<u>3,924,300,000</u>	<u>3,924,300,000</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

4.1 Ordinary shares of the Company held by associated undertaking at period/ year end are as follows:

	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
	(Percentage held)		(Number of shares)	
National Bank of Pakistan Limited	27.01%	27.01%	106,014,632	106,014,632
Faysal Bank Limited	4.56%	4.56%	17,914,040	17,914,040
Summit Bank Limited	8.74%	8.74%	34,306,400	34,306,400
Silk Bank Limited	0.00%	0.00%	1,000	1,000
Standard Chartered Bank (Pakistan) Limited	5.70%	5.70%	22,373,615	22,373,615
			30 June 2020	31 December 2019
			Un-audited	Audited
			Rupees	Rupees

5 Redeemable Capital

Under interest/mark-up arrangement

Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,894,286,800	6,894,286,800
Term Finance Certificates - III	495,460,750	495,460,750
Privately Placed Term Finance Certificates - IV	548,825,000	548,825,000
Privately Placed Term Finance Certificates - V	618,685,000	618,685,000
Privately Placed Term Finance Certificates - VI	509,874,996	509,874,996
Sukkuks	1,599,800,000	1,599,800,000
	12,165,534,546	12,165,534,546
Current maturity presented under current liabilities	(12,165,534,546)	(12,165,534,546)
	-	-

5.1 Types of redeemable capital

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
	12,165,534,546	12,165,534,546

5.2 Overdue principal and markup are disclosed in Note 21 to the financial information.

5.3 Terms and conditions are same as those disclosed in annual financial statements for the year ended 31 December 2019.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	30 June 2020 Un-audited Rupees	31 December 2019 Audited Rupees
6 Long term finances		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	472,037,000	472,037,000
Syndicate Term Finance - III	2,840,145,329	2,862,845,329
Bank Islami Pakistan Limited - Term Finance	300,000,000	300,000,000
National Bank of Pakistan - Term Finance	132,083,735	132,083,735
Dubai Islamic Bank Limited - Term Finance	365,000,000	365,000,000
AL Baraka Bank (Pakistan) Limited - <i>Diminishing Musharika</i>	5,060,379	6,561,313
	<u>7,114,326,443</u>	<u>7,138,527,377</u>
Current maturity presented under current liabilities	<u>(7,114,326,443)</u>	<u>(7,138,527,377)</u>
	-	-
6.1 Types of long term finances - secured		
Interest / mark-up based financing	6,744,266,064	6,766,966,064
Islamic mode of financing	<u>370,060,379</u>	<u>371,561,313</u>
	<u>7,114,326,443</u>	<u>7,138,527,377</u>
6.2	All terms and conditions of these facilities are same as those disclosed in annual financial statements for the year ended 31 December 2019.	
6.3	Overdue principal and markup are disclosed in Note 21 to this financial information.	
	30 June 2020 Un-audited Rupees	31 December 2019 Audited Rupees
7 Convertible, redeemable preference shares		
Preference shares of Rs. 10 each 159,334,269 (31 December 2019: 159,334,269) shares issued fully paid in cash	<u>1,593,342,690</u>	<u>1,593,342,690</u>
	<u>1,593,342,690</u>	<u>1,593,342,690</u>
7.1	The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis (on annual basis).	
7.2	Preference shares of the company held by related / associated companies as at period end are as follows:	
	30 June 2020	31 December 2019
	(Number of shares)	
Faysal Bank Limited	31,035,594	31,035,594
National Bank of Pakistan	<u>3,458,756</u>	<u>3,458,756</u>
	<u>34,494,350</u>	<u>34,494,350</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	30 June 2020 Un-audited Rupees	31 December 2019 Audited Rupees
8 Long term payables		
Payable to Contractor	31,135,199	31,135,199
Payable to SNGPL - GIDC	1,965,743,712	2,210,367,309
	1,996,878,911	2,241,502,508
9 Short term borrowings		
Interest / mark-up based loans	2,923,845,696	2,925,468,593
Islamic mode of financing	700,567,247	700,567,247
	3,624,412,943	3,626,035,840
9.1	All terms and conditions of these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2019.	
9.2	Overdue principal and markup, are disclosed in Note 20 to this financial information.	
10 Contingencies and commitments		
10.1 Contingencies		
10.1.1 Contingencies relating to Banks		
10.1.1.1	During last year, 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 expects a good likelihood of success in this matter.	
10.1.1.2	During last year, 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.	
10.1.1.3	During last year, 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.	
10.1.1.4	During last year, civil suit no. 29172/2019 has been filed by Soneri Bank against the Company for recovery of Rs. 738,452,864.	

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

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 Honorable Lahore High Court.

10.1.1.5 During the period, civil suit no. 23043/2020 has been filed by Bank Alfalah Limited in the Honorable 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 Honorable Lahore High Court.

10.1.2 Other Contingencies

There is no material change in status of such contingencies from the preceding published financial statements of the Company for the year ended 31 December 2019.

10.2 Commitments

10.2.1 Commitments under irrevocable letters of credit for:

	30 June 2020	31 December 2019
	Un-audited	Audited
	Rupees	Rupees
- purchase of plant and machinery	4,338,262	12,167,670
- purchase of raw material	22,788,000	-
	<u>27,126,262</u>	<u>12,167,670</u>

10.2.2 The amount of future ijarah rentals and the period in which these payments will become due are as follows:

	30 June 2020	31 December 2019
	Un-audited	Audited
	Rupees	Rupees
Not Later than one year	49,808	6,561,313
	<u>49,808</u>	<u>6,561,313</u>

11 Property, plant and equipment

Operating fixed assets	59,194,904,328	59,996,710,029
Capital work in progress	62,983,467	46,670,649
	<u>59,257,887,795</u>	<u>60,043,380,678</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

		30 June 2020	31 December 2019
		Un-audited	Audited
	Notes	Rupees	Rupees
11.1 Operating fixed assets			
Net book value at end of the period		59,996,710,029	38,555,912,863
Add: Additions during the period / year	11.1.1	17,277,185	15,528,219
Add: Revaluation made during the period / year	11.1.2	-	22,474,685,567
Less: Disposals during the period - net book value		-	-
Less: Depreciation for the period / year		819,082,886	1,049,416,619
		819,082,886	1,049,416,619
Net book value at end of the period / year		<u>59,194,904,328</u>	<u>59,996,710,029</u>
11.1.1 Additions during the period / year - cost			
Plant and machinery and electric installations		6,442,921	6,175,000
Residential colony assets		-	5,450,575
Furniture, fixtures and office equipment		4,519,394	2,958,644
Vehicles and rail transport		-	944,000
Catalyst		6,314,870	-
		<u>17,277,185</u>	<u>15,528,219</u>
11.1.2 Revaluation during the period / year			
Freehold Land		-	1,123,829,068
Buildings on freehold land		-	(19,726,446)
Plant and machinery and electric installations		-	21,385,688,900
Residential colony building		-	(15,105,955)
		-	<u>22,474,685,567</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	30 June 2020 Un-audited Rupees	31 December 2019 Audited Rupees
12 Advances, deposits, prepayments and other receivables		
Advances to suppliers - <i>unsecured, considered good</i>	440,379,990	456,983,594
Advances to employees - <i>secured, considered good</i>		
-against salaries and post employment benefits	6,780,632	7,228,864
-against purchases and expenses	24,127,415	17,328,041
Deposit with High Court	36,000,000	36,000,000
Prepayments	6,418,554	7,045,228
Deposits against Ijarah	299,486	1,198,970
Receivable from Government of Pakistan	1,346,250	1,346,250
Sales Tax Receivable	985,818,224	1,649,323,255
Agricultural Subsidy Receivable	812,227,932	812,227,932
Other receivables	95,623,545	98,939,265
	2,409,022,028	3,087,621,399
Less: provision against doubtful receivables	(215,000,000)	(215,000,000)
	2,194,022,028	2,872,621,399
	(Un-audited)	(Un-audited)
	30 June	30 June
	2020	2019
	Rupees	Rupees
13 Sales - net		
Sale of fertilizers	1,026,361,958	4,867,292,757
Other products	105,193,179	68,186,664
Gross sales	1,131,555,137	4,935,479,421
Sales tax	(29,208,605)	(106,422,810)
Trade discount	(34,542,040)	(30,027,820)
	1,067,804,492	4,799,028,790

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	(Un-audited) 30 June 2020 Rupees	(Un-audited) 30 June 2019 Rupees
14 Cost of sales		
Raw and packing material consumed	271,355,183	3,635,828,753
Salaries, wages and benefits	245,374,554	230,916,416
Fuel and power	157,991,471	780,698,592
Stores, spare part and loose tools consumed	55,586,652	86,724,926
Depreciation on property, plant and equipment	815,133,185	521,842,931
Others	113,918,215	114,079,071
Cost of goods manufactured	1,659,359,260	5,370,090,689
Opening work-in-process	95,566,686	86,242,415
Closing work-in-process	(130,870,791)	(109,417,268)
	(35,304,105)	(23,174,853)
Opening finished goods	637,222,060	134,457,139
Closing finished goods	(175,284,704)	(1,360,880,210)
	461,937,356	(1,226,423,071)
	2,085,992,511	4,120,492,765

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	Rupees	Rupees
15 Finance cost		
Interest / mark-up on:		
Redeemable capital	749,521,408	707,626,898
Long term finances	479,284,830	440,541,350
Short term borrowings	242,460,480	230,366,067
	1,471,266,718	1,378,534,315
Dividend on preference shares	87,393,757	86,913,571
Unwinding of PV adjustment of GIDC payable	113,529,811	-
Bank charges and commission	891,674	1,634,943
	1,673,081,960	1,467,082,829

15.1 During this period, the Company has not recognized LPS on GIDC due to judgement of the Honorable Supreme Court dated 13-08-20. During this period, LPS on GIDC amounting to Rs. 231 million of corresponding period has been reversed and corresponding figures have also been restated accordingly.

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
Note	Rupees	Rupees
16 Taxation		
Income tax		
- current year	16,141,343	71,985,435
- prior year	-	-
Deferred tax	(175,991,068)	(153,673,540)
	(159,849,725)	(81,688,105)

16.1 Provision for current tax has been made in accordance with section 113 'Minimum tax on income of certain persons' of the Income Tax Ordinance, 2001.

17 Transactions and balances with related parties

Related parties include associated undertakings, key management personnel (comprising the Chief Executive Officer and Directors), post employment benefit plans and other related parties.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

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

	(Un-audited) 30 June 2020 Rupees	(Un-audited) 30 June 2019 Rupees
17.1 Transactions with related parties		
17.1.1 Associated Companies		
National Bank of Pakistan		
Markup expense	209,084,748	185,372,643
Preference dividend	1,897,104	1,886,680
Bank balances - net	(3,122,124)	8,930,370
Faysal Bank Limited		
Mark up Expense	121,852,420	113,784,398
Preference dividend	17,022,811	16,929,279
Bank balances - net	1,001,721	1,311
Standard Chartered Bank (Pakistan) Limited		
Long term loan paid	22,700,000	-
Mark-up expense	90,585,718	91,047,117
Short term borrowings	-	299,997,050
Bank balances - net	(5,976,578)	77,461,654
Silk Bank Limited		
Mark-up expense	45,495,083	43,956,652
Markup paid	11,458,467	29,446,358
Short term borrowings	(236,099)	173,320,500
Summit Bank Limited		
Mark-up expense	75,024,580	69,938,966
Markup paid	24,857,328	18,914,696
Short term borrowings	24,239,388	173,014,293
Bank balances - net	14,654,916	23,640
17.1.2 Post employment benefit plans		
Contribution to employees provident fund	10,220,468	9,120,487
Contribution to employees gratuity fund	2,169,769	-
Current service cost & funds obtained - Gratuity Fund	-	103,987,506

During last period, the company obtained R. 92.52 million from its Gratuity Fund Trust which had been repaid subsequently.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	Rupees	Rupees
17.1.3 Key management personnel		
Short term employee benefits	10,368,738	9,550,000
Post employment benefits	603,330	524,790
	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Rupees	Rupees
17.2 Balances with related parties		
17.2.1 Associated Undertakings		
National Bank of Pakistan		
Long term loans	2,467,083,735	2,467,083,735
Redeemable capital	462,057,100	462,057,100
Bills payable	187,030,000	187,030,000
Convertible, redeemable Preference shares	34,587,560	34,587,560
Mark-up payable	3,326,828,731	3,117,743,983
Preference dividend payable	184,268,815	182,371,710
Bank Balances	4,096,118	7,218,242
Advisory fee payable	738,600,000	738,600,000
Advance for transaction Cost	23,200,000	23,200,000
Faysal Bank Limited		
Redeemable capital	1,499,109,500	1,499,109,500
Long term Finance	350,000,000	350,000,000
Convertible, redeemable Preference shares	310,355,940	310,355,940
Mark up payable	1,853,548,700	1,731,696,280
Preference dividend payable	285,927,101	268,904,291
Bank Balances	1,169,239	167,517
Trustee fee payable	-	5,688,582
Standard Chartered Bank (Pakistan) Limited		
Redeemable capital	146,995,500	146,995,500
Long term finances	1,330,160,982	1,352,860,982
Mark-up payable	1,527,117,594	1,436,531,876
Bank balances	-	5,976,578
Silk Bank Limited		
Long term finances	130,607,546	130,607,546
Short term borrowings	551,205,967	551,442,066
Mark up payable	256,339,189	222,302,573

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Rupees	Rupees
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	670,910,390	646,671,002
Mark up payable	495,320,440	445,153,188
Bank Balances	95,333,243	80,678,328
17.2.2 Post employment benefit plans		
Payable to Gratuity Trust	15,189,942	116,697,098
	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	Rupees	Rupees
18 Cash flows from operating activities		
(Loss) before tax	(2,859,523,330)	(1,113,885,842)
Adjustment for non-cash items:		
Interest / markup expense	1,673,081,960	1,698,987,608
Depreciation on property, plant and equipment	818,851,961	524,882,848
Provision for staff retirement benefit	(2,169,769)	11,471,088
Mark-up / Interest Income	(12,698,829)	(13,541,658)
Operating (loss) / profit before changes in working capital	(382,458,007)	1,107,914,044
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(3,983,194)	(11,308,067)
Stock in trade	407,124,183	(1,268,365,774)
Trade receivables	(1,066,594)	(31,557,961)
Advances, deposits, prepayments and other receivables	678,599,372	(580,387,202)
	1,080,673,767	(1,891,619,004)
(Decrease) in current liabilities		
Trade and other payables	(164,302,978)	(265,059,500)
Cash generated from / (used in) operations	533,912,782	(1,048,764,460)

Notes to the Condensed Interim Financial Information (Un-audited) For the half year ended 30 June 2020

19 Segment reporting

19.1 Reportable segments

The Company's reportable segments are as follows:

-Urea fertilizer segment - production of Urea fertilizer and ammonia from natural gas; and

-Phosphate fertilizer segment - production of Phosphate fertilizer from rock Phosphate

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

19.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Un-audited Rupees 'mln'	Un-audited Rupees 'mln'	Un-audited Rupees 'mln'	Un-audited Rupees 'mln'	Un-audited Rupees 'mln'	Un-audited Rupees 'mln'
For the six months period						
External revenues	594	4,589	474	209	1,068	4,798
Inter-segment revenue	-	-	-	-	-	-
Reportable segment revenue	594	4,589	474	209	1,068	4,798
Reportable segment Profit/(Loss) before tax	(2,927)	(1,359)	67	245	(2,859)	(1,113)

	Urea fertilizer segment		Phosphate fertilizer segment		Total	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	Un-audited Rupees 'mln'	Audited Rupees 'mln'	Un-audited Rupees 'mln'	Audited Rupees 'mln'	Un-audited Rupees 'mln'	Audited Rupees 'mln'
As at						
Reportable segment assets	62,900	64,619	6,046	5,853	68,946	70,472
Reportable segment liabilities	60,452	59,222	637	514	61,089	59,736

19.3 Reconciliation of reportable segments profit or loss

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
	Rupees	Rupees
For the six months ended		
Total loss for reportable segments before taxation	(2,859,523,330)	(1,113,885,842)
Taxation	159,849,725	81,688,105
Loss after taxation	<u>(2,699,673,605)</u>	<u>(1,032,197,737)</u>

20 Cash and cash equivalents

Short term borrowings - running finance	(2,695,446,876)	(2,692,195,463)
Cash and bank balances	981,481,531	187,115,587
	<u>(1,713,965,345)</u>	<u>(2,505,079,876)</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

21 Overdue financial liabilities

Due to the facts disclosed in note 2.4, the Company continues to face a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details of overdue financial liabilities as at 30 June 2020 are as follows:

Nature of Liability	Principal	Accrued Interest / mark up	Total
	Rupees	Rupees	Rupees
Redeemable capital	12,165,534,546	11,390,578,737	23,556,113,283
Long term finances	7,109,266,064	7,593,641,490	14,702,907,554
Short term borrowings	1,709,291,161	1,251,327,680	2,960,618,841
	<u>20,984,091,771</u>	<u>20,235,547,907</u>	<u>41,219,639,678</u>

22 Fair Value of Financial Assets and Liabilities

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.

The following table show categories as well as carrying amounts and fair values of the 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.

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

Particulars	Carrying Amount			Fair Value				
	Amortised Cost	Fair value through profit / loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----								
As at June 30, 2020								
Financial assets - not measured at fair value								
Long term loans and advances	11,668,370	-	-	11,668,370	-	-	-	-
Long term deposits	60,501,418	-	-	60,501,418	-	-	-	-
Trade debts	1,066,594	-	-	1,066,594	-	-	-	-
Advances and other receivables	162,831,078	-	-	162,831,078	-	-	-	-
Cash and bank balances	981,481,531	-	-	981,481,531	-	-	-	-
	1,217,548,991	-	-	1,217,548,991	-	-	-	-
----- Rupees -----								
----- Rupees -----								
Particulars								
As at 31 December 2019								
Financial assets - not measured at fair value								
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	-	-	-	-
	782,470,725	-	-	782,470,725	-	-	-	-

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended 30 June 2020

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

	30 June 2020 Rupees	31 December 2019 Rupees
Financial liabilities at amortised cost		
Redeemable capital	12,165,534,546	12,165,534,546
Long term finances	7,114,326,443	7,138,527,377
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	1,996,878,911	2,241,502,508
Short term borrowings	3,624,412,943	3,626,035,840
Trade and other creditors	1,549,001,573	1,319,557,327
Accrued liabilities	197,700,762	200,582,486
Security deposits and retention money	17,575,902	16,256,483
Other payables	32,544,745	43,464,347
Mark-up accrued on borrowings	20,730,960,380	19,260,897,262
Preference dividend payable	1,467,748,559	1,380,354,802
	<u>50,490,027,454</u>	<u>48,986,055,668</u>

23 Financial Risk Management

The Company's financial risk management objective and policies are consistent with the disclosed in the financial statement for the financial year ended on 31 December 2019.

24 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on 19 February 2021.

25 Seasonality

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

26 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.
- Corresponding figures have been re-arranged / reclassified in these interim financial information for the purpose of comparison. Except for matter as stated in note 15.1 of this financial information, no significant reclassification has been made in this interim financial information.



Chief Executive



Chief Financial Officer



Director



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