



Interim Financial Report
for the half year ended

June 30, 2022

(Un-audited)

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

A conceptual image featuring a zipper that has been unzipped, creating a diagonal opening in the ground. The top half of the image shows dark, cracked, and parched soil. The bottom half shows vibrant green grass. A metal zipper pull is visible on the left side, where the zipper teeth meet. The overall composition suggests a transition from a dry, barren state to a lush, fertile one.

VISION

MISSION



To become a major
regional diversified
fertilizer company

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

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Company Information

Board of Directors

Mr. Shahid Iqbal Choudhri
Chairman

Mr. Hassan Raza

Mr. Osman Malik

Mr. Asim Murtaza Khan

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

Ms. Sarwat Salahuddin Khan

Mr. Muhammad Faisal Muzammil
Chief Executive Officer

Audit Committee

Mr. Asim Murtaza Khan
Chairman

Mr. Osman Malik

Mr. Hassan Raza

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

HR & Remuneration Committee

Ms. Sarwat Salahuddin Khan
Chairperson

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

Chief Financial Officer

Syed Taneem Haider

Company Secretary & Head of Legal

Mr. Hafiz Mudassar Hassan Kamran

Legal Advisor

Mr. Mian Muhammad Osama Hanif

Shares Registrar

Hameed Majeed Associates (Private) Limited

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants, Lahore

Bankers

National Bank of Pakistan

Faysal Bank Limited

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

JS 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@pafll.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, 2022.

These interim 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) Regulations, 2019 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

	Half year ended June 30, 2022	Half year ended June 30, 2021
Sales - Net	6,514,768,494	2,510,069,600
Operating (Loss)	(6,265,985)	(540,833,407)
Finance cost	(1,952,400,342)	(1,349,310,838)
Profit (Loss) before Tax	(1,958,666,327)	(1,890,144,245)
Profit (Loss) after Tax	(1,808,813,307)	(1,700,003,127)
Profit (Loss) per share	(4.61)	(4.33)

Overview of Fertilizer Industry:

During the 1st half of 2022 the Production of Urea increased by 9% to 3,353K tonne vs 3,068K tonne in 2021 due to improved gas/RLNG supplies to the fertilizer sector particularly the plants on SNGPL Network. Gas supply to the fertilizer plants on SNGPL network was restored in September 2021 and the plants continued to operate since then without major gas/RLNG supply curtailment. Urea offtakes for the period under review was recorded at 3,247K tonne increasing by 12% vs 2899K tonne in same period last year. Significant increase in Urea Offtakes is attributed to the improved farms economics particularly for Wheat in Rabi and better expected output of Rice and Cotton in Kharif. Urea supply demand gap continued to prevail during the period and in order to ensure the requisite buffer stock in the country, GOP imported 100K tonne through Government to Government (G2G) arrangement from China.

The Company faced improved supplies of gas/RLNG during the first half of year 2022 as plant operations continued after the gas/RLNG supplies restored back in September 2021. The Company managed to produce 174 K Tonne of Urea (115 K tonne: 2021) against installed capacity of 217K tonne for the period. The Company sold 155 K tonne Urea (57 K tonne: 2021).

Offtakes of Phosphate (second major nutrient required for plants), during the 1st half of 2021, saw a decrease of 4% to 349K tonne of P2O5 Nutrients vs 369K tonne last year. Exceptionally high prices of all phosphate products due to high international phosphate prices led by DAP and coupled with constant devaluation of PKR has affected the farmers' affordability of using recommended phosphate applications on the crops. Production of Phosphates products registered a healthy increase of 19% (316K tonne Nutrients in 2022 vs 265K tonne Nutrients in 2021) due to improved gas supplies to the only DAP plant in the country. Phosphates price lead by DAP in the international market saw sharp and constant increases whereby DAP price at the start of the year at around US\$400 per tonne CFR KHI increased to US\$600 per tonne CFR KHI during the period under review. The increase in DAP price is reflected in the prices of all the phosphatic fertilizers in the country. The Company, being a major SSP player, produced 31K tonne SSP in 1H 2022(36 K tonne: 2021) and sold 21 K tonne during the period (24 K tonne: 2021).

Directors' Review

Modification in the Auditors report (to be revised on final 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 asset 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 this financial information. 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 as well as its supply is not certain. 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 asset amounting to Rs. 6,463 million recognized on tax losses of Rs. 22,286 million in this financial information."

Material Uncertainty relating to Going Concern

Auditors also raised concern about the Company's 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 2022 has incurred loss before tax amounting to Rs.1,959 million and, as of that date, its current liabilities exceeded its current assets by Rs. 46,250 million, and its accumulated losses stood at Rs. 25,072 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 towards Note 22 to the accompanying condensed interim financial information, wherein it is stated that the Company is in process of implementation of restructuring scheme sanctioned via Lahore High Court dated 1st July 2022, as well as in process of defending legal suits filed by some financial institutions for recovery of their dues as it could not pay its liabilities on due dates. Our conclusion is not qualified in this respect."

Explanation of Modifications of Auditor's Report:

Gas supply at subsidized price to the company's Urea plant is the most critical aspect of Urea business and its curtailment is the major cause for past few years' operational and liquidity issues of the Company. Although after facing unprecedented gas curtailment during past many years, the gas supply situation has improved considerably due to RLGN supplies at subsidized rates by the Government of Pakistan 'GOP' to meet growing Urea demand in Pakistan, however, price of such RLNG charged to the Urea plants on SNGPL Network including Agritech was remained higher when benchmarked with other fertilizer plants operating on other gas networks. This situation had forced the Company to finance its assets and operations through high level of borrowings since past many years.

At the same time, overall gas shortage in Pakistan had also forced the GOP to divert natural gas from fertilizer sector to other sectors particularly power sector during summer season and domestic sector during winters. Lower urea production during the past many years and increase in Urea demand has caused Urea shortages during the past one year.. The gas curtailment has also caused low urea production from the Company's plant versus its available capacity which resultantly causes the operational and liquidity issues including breaches of loan covenants (as referred to in Note 22 to the financial statements).

Gas/RLNG 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 2021 and it is continued since then to meet the urea shortages in the country. Historically high Urea prices in the international market, Foreign Exchange reserve challenges being faced by GOP; Devaluation of PKR and Higher subsidy cost to GOP to distribute imported urea has made urea imports economically unviable for GOP. The country has required installed capacity of approximately 6.8 million tons per annum to meet the growing urea demand of 6.4-6.5 million tons per annum provided if all plants operate on regular basis. Furthermore, GOP is working to switch the SNGPL Network based Urea plants including Agritech to the system gas under a uniform gas price to all fertilizer plants to ensure uninterrupted urea production in the country and ECC of the Cabinet in the meeting held on July 28, 2022 has principally approved and tasked relevant Ministries to prepare the formal approval of the same for necessary GOP approvals.

Litigations with banks is discussed in following paragraph.

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, the comprehensive rehabilitation (in the form of Scheme of Arrangement ("the Scheme")) to restructure its existing over-due long-term debts, towards creditors (i.e. Rs. 19.447 billion) and related markup (i.e. 6.075 billion). As of 31 December 2013 (proposed effective date) through issuance of preference shares prepared by the Company with the help of its lenders. The said scheme was filed with Honorable Lahore High Court under the relevant provisions of the Companies Ordinance, 1984 on June 10, 2016. LHC has sanctioned the said scheme on 1-07-2022. The Company is in the process of implementing the sanctioned scheme and has already initiated the engagement with the lenders according to scheme.

The implementation of the scheme also required the Company to incorporate its effect in the respective upcoming annual financial statements. Following variable outcomes are expected to be incorporated:

- Mark up waiver income as per the fresh options communicated by the lenders as per the contents of Scheme.
- Preference share issuance as per the fresh options communicated by the lenders.
- Zero coupon PPTFC issuance as per the fresh options communicated by the lenders.

The Company shall identify the exact quantum of the above factors after the options are communicated by the lenders as per scheme and the necessary financial adjustments and disclosure of the scheme shall be carried out accordingly.

Subsequent to the sanctioning of the scheme by LHC, the Company is confident that the suits filed by the Banks/lenders shall stand being concluded.

Future Outlook;

Future prospect of the Company is relied on the expectations of continuous availability of gas/RLNG supplies to its Urea plant. Renewed focus of GOP requires to increase the yields of the key staple crops for the long term Food Security of more than 220 million population of the country. Fertilizer, especially Urea plays a critical role in the production and yield of the crops. Growing Urea demand in the country clearly indicates the requirement of local urea production to increase key crops output than expensive imports by GOP, hence, there is strong likelihood that the urea plant of the Company likely to be operated on regular basis. Provision of system gas supplies under uniform gas price will further improve the margins versus the present RLNG based supplies. The Company is expected to streamline the implementation of the sanctioned Scheme of Arrangement in coordination with the lenders.

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



Muhammad Faisal Muzammil
Chief Executive Officer



Asim Murtaza Khan
Director

Lahore

Date : 26 August 2022

ڈائریکٹرز رپورٹ

انگریجیک لینڈز کے ڈائریکٹرز، مینجمنٹ ٹیم کے ساتھ 30 جون 2022 کو جمع ہونے والے چھ ماہ کے لیے جائزہ شدہ مالیاتی گوشواروں کے سمریہ کھینچی کی عبوری رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔ ان عبوری مالیاتی گوشواروں کی توثیق چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور ایک ڈائریکٹر نے کی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق، عبورڈ آڈٹ کمیٹی کی طرف سے منظوری کی سفارش کے بعد عبورڈ آف ڈائریکٹرز نے پریزنٹیشن کے لیے منظوری دی۔

کاروباری جائزہ

بنیادی مگر مگر ماریاں

کھینچی بنیادی طور پر کھاد کی تیاری اور مارکیٹنگ کا کاروبار کرتی ہے۔ کھینچی کے پاس صوبہ پنجاب کے شہر میانوالی میں جدید اور موثر ترین یوریا مینوفیکچرنگ پلانٹ موجود ہے۔ کھینچی صوبہ پنجاب کے شہر ہری پور ہزارہ میں GSSP (گرینول سٹریکنگ سیرفا سٹیفٹ) کی مینوفیکچرنگ کی سہولت بھی رکھتی ہے۔

کھاد کی صنعت کے سب سے قابل اعتماد برانڈ "TARA" کے تحت کھینچی ان پلائس سے اپنی کھاد کی مارکیٹنگ کرتی ہے۔

پہلی ششماہی کا جائزہ

تفصیل	30 جون 2022 مختصر ششماہی	30 جون 2021 مختصر ششماہی
نیٹ سٹز	6,514,768,494	2,510,069,600
آپریٹنگ (تھان)	(6,265,985)	(540,833,407)
مالیاتی لاگت۔	(1,952,400,342)	(1,349,310,838)
عمل ارتکاس منافع (تھان)	(1,958,666,327)	(1,890,144,245)
عبورڈ ارتکاس منافع (تھان)	(1,808,813,307)	(1,700,003,127)
ٹی شیئر منافع (تھان)	(4.61)	(4.33)

کھاد کی صنعت کا جائزہ:

2022 کی پہلی ششماہی کے دوران کھاد کے شعبے بالخصوص SINGUL نیٹ ورک کے پلائس گوگیس/RLNG کی بہتر سپلائی کی وجہ سے 2021 میں یوریا کی پیداوار 9 فیصد (3,353 ہزار ٹن) سے مقابلہ 3068 ہزار ٹن) بڑھ گئی۔ ایس این بی بی ایل نیٹ ورک کے پلائس گوگیس کی فراہمی ستمبر 2021 میں بحال ہوئی اور پلائس نے اہم گیس/RLNG فراہمی کی کمی تک چلنے سے۔ زبردست مدد کے لیے یوریا کی آف ٹیکس 12 فیصد زیادہ 3,247 ہزار ٹن ریکارڈ کی گئی جو کچھ سال کی اسی مدت میں 2899 ہزار ٹن تھی۔ یوریا کی فروخت میں نمایاں اضافہ بہتر فارمز معیشت، خاص طور پر رتیج میں گندم اور خریف میں چاول اور کپاس کی متوقع بہتر پیداوار سے منسوب ہے۔ رواں مدت کے دوران یوریا کی طلب درسد کا خلاہ جاری رہا اور ملک میں مطلوبہ کافی اسٹاک کو یقینی بنانے کے لئے GOP نے چانکا سے گورنمنٹ ٹو گورنمنٹ (G2G) انتظامات کے ذریعے 100 ہزار ٹن یوریا درآمد کیا۔

کھینچی کو ستمبر 2021 میں گیس/RLNG فراہمی کی بحالی کے بعد پلائس کے آپریٹرز جاری رہے کیونکہ سال 2022 کی پہلی ششماہی کے دوران گیس/RLNG کی بہتر سپلائی میسر آئی۔ اس مدت میں کھینچی، 217 ہزار ٹن کی نصب شدہ صلاحیت کے پلائس سے 174 ہزار ٹن یوریا (115 ہزار ٹن: 2021) پیداوار حاصل کرنے میں کامیاب رہی۔ کھینچی نے 155 ہزار ٹن یوریا (57 ہزار ٹن: 2021) فروخت کیا۔ فاسفیٹ (پلائس کو درکار اور ہم نیوٹریٹ) کی آف ٹیکس، 2021 کی پہلی ششماہی کے دوران، پچھلے سال 369 ہزار ٹن کے مقابلے میں P2O5 نڈائی اجزائی کی 4 فیصد کمی سے 349 ہزار ٹن ہوئی۔ DAP کے ذریعے فاسفیٹ کی بین الاقوامی زیادہ قیمتوں اور پاکستانی روپیہ کی قدر میں مسلسل کمی کی وجہ سے فاسفیٹ کی تمام مصنوعات کی غیر معمولی زیادہ قیمتوں نے فصلوں پر کسانوں کی سفارش کردہ فاسفیٹ استعمال کرنے کی استطاعت متاثر کیا ہے۔ فاسفیٹ مصنوعات کی پیداوار نے ملک میں لفظ ڈی اے پی پلائس گوگیس کی بہتر فراہمی کی وجہ سے 19% کا تخمینہ اضافہ (2021 میں 265 ہزار ٹن نیوٹریٹ کے مقابلے میں 2022 میں 316 ہزار ٹن نیوٹریٹ) دور کر دیا ہے۔ بین الاقوامی مارکیٹ میں ڈی اے پی کی طرف سے فاسفیٹ کی قیمتوں میں تیزی اور مسلسل اضافہ دیکھنے میں آیا جس کے تحت سال کے آغاز میں ڈی اے پی کی قیمت تقریباً 400 امریکی ڈالرنی CFRKHI والی قیمت زبردست مدد کے دوران 600 امریکی ڈالرنی CFRKHI پر پہنچ گئی۔ ڈی اے پی کی قیمت میں اضافہ ملک میں تمام فاسفیٹ کھادوں کی قیمتوں سے ظاہر ہوتا ہے۔ کھینچی نے ایک اہم ایس این بی پلینز ہونے کے ناطے، 2022 کی پہلی ششماہی میں 31 ہزار ٹن ایس این بی تیار کیا (36 ہزار ٹن: 2021) اور اس مدت کے دوران 21 ہزار ٹن فروخت کیا (24 ہزار ٹن: 2021)۔

ڈائریکٹرز رپورٹ

آڈیٹرز کی رپورٹ میں ترمیم (حتمی رپورٹ پر نظر ثانی کی جائے)

کوئٹہ

اس مدت کے لیے آڈیٹرز کی رپورٹ میں، ڈائریٹرز نے درج ذیل توثیق کا اظہار کیا ہے جس میں کہا گیا ہے کہ "مبجنت نے ٹیکس کے نقصانات پر موثر ٹیکس اثاثوں کی بازیابی کا جائزہ لیا ہے اور بورڈ آف ڈائریکٹرز منظور کردہ پانچ سالہ کاروباری منصوبے کی بنیاد پر تجربہ کے دوغوبی کے لیے اس مالی معلومات میں کوئی خرابی نہیں ہے۔ تاہم، ہم کاروباری منصوبے میں استعمال ہونے والے کلیدی مفروضے کے حوالے سے مناسب آڈٹ ثبوت حاصل کرنے سے قاصر ہیں۔ یعنی قدرتی گیس کی دستیابی پر مبنی آپریشنل ایام اور گیس کے نرخوں پر مبنی خام مال کی قیمت جو حکومت پاکستان کی جانب سے کمپنی کو گیس کی فراہمی کے لیے عاقد نرخوں کے ساتھ ساتھ اس کی فراہمی بھی یقینی نہیں ہے۔ تاہم، انتظامیہ کو یقین ہے کہ گیس کی فراہمی طویل مدتی بنیادوں پر دستیاب ہوگی۔ اس کے نتیجے میں، ہم اس بات کا یقین کرنے سے قاصر تھے کہ آیا ان مالیاتی معلومات میں 22,286,622 ملین روپے کے ٹیکس نقصانات پر تسلیم شدہ 6,463,622 ملین روپے موثر ٹیکس اثاثے اور 2,567,622 ملین روپے کا goodwill رقم کے لئے امیٹریز منٹ کے سلسلہ میں کوئی ایڈجسٹمنٹ ضروری تھی۔

مادی غیر یقینی صورتحال۔

آڈیٹرز نے کمپنی کی کام کرنے کی صلاحیت کے بارے میں بھی توثیق کا اظہار کیا جس میں کہا گیا ہے کہ "بنیاد برائے اہل نتیجہ سیکشن میں زر بھرت معاملے کے باوجود، 30 جون 2022 کو ختم ہونے والی ششماہی کے دوران کمپنی 1,959,900 ملین روپے قابل اربٹمنٹس تھا جو اس واقعہ تک، اس کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 46,250 ملین روپے سے تجاوز کر چکی ہیں اور اس کے مجموعی نقصانات 25,072 ملین روپے رہے۔ یہ حالات، دیگر معاملات کے ساتھ ساتھ جو کہ مالیاتی حسابات کے نوٹ 2.4 میں بیان کیے گئے ہیں، مادی غیر یقینی کی نشاندہی کرتے ہیں۔ جو کہ کمپنی کا کاروبار جاری رکھنے کی صلاحیت کے بارے میں اہم شوک پیدا کر سکتا ہے۔ ہماری رائے اس معاملے میں کوئی ایڈجسٹمنٹ نہیں ہے۔

تاکید

آڈیٹرز نے اس معاملے پر بھی زور دیا ہے جس میں کہا گیا ہے کہ "ہم کنٹریڈیکٹوری مالی معلومات کے نوٹ 2.2 کی طرف توجہ مبذول کرتے ہیں، جس میں یہ بتایا گیا ہے کہ کمپنی مورچہ یکم جولائی 2022 کو لاہور عدالت عالیہ کے ذریعے منظور شدہ تنظیم کوئی اسکیم کے اطلاق اور کچھ مالیاتی اداروں کی جانب سے اپنے واجبات کی وصولی کے لیے دائر قانونی مقدمات کا دفاع کر رہی ہے کیونکہ وہ متاثرہ تاریخوں پر اپنی ذمہ داری ادا نہیں کر سکتی۔ ہمارا نتیجہ اس حوالے سے کوئی ایڈجسٹمنٹ نہیں ہے۔

آڈیٹرز کی رپورٹ میں ترمیم کی وضاحت

کمپنی کے آپریشنل اور لیویڈیٹی کے مسائل کا سب سے اہم پہلو گیس کی کمی اور یورپا پلانٹ کو گیس کی عاقدی قیمتوں پر فراہمی کا مسئلہ گزشتہ چند سالوں سے کمپنی کو رہا ہے۔ اگرچہ گزشتہ کئی سالوں کے دوران گیس کی غیر معمولی کمی کا سامنا کرنے کے بعد، پاکستان میں یورپا کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے حکومت پاکستان نے 'ای او پی' کی جانب سے رعایتی نرخوں پر آراہیل ای این کی فراہمی کے باعث گیس کی فراہمی کی صورت حال میں کافی بہتری آئی ہے، تاہم، جب دیگر گیس نیٹ ورکس پر کام کرنے والے دیگر فریٹائر پلانٹس کے ساتھ ساتھ مارک کیا گیا ایس آر لنج کی قیمتیں SNGPL نیٹ ورک پر یورپا پلانٹ بشمول انگریٹیک زیادہ رہیں۔ اس صورتحال نے کمپنی کو اپنے اثاثوں اور آپریشنل گزشتہ کئی سالوں سے اعلیٰ سطح کے نرخوں کے ذریعے فنانس کرنے پر مجبور کر دیا تھا۔

اسی اثاثہ، پاکستان میں گیس کی مجموعی کی شکست پاکستان کو ٹھیک سے قدرتی گیس کو دوسرے شعبوں خصوصاً گرمی کے دوران پاور سیکٹر اور سردیوں کے دوران گھریلو سیکٹر کی طرف موڑنے پر بھی مجبور کر دیا۔ گزشتہ کئی سالوں کے دوران یورپا کی کم پیداوار اور یورپا کی طلب میں اضافہ گزشتہ ایک سال کے دوران یورپا کی قلت کی وجہ رہا ہے۔ گیس کی اس کمی کے نتیجے میں حکومت پاکستان نے یورپا پلانٹ کو گیس کی فراہمی تہر یورپا کی پیداوار کے مسائل پیدا کیے جس کے نتیجے میں گیس کے معاہدوں کی خلاف ورزی سمیت آپریشنل اور لیویڈیٹی کے مسائل پیدا ہوئے (جن کا حوالہ مالی معلومات کے نوٹ 22 میں دیا گیا ہے)۔

حکومت پاکستان (GOP) کی طرف سے بائع قدرتی گیس (LNG) کا قاعدہ درآمد کے ساتھ کمپنی کو گیس (RLNG) کی فراہمی میں بہتری دیکھی گئی ہے۔ ایل این جی کی مستقل درآمد سے سوئی ناردرن گیس پائپ لائن (ایل این جی بی این ایل) کو آراہیل ای این جی سے بھارت کی فراہمی میں اضافہ گزشتہ ایک سال کے دوران یورپا کی قلت کی وجہ رہا ہے۔ کمپنی کے یورپا پلانٹ کو گیس کی فراہمی تہر 2021 میں بحال ہوئی اور ملک میں یورپا کی قلت کو پورا کرنے تک جاری رہی۔ بین الاقوامی مارکیٹ میں یورپا کی تاریخی زیادتیوں، حکومت پاکستان کو پیش غیر ملکی زرمبادلہ کے ذخائر کے مسائل، پاکستانی روپیہ کی قدر میں کمی اور درآمد یورپا کی تقسیم کو حکومت پاکستان کو زیادہ عاقدی لاگت نے یورپا کی درآمدات کو حکومت پاکستان کے لئے معاشی طور پر ناقابل رسائی بنا دیا۔

ملک کو 6.4 سے 6.5 ملین ٹن سالانہ یورپا کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے تقریباً 6.8 ملین ٹن سالانہ کی نصب صلاحیت درکار ہے بشرطیکہ تمام پلانٹس مستقل بنیادوں پر کام کریں۔ مزید برآں، GOP ایل این جی بی این ایل نیٹ ورک پر مبنی یورپا پلانٹس بشمول انگریٹیک کو تسلیم گیس میں تبدیل کرنے کے لیے کام کر رہا ہے تاکہ تمام کھاد پلانٹس کو گیس کی یکساں قیمت کے تحت ملک میں یورپا کی بازیابی پیداوار کو یقینی بنایا جاسکے اور 28 جولائی 2022 کو ای سی کے اجلاس میں کاہینے سے اصولی طور پر منظور دی اور متعلقہ وزارتوں کو ذمہ داری سونپی ہے کہ وہ ضروری GOP منظور یوں کے لیے اس کی رسمی منظوری تیار کریں۔

ڈائریکٹرز رپورٹ

درج ذیل بیرونی گراف میں بیٹیکوں کے ساتھ مقدمات بیان کئے گئے ہیں

سرمایہ کی تنظیم اور بیٹیکوں کے ساتھ مقدمات

گزشتہ چند سالوں کے دوران کمپنی کے یوریا پلانٹ میں گیس کی قلت کمپنی کے قرضہ کی عدم ادائیگی کی بڑی وجہ تھی اور مارک اپ کے بڑھنے سے اس کے قرضوں کے بوجھ میں مزید اضافہ ہوا۔ اس کے علاوہ، چند بیٹیکوں اور مالیاتی اداروں نے کمپنی کے خلاف مجموعی مارک اپ اور دیگر متعلقہ چارجز کے ساتھ ان کی طرف سے اضافی قرضوں کی وصولی کے لیے کیس دائر کئے ہیں۔

قرضوں کے اس بوجھ کو ہموار کرنے کے لیے قرض دہندگان (یعنی 19,447 بلین روپے) اور متعلقہ مارک اپ (یعنی 6.075 بلین روپے، 31 دسمبر 2013 تک (مجزورہ مؤثر تاریخ) کمپنی کی طرف سے اپنے قرض دہندگان کی مدد سے تیار کردہ ترجیحی حصص کے اجراء کے ذریعے اپنے موجودہ زائد واداء جب الا دا طویل مدتی قرضوں کی تنظیم نو کے لیے جامع بحالی (اکیٹیم آف آرٹمنٹ "اکیٹیم") کی شکل میں) ترتیب دی ہے۔ مذکورہ سیکم ضروری منظوری اور آرڈر کے لیے 10 جون 2016 تکلیف آرزو بنس 1984 کی دفعات کے تحت معزز لاہور ہائی کورٹ میں دائر کی گئی تھی۔ LHC نے مذکورہ سیکم کی منظوری 1 جولائی 2022 سے نافذ کر دی ہے۔ کمپنی منظور شدہ سیکم کو نافذ کرنے کے عمل میں ہے اور اس نے پہلے ہی منظور شدہ سیکم کے مطابق قرض دہندگان کے ساتھ گنجائش شروع کر دی ہے۔

اکیٹیم کے نافذ کرنے کے لیے کمپنی نے اس کے اثرات کو متعلقہ آئندہ سالانہ مالیاتی حسابات میں بھی شامل کرنے کی ضرورت ہے۔ درج ذیل متغیر نتائج کو شامل کیے جانے کی توقع ہے:

• منظور شدہ سیکم کے مطابق قرض دہندگان کو بتائے گئے تازہ اختیارات کے مطابق مارک اپ کی چھوٹی آمدنی۔

• منظور شدہ سیکم کے مطابق قرض دہندگان کو بتائے گئے تازہ اختیارات کے مطابق ترجیحی حصص کا اجراء۔

• منظور شدہ سیکم کے مطابق قرض دہندگان کو بتائے گئے تازہ اختیارات کے مطابق زیرو کوپن نیٹ نیٹ ایف سی کا اجراء۔

منظور شدہ سیکم کے مطابق قرض دہندگان کو اپنر بتائے جانے کے بعد کمپنی مذکورہ حوالہ کی صحیح مقدار کی نشاندہی کرے گی اور اس کے مطابق ضروری مالیاتی ایڈجسٹمنٹ اور اکیٹیم کا انکشاف کیا جائے گا۔

LHC کی طرف سے اکیٹیم کی منظوری کے بعد، کمپنی کو لیٹین ہے کہ بیٹیکوں/قرض دہندگان کی طرف سے دائر کیے گئے مقدموں کا متعلقہ عدالتوں میں بہتر طریقے سے دفاع کیا جاسکتا ہے اور کمپنی مثبت نتائج کے لیے پراعتماد ہے۔

مستقبل کا نقطہ نظر

کمپنی کا مستقبل اس کے یوریا پلانٹ کو گیس/RLNG سپلائی کی مسلسل دستیابی کی توقعات پر منحصر ہے۔ GOP کی بھرپور توجہ کے لیے ملک کی 220 بلین سے زائد ادائیگی کی طویل مدتی خوراک کی حفاظت کے لیے کلیدی اہم فصلوں کی پیداوار کو بڑھانے کی ضرورت ہے۔ کھاد خصوصاً یوریا فصلوں کی پیداوار اور ذرو میں اہم کردار ادا کرتی ہے۔ ملک میں یوریا کی بڑھتی ہوئی طلب GOP کی جانب سے سنگی درآمدات کے مقابلے کلیدی فصلوں کی پیداوار بڑھانے کے لیے مقامی یوریا کی پیداوار کی ضرورت کو واضح طور پر ظاہر کرتی ہے، اس لیے اس بات کا کوئی امکان ہے کہ کمپنی کا یوریا پلانٹ مستقل بنیادوں پر چلایا جائیگا۔ گیس کی کسالت قیمت کے تحت سٹیم گیس سپلائی کی فراہمی موجودہ RLNG پمپنی سپلائرز کے مقابلے مارچن کومز پر بہتر کرے گی۔ کمپنی سے توقع کی جاتی ہے کہ وہ قرض دہندگان کے ساتھ تعاون میں منظور شدہ سیکم آف آرٹمنٹ کے نافذ کو ہموار کرے گی۔

اعتراف

یورڈ اس موقع سے کمپنی کے قابل قدر صارفین اور مالیاتی اداروں کا شکریہ ادا کرتا ہے جن کے تعاون نے کئی سالوں کے تعلقات کو فروغ دیا ہے، جو کاروبار کی ترقی میں کلیدی کردار ادا کر رہے ہیں۔

یورڈ کمپنی کے ملازمین کے لیے اپنی تعریف کو ریکارڈ پر لانا چاہتا ہے۔ مشکل کاروباری ماحول میں کاروبار کی پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی۔

منجانب یورڈ

لاہور
26 اگست 2022ء

عاصم مرتضیٰ خاں
ڈائریکٹر

محمد فیصل مزمل
سی ای او

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, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, 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 asset 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 this financial information. 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 as well as its supply is not certain. 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 asset amounting to Rs. 6,463 million recognized on tax losses of Rs. 22,286 million in this financial information.

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 2022 has incurred loss before tax amounting to Rs.1,958 million and, as of that date, its current liabilities exceeded its current assets by Rs. 46,250 million, and its accumulated losses stood at Rs. 25,072 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 towards Note 22 to the accompanying condensed interim financial information, wherein it is stated that the Company is in process of implementation of restructuring scheme sanctioned via Lahore High Court dated 1st July 2022, as well as in process of defending legal suits filed by some financial institutions for recovery of their dues as it could not pay its liabilities on due dates. Our conclusion is not qualified in this respect.

Other Matter

We also draw attention that the figures for quarter ended June 30, 2022 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.

August 26, 2022
Lahore


Grant Thornton Anjum Rahman
Chartered Accountants

Condensed Interim Statement of Financial Position

As at 30 June 2022

Note	(Un-audited) 30 June 2022 Rupees	(Audited) 31 December 2021 Rupees
EQUITY AND LIABILITIES		
Authorized share Capital	15,000,000,000	15,000,000,000
Share capital and reserves		
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 losses	(25,071,509,806)	(23,613,277,966)
Surplus on revaluation of property, plant and equipment - net of tax	23,085,188,932	23,435,770,400
	1,946,979,126	3,755,792,434
Non-current liabilities		
Redeemable capital - secured	5 -	-
Long term finances - secured	6 -	-
Convertible, redeemable preference shares	7 1,593,342,690	1,593,342,690
Long term payables - unsecured	8 861,880,080	1,157,874,632
Deferred liabilities	8,202,853,520	8,436,099,563
	10,658,076,290	11,187,316,885
Current liabilities		
Current maturity of long term liabilities	19,269,126,210	19,269,126,210
Short term borrowings -secured	9 3,649,063,148	3,518,449,435
Trade and other payables	10 5,672,139,711	4,022,968,445
Interest/mark-up accrued on borrowings	25,277,159,832	23,731,549,868
Preference dividend payable	1,818,283,957	1,731,370,386
	55,685,772,858	52,273,464,344
Total equity and liabilities	68,290,828,274	67,216,573,663
Contingencies and commitments	11	
ASSETS		
Non-current assets		
Property, plant and equipment	12 56,224,605,120	56,965,406,647
Intangible assets	2,568,174,353	2,568,318,275
Long term loans and advances	10,749,630	14,024,136
Long term deposits	51,711,537	57,677,251
	58,855,240,640	59,605,426,309
Current assets		
Stores, spare parts and loose tools	2,106,820,500	2,053,911,764
Stock-in-trade	13 1,400,336,789	362,453,998
Trade debts	3,967,712	88,592,108
Advances, deposits, prepayments and other receivables	14 5,222,912,223	3,771,231,436
Tax refunds due from Government -net	154,499,175	146,922,765
Short term investment	-	104,200,000
Cash and bank balances	547,051,235	1,083,835,283
	9,435,587,634	7,611,147,354
Total assets	68,290,828,274	67,216,573,663

The annexed notes 1 to 27 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)

As at 30 June 2022

	Note	For the six months ended		For the quarter ended	
		30 June 2022	30 June 2021	April to June 2022	April to June 2021
		Rupees	Rupees	Rupees	Rupees
Sales - net	15	6,514,768,494	2,510,069,600	3,227,892,638	2,058,680,494
Cost of sales	16	(6,103,123,439)	(2,793,243,067)	(2,903,197,428)	(1,925,066,136)
Gross (loss)/ profit		411,645,055	(283,173,467)	324,695,210	133,614,358
Selling and distribution expenses		(243,058,993)	(114,141,889)	(113,019,124)	(93,000,787)
Administrative and general expenses		(205,486,239)	(156,245,457)	(113,024,152)	(81,283,637)
		(448,545,232)	(270,387,346)	(226,043,275)	(174,284,424)
Other income		30,634,193	12,727,406	20,491,566	(5,131,208)
Operating (loss)/ profit		(6,265,985)	(540,833,407)	119,143,500	(45,801,274)
Finance cost	22.3	(1,952,400,342)	(1,349,310,838)	(1,079,712,941)	(719,997,888)
Loss before taxation		(1,958,666,327)	(1,890,144,245)	(960,569,441)	(765,799,162)
Taxation	17	149,853,020	190,141,118	76,839,392	79,462,816
Loss after taxation		(1,808,813,307)	(1,700,003,127)	(883,730,049)	(686,336,346)
Loss per share - basic and diluted		(4.61)	(4.33)	(2.25)	(1.75)

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-audited) As at 30 June 2022

	For the six months ended		For the quarter ended	
	30 June 2022	30 June 2021	April to June 2022	April to June 2021
	Rupees	Rupees	Rupees	Rupees
Loss after taxation	(1,808,813,307)	(1,700,003,127)	(883,730,049)	(686,336,346)
<u>Other comprehensive income:</u>				
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	(1,808,813,307)	(1,700,003,127)	(883,730,049)	(686,336,346)

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Cash Flows (Un-audited)

As at 30 June 2022

		30 June 2022	30 June 2021
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash used in operations	19	(618,111,033)	(1,280,167,578)
Income tax paid		(89,010,938)	(20,886,666)
Staff retirement benefits paid		(4,842,217)	(4,850,213)
Long term loans and advances - net		3,274,506	1,388,260
Long term deposits - net		5,965,714	-
Net cash used in operating activities		(702,723,968)	(1,304,516,197)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(59,795,297)	(37,281,164)
Proceeds from redemption of short term investment		104,200,000	-
Interest income received		17,182,274	7,903,007
Proceeds from disposal of property, plant and equipment		546,000	1,811,901
Net cash from/ (used in) investing activities		62,132,977	(27,566,256)
<u>Cash flows from financing activities</u>			
(Decrease) in long term finances		-	(4,371,102)
Increase/(decrease) in short term borrowings - net		(99)	897,528,370
Finance cost paid		(26,806,770)	(147,716,959)
Net cash (used in)/ from financing activities		(26,806,869)	745,440,309
Net decrease in cash and cash equivalents		(667,397,860)	(586,642,144)
Cash and cash equivalents at the beginning of period		(1,505,637,212)	(1,922,669,425)
Cash and cash equivalents at the end of period	21	(2,173,035,072)	(2,509,311,569)

The annexed notes 1 to 27 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)

As at 30 June 2022

	Capital Reserve		Reserves		
	Ordinary Shares Capital	Surplus on revaluation property, plant and equipment - net of tax	Reserves	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 January 2021	3,924,300,000	24,137,480,414	9,000,000	(21,630,116,483)	6,440,663,931
Loss for the period ended June 30, 2021	-	-	-	(1,700,003,127)	(1,700,003,127)
Other comprehensive income for the period:					
Re-measurement gain on employee retirement benefits	-	-	-	-	-
Related deferred tax liability on re-measurement gain	-	-	-	-	-
Total comprehensive loss for the period ended June 30, 2021	-	-	-	(1,700,003,127)	(1,700,003,127)
Surplus transferred to accumulated losses on account of:					
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(350,589,073)	-	350,589,073	-
As at 30 June 2021	3,924,300,000	23,786,891,341	9,000,000	(22,979,530,537)	4,740,660,804
As at 01 January 2022	3,924,300,000	23,435,770,399	9,000,000	(23,613,277,966)	3,755,792,433
As at 01 January 2022	-	-	-	(1,808,813,307)	(1,808,813,307)
Other comprehensive income for the period:					
Re-measurement gain on employee retirement benefits	-	-	-	-	-
Related deferred tax liability on re-measurement gain	-	-	-	-	-
Total comprehensive loss for the period ended June 30, 2022	-	-	-	(1,808,813,307)	(1,808,813,307)
Surplus transferred to accumulated losses on account of:					
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(350,581,468)	-	350,581,468	-
As at 30 June 2022	3,924,300,000	23,085,188,931	9,000,000	(25,071,509,806)	1,946,979,126

The annexed notes 1 to 27 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)

As at 30 June 2022

1 Reporting Entity

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). 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 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 31 June 2022 and the related condensed interim profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes forming part thereof.

These condensed interim financial statements do 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 2021.

Comparative 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 2021, whereas comparative 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 stated from unaudited condensed interim financial statements of the Company for the six months period ended 30 June 2021.

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 2021.

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

As at 30 June 2022

2.4 Going concern assumption

Gas supply at subsidized price to the company's Urea plant is the most critical aspect of Urea business and its scarcity is major cause for past few years' operational and liquidity issues of the Company. Although after facing unprecedented gas curtailment during past many years, the gas supply situation has been improved up to some extent mainly due to RLNG supplies at subsidized rates by the Government of Pakistan 'GOP' to meet Urea demand in Pakistan, however, price of such RLNG charged to the Urea plants including Agritech was remained higher when benchmarked with other fertilizer plants operating on other gas networks. This situation had forced the Company to finance its assets and operations through high level of borrowings since past many years.

At the same time, overall gas shortage in Pakistan had also forced the GOP to divert natural gas from fertilizer sector to other sectors particularly power sector during summer season and domestic sector during winters. Lower urea production during the past many years and increase in Urea demand has caused Urea shortages during the past one year. The gas curtailment has also caused low urea production from the Company's plant versus its available capacity which resultantly causes the operational and liquidity issues including breaches of loan covenants.

Gas/RLNG 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 2021 and it is continued since then to meet the urea shortages in the country. Historically high Urea prices in the international market, Foreign Exchange reserve challenges being faced by GOP; Devaluation of PKR and Higher subsidy cost to GOP to distribute imported urea has made urea imports economically unviable for GOP. The country has required installed capacity of approximately 6.8 million tons per annum to meet the growing urea demand of 6.4-6.5 million tons per annum provided if all plants operate on regular basis. Furthermore, GOP is working to switch the SNGPL Network based Urea plants including Agritech to the system gas under a uniform gas price to all fertilizer plants to ensure uninterrupted urea production in the country and ECC of the Cabinet in the meeting held on July 28, 2022 has principally approved and tasked relevant Ministries to prepare the formal approval of the same for necessary GOP approvals.

In order to streamline this debt burden, the comprehensive rehabilitation (in the form of Scheme of Arrangement ("the Scheme")) to restructure its existing over-due long-term debts, towards creditors and related markups as of 31 December 2013 (proposed effective date) through issuance of preference shares prepared by the Company with the help of its lenders. The said scheme was filed with Honorable Lahore High Court under the provisions of the Companies Ordinance, 1984 on June 10, 2016 for necessary sanction and order. LHC has sanctioned the said scheme on July 1st, 2022. Currently the Company is in the process of implementing the sanctioned scheme and has already initiated the engagement with the lenders according to the sanctioned scheme.

Following variable outcomes are expected to be incorporated upon implementation of scheme:

- Mark up waiver income as per fresh options communicated by the lenders as per the sanctioned Scheme.
- Preference share issuance as per fresh options communicated by the lenders as per the sanctioned scheme.
- Zero coupon PPTFC issuance as per fresh options communicated by the lenders as per the sanctioned scheme.

The Company shall identify the exact quantum of the above factors after the options are communicated by the lenders as per the sanctioned scheme and the necessary financial adjustments and disclosure of the scheme shall be carried out in the annual financial accounts ending 31 December 2022.

Subsequent to the sanction of the scheme by LHC, the Company is confident that the liability portion as well as equity will be strengthened and suits filed by the Banks/lenders can be better defended in relevant courts.

Spare land at the Company's Urea plant site provide good potential of its sale after obtaining necessary legal and commercial approvals. During 2016, approximately 216 kanal 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 likely appreciation of the land. The proceeds from sale of land will also help in settling the liabilities of the Company.

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

As at 30 June 2022

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

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 2021.

	30 June 2022	31 December 2021
	Un-audited	Audited
	Rupees	Rupees

4 Issued, subscribed and paid up ordinary share capital

383,430,000 (December 31, 2021: 383,430,000) class		
A ordinary shares of Rs.10 each fully paid in cash	3,834,300,000	3,834,300,000
9,000,000 (December 31, 2021: 9,000,000) ordinary shares of Rs. 10 each issued for consideration other than cash	90,000,000	90,000,000
	3,924,300,000	3,924,300,000

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

	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Percentage held)		(Number of shares)	
National Bank of Pakistan	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

5 Redeemable Capital - secured

Under interest/markup 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)
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Notes to the Condensed Interim Financial Information (Un-audited) As at 30 June 2022

	30 June 2022 Un-audited	31 December 2021 Audited
	Rupees	Rupees
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 22 to the interim financial information.

5.3 Terms and conditions are same as those disclosed in annual financial statements for the year ended 31 December 2021.

	30 June 2022 Un-audited	31 December 2021 Audited
	Rupees	Rupees
6 Long term finances - Secured		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	466,362,600	466,362,600
Syndicate Term Finance - III	2,840,145,329	2,840,145,329
BankIslami 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>	-	-
	7,103,591,664	7,103,591,664
Current maturity presented under current liabilities	(7,103,591,664)	(7,103,591,664)
	-	-

6.1 Types of long term finances - Secured

Interest / mark-up based financing	6,738,591,664	6,738,591,664
Islamic mode of financing	365,000,000	365,000,000
	7,103,591,664	7,103,591,664

6.2 All terms and conditions of these facilities are same as those disclosed in annual financial statements for the year ended 31 December 2021.

6.3 Overdue principal and markup are disclosed in Note 22 to this unadjusted financial information.

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

As at 30 June 2022

		30 June 2022	31 December 2021
		Un-audited	Audited
		Rupees	Rupees
7	Convertible, redeemable preference shares		
	159,334,269 (31 December 2021: 159,334,269)		
	preference shares of Rs. 10 each fully paid in cash	1,593,342,690	1,593,342,690
		1,593,342,690	1,593,342,690
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 2022	31 December 2021
		Un-audited	Audited
		Rupees	Rupees
	Faysal Bank Limited	31,035,594	31,035,594
	National Bank of Pakistan	3,458,756	3,458,756
		34,494,350	34,494,350
8	Long term payables - Unsecured		
	Payable to SNGPL - GIDC	861,880,080	1,157,874,632
		861,880,080	1,157,874,632
9	Short term borrowings - secured		
	Interest / mark-up based loans - secured	3,087,328,072	2,956,714,259
	Islamic mode of financing - secured	561,735,076	561,735,176
		3,649,063,148	3,518,449,435
9.1	All terms and conditions applicable on these facilities are materially same as those disclosed in annual financial statements of the company for the year ended 31 December 2021.		
9.2	Overdue principal and markup are disclosed in Note 22 to this interim financial information.		
		30 June 2022	31 December 2021
		Un-audited	Audited
		Rupees	Rupees
10	Trade and other payables		
	Trade and other creditors	3,529,604,275	2,832,973,429
	Accrued liabilities	146,472,181	197,191,347
	Advances from customers	1,896,602,464	897,250,625
	Others	99,460,791	95,553,045
		5,672,139,711	4,022,968,445

Notes to the Condensed Interim Financial Information (Un-audited) As at 30 June 2022

10.1 This includes current portion of GIDC payable amounting to Rs.1,989 million (2021: Rs. 1,609 million). During last year, the company had filed petition against recovery of GIDC which has been decided during this period in favor of the company holding that GIDC is not payable till the exercise of factual determination of GIDC liability is finalized by the higher powered committee formed in compliance of the Supreme Court order.

11 Contingencies and commitments

11.1 Contingencies

11.1.1 Tax contingencies

There is no change in tax contingencies except followings;

- in tax year 2018 and 2019, demand from those mentioned in annual financial statements for the year ended 31 December 2021 of Rs. 5,746 billion and 7,179 billion for Sales tax affairs had been created ; and
- in tax year 2015 and 2016,demand of Rs. 3,702 billion and 3,930 billion for income tax affairs had been created.

These years were selected for all fertilizer sector on advice of Federal Board of Revenue, hence, an application was moved to LHC this selection (on instructions of the Board) which was decided in favor of the Company for all years. Simultaneously, appeals to CIR-A have also been filed against such orders which are pending for adjudication. However interim stays have been granted which are intact.

Based on opinion of tax advisor, the management of the company believes that the Company has strong legal grounds against each case. Accordingly, no provision has been made in this financial information.

11.1.2 Other contingencies

There is no material change in status of contingencies from the preceding published financial statements of the Company for the year ended 31 December 2021 except for the sanctioning of restructuring scheme filed by certain banks and filing of new civil suits by followings banks:

<u>Banks</u>	<u>Facilty</u>	30 June 2022 Rupees Un-Audited
Silk Bank Limited (related party)	Running Finance	780,494,785
Askari Bank Limited	Running Finance & PPTFCs	2,511,488,460
Unit Trust of Pakistan and JS investment Limited	PPTFCs	333,487,415
JS Income Fund and JS Investment Limited	PPTFCs	164,172,750
JS Infocom Limited	PPTFCs	1,280,996,756
JS Large Capital Fund	PPTFCs	16,959,889
Federal Employees Benevolent and Group Insurance Funds	PPTFCs	1,490,595,700

The management as well as legal advisor of the Company is of the view that such suits lacks merit and the instant suits cannot be proceeded or tried as these all banks have already been consented for restructuring scheme which has also been sanctioned by Honorable Lahore High Court on July 5th, 2022.

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

As at 30 June 2022

11.2 Commitments

11.2.1 Commitments under irrevocable letters of credit for:

		30 June 2022	31 December 2021
		Un-audited	Audited
	Note	Rupees	Rupees
- purchase of plant and machinery		14,963,765	58,127,202
- purchase of raw material		79,852,500	81,754,452
		94,816,265	139,881,654

12 Property, plant and equipment

Operating fixed assets	12.1	56,187,761,976	56,960,824,702
Capital work in progress		36,843,144	4,581,945
		56,224,605,120	56,965,406,647

12.1 Operating fixed assets

Net book value at start of the period/ year		56,960,824,705	58,517,324,874
Add: Additions during the period/ year		27,534,092	62,468,041
Less: Disposals during the period/ year - net book value		472,281	15,916,453
Depreciation for the period/ year		800,124,541	1,603,051,763
		800,596,821	1,618,968,216
Net book value at end of the period/ year		56,187,761,976	56,960,824,702

13 Stock-in-trade

Raw material	193,378,548	127,974,381
Packing material	57,180,707	21,296,313
Work in process	253,107,320	93,858,186
Finished goods	896,670,214	119,325,118
	1,400,336,789	362,453,998

Notes to the Condensed Interim Financial Information (Un-audited) As at 30 June 2022

	30 June 2022	31 December 2021
	Un-audited	Audited
	Rupees	Rupees
14 Advances, deposits, prepayments and other receivables		
Advances to suppliers - <i>unsecured, considered good</i>	1,180,944,474	669,701,546
Advance to employees	50,045,293	16,032,025
Accrued mark-up	-	2,049,327
Deposit with Islamabad High Court	36,000,000	36,000,000
Prepayments	8,943,580	10,731,129
Deposits Ijarah	202,800	202,800
Receivable from Government of Pakistan	1,346,250	1,346,250
Receivable from Government of Punjab	5,546,656	5,546,656
Sales Tax Receivable	3,258,595,426	2,351,664,506
Agricultural subsidy Receivable	812,227,932	812,227,932
Other receivables	95,694,958	92,364,411
	5,449,547,368	3,997,866,581
Less: Provision against doubtful receivables	(226,635,145)	(226,635,145)
	5,222,912,223	3,771,231,436
	(Un-audited)	(Un-audited)
	30 June	30 June
	2022	2021
	Rupees	Rupees
15 Sales - net		
Sale of fertilizers	6,551,210,327	2,524,288,862
Other products	112,463,634	104,718,464
Gross sales	6,663,673,961	2,629,007,326
Less:		
Sales tax	(148,853,467)	(67,077,333)
Trade discount	(52,000)	(51,860,393)
	6,514,768,494	2,510,069,600

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

As at 30 June 2022

	(Un-audited) 30 June 2022	(Un-audited) 30 June 2021
	Rupees	Rupees
16 Cost of sales		
Raw and packing material consumed	4,534,796,241	2,690,509,577
Salaries, wages and benefits	273,800,261	267,725,514
Fuel and power	1,143,347,978	622,245,132
Stores, spare parts and loose tools consumed	147,049,375	104,656,277
Depreciation on property, plant and equipment	793,830,646	798,138,929
Others	146,893,169	105,223,179
Cost of goods manufactured	7,039,717,669	4,588,498,608
Opening work-in-process	184,218,606	170,723,760
Closing work-in-process	(253,107,320)	(137,723,233)
	(68,888,714)	33,000,527
Opening finished goods	28,964,698	190,108,281
Closing finished goods	(896,670,214)	(2,018,364,348)
	(867,705,516)	(1,828,256,067)
	6,103,123,439	2,793,243,068
17 Taxation		
Current	81,434,516	37,651,026
Deferred	(231,287,536)	(227,792,144)
	(149,853,020)	(190,141,118)

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

18 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) As at 30 June 2022

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

	(Un-audited) 30 June 2022 Rupees	(Un-audited) 30 June 2021 Rupees
18.1 Transactions with related parties		
18.1.1 Associated Undertakings		
National Bank of Pakistan		
Mark-up expense	229,238,437	151,855,545
Preference dividend	1,886,680	1,886,680
Decrease in Bank balances - net	16,902	3,574,220
Faysal Bank Limited		
Mark-up expense	134,522,570	88,280,560
Preference dividend	16,929,279	16,929,279
Decrease in Bank balances - net	5,733,001	24,837,272
Silk Bank Limited		
Mark-up expense	43,227,783	34,190,630
Markup paid	-	31,938,485
Increase/(Decrease) in short term borrowings	47,965	200,072,159
Summit Bank Limited		
Mark-up expense	78,637,532	60,013,636
Markup paid	16,844,977	82,984,234
Increase/(Decrease) in short term borrowings	(1,698,343)	454,234,203
Increase in Bank balances - net	(455,102)	(241,837,274)
18.1.1.2 Post employment benefit plans		
Contribution to Employees Provident Fund	11,361,927	11,150,299
Contribution to Employees Gratuity Fund	2,883,722	1,151,731
18.1.1.3 Key management personnel		
Short term employee benefits	10,800,000	10,800,000
Post employment benefits	642,600	642,600
	(Un-audited) 30 June 2022 Rupees	(Audited) 31 December 2021 Rupees
18.2 Balances with related		
18.2.1 Associated Undertakings		
National Bank of Pakistan		
Long term finances	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	4,021,753,718	3,792,515,281

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

As at 30 June 2022

	(Un-audited) 30 June 2022	(Audited) 31 December 2021
	Rupees	Rupees
Preference dividend payable	191,878,078	189,991,398
Bank account balances	5,789,364	5,772,462
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 finances	344,325,600	344,325,600
Convertible, redeemable preference shares	310,355,940	310,355,940
Mark-up payable	2,259,040,303	2,124,517,733
Preference dividend payable	354,205,408	337,276,129
Bank account balances	23,173,192	17,440,191
Trustee fee payable	5,668,582	5,668,582
Silk Bank Limited		
Long term finances	130,607,546	130,607,546
Short term borrowings	550,996,589	550,948,624
Mark-up payable	319,527,046	276,299,263
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	670,251,805	671,950,148
Mark-up payable	601,429,994	539,637,439
Bank account balances	98,577	553,679
18.2.2 Others		
Housing colony receivable	21,254,911	17,914,652
Iskanderabad Welfare	7,545,926	7,345,538
18.2.3 Post employment benefit plans		
Payable to Gratuity Trust	13,263,610	15,222,105

Notes to the Condensed Interim Financial Information (Un-audited) As at 30 June 2022

	(Un-audited) 30 June 2022	(Un-audited) 30 June 2021
	Rupees	Rupees
19 Cash flows from operating activities		
<u>Loss before tax</u>	(1,958,666,327)	(1,890,144,245)
Adjustment for non-cash items:		
Interest / markup expense	1,743,437,235	1,283,694,291
Depreciation on property, plant and equipment	800,268,464	801,667,406
Provision for staff retirement benefit	2,883,722	1,151,731
Mark-up / Interest Income	(15,132,947)	(7,903,007)
Loss on sale of property, plant and equipment	(73,718)	(1,130,592)
Operating profit before changes in working capital	572,716,429	187,335,584
<u>Changes in working capital</u>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(52,908,736)	(1,612,152)
Stock in trade	(1,037,882,791)	(1,870,477,991)
Trade debts	84,624,396	488,612
Advances, deposits, prepayments and other receivables	(1,453,730,114)	(550,146,509)
	(2,459,897,245)	(2,421,748,040)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,269,069,783	954,244,878
Cash (used in)/generated from operations	(618,111,033)	(1,280,167,578)

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

As at 30 June 2022

20 Segment reporting

20.1 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:

20.2 Segment revenue and results

Following is the information about reportable segments of the Company:

For the six months period ended 30 June 2022

	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	Rs. in Million					
External revenues	5,485	1,887	1,029	624	6,515	2,510
Inter-segment revenue	-	-	-	-	-	-
Reportable segment Profit/(Loss) before tax	(2,417)	(2,113)	458	223	(1,959)	(1,890)
	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 June 2022	31-Dec 2021	30 June 2022	31-Dec 2021	30 June 2022	31-Dec 2021
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Rs. in Million					
As at						
Reportable segment assets	63,236	62,619	8,423	4,598	71,659	67,217
Reportable segment liabilities	67,752	62,575	1,959	886	69,712	63,461

Notes to the Condensed Interim Financial Information (Un-audited) As at 30 June 2022

20.3 Reconciliation of reportable segment profitable segment profit and loss

	(Un-audited) 30 June 2022	(Un-audited) 30 June 2021
	Rupees	Rupees
For the half year ended 30 June		
Total loss for reportable segments before taxation for the period	(1,958,666,327)	(1,890,144,245)
Taxation for the period	149,853,020	190,141,118
Loss after taxation for the period	(1,808,813,307)	(1,700,003,127)

21 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,720,086,307)	(2,722,329,320)
Cash and bank balances	547,051,235	213,017,751
	(2,173,035,072)	(2,509,311,569)

22 Overdue financial liabilities

22.1 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 2022 are as follows:

Nature of Liability	Notes	Principal	Interest / mark up	Total
		Rupees	Rupees	Rupees
Redeemable capital		12,165,534,546	13,901,487,839	26,067,022,385
Long term finances	22.1.1	7,103,536,831	9,192,028,848	16,295,565,679
Short term borrowings		2,890,282,805	2,056,198,054	4,946,480,858
		22,159,354,182	25,149,714,741	47,309,068,922

22.1.1 Out of these overdue financial liabilities, financial liabilities in litigation are as follows:

	Total Rupees
Name of banks	
Silk Bank Limited	780,494,785
Askari Bank Limited	2,511,488,460
Unit Trust of Pakistan and JS investment Limited	333,487,415
JS Income Fund and JS Investment Limited	164,172,750
JS Infocom Limited	1,280,996,756
JS Large Capital Fund	16,959,889
Federal Employees Benevolent and Group Insurance Funds	1,490,595,700
National Bank of Pakistan	6,496,599,568
Summit Bank Limited	1,165,357,852
Pak libya Holding Company Limited	150,092,000
Soneri Bank Limited	738,452,864
JS Bank Limited	2,880,221,844
The Bank of Punjab	3,301,068,828
	-
	-
	21,309,988,711

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

As at 30 June 2022

- 22.2 Subsequent to year end, Honorable Lahore High Court has sanctioned restructuring scheme proposed by lenders of the company in 2018 and following final options have been given to the lenders through court order dated July 1, 2022.

Option 1:

The Company shall apply CFADS (Cash Flow available for debt Servicing) upfront to settle outstanding/overdue mark-up of the lenders on pro-rated basis, as final settlement for overdue / accrued mark up till December 31, 2013.

Option 2:

Outstanding / overdue markup shall be converted into a zero coupon TFC payable at the end of FY 2026 as bullet payment. The Company shall apply unutilized CFADS from Option 1 to partially settle principal outstanding of lenders opting for option 2 on pro-rated basis;

- Any unutilized CFADS from Option 1 & 2 to be applied for reduction in outstanding principal of all creditors on pro rated basis.
- Any remaining principal and accrued mark up outstanding to be converted to Preference shares as per the terms of this term sheet

Related adjustments due to availing of such options by lenders would be made in subsequent financial statements of the company.

22.3 Finance Cost	(Un-audited)	(Un-audited)
	30 June 2022	30 June 2021
	Rupees	Rupees
Redeemable Capital	819,526,791	551,123,561
Long term Finances	523,516,347	350,769,311
Short term borrowings	228,390,966	178,578,750
Late Payment surcharge	208,963,107	65,616,547
Dividend on preference shares	86,913,571	86,913,571
Ammortization of present value of GIDC	84,106,930	111,015,526
Bank charges & Commission	982,630	5,293,571
Total	1,952,400,342	1,349,310,838

23 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)

As at 30 June 2022

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, 2022								
<i>Financial assets - not measured at fair value</i>								
Long term loans and advances	10,749,630	-	-	10,749,630	-	-	-	-
Long term deposits	51,711,537	-	-	51,711,537	-	-	-	-
Trade debts	3,967,712	-	-	3,967,712	-	-	-	-
Advances and other receivables	181,943,050	-	-	181,943,050	-	-	-	-
Cash and bank balances	547,051,235	-	-	547,051,235	-	-	-	-
Total	795,423,164	-	-	795,423,164	-	-	-	-
----- Rupees -----								
As at 31 December 2021								
<i>Financial assets - not measured at fair value</i>								
Long term loans and advances	14,024,136	-	-	14,024,136	-	-	-	-
Long term deposits	57,677,251	-	-	57,677,251	-	-	-	-
Trade debts	88,592,108	-	-	88,592,108	-	-	-	-
Advances and other receivables	144,599,235	-	-	144,599,235	-	-	-	-
Cash and bank balances	1,083,835,283	-	-	1,083,835,283	-	-	-	-
Total	1,388,728,013	-	-	1,388,728,013	-	-	-	-

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

As at 30 June 2022

	30 June 2022 (Un-audited)	31 December 2021 (Audited)
	Rupees	Rupees
<i>Financial liabilities at amortised cost</i>		
Redeemable capital	12,165,534,546	12,165,534,546
Long term finances	7,103,591,664	7,103,591,664
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	1,073,767,702	1,157,874,632
Short term borrowings	3,649,063,149	3,518,449,435
Trade and other creditors	3,317,716,653	2,832,973,429
Accrued liabilities	146,472,181	197,191,347
Security deposits and retention money	18,350,463	17,287,331
Other payables	65,933,981	60,308,472
Mark-up accrued on borrowings	25,277,159,832	23,731,549,868
Preference dividend payable	1,818,283,957	1,731,370,386
Total	56,229,216,818	54,109,473,800

24 Financial Risk Management

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements for the financial year ended on 31 December 2021.

25 Date of authorization

This interim financial information was authorized for issue by the Board of Directors of the Company on 26th August 2022.

26 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.

27 General

27.1 Figures have been rounded off to the nearest rupee.

27.2 Corresponding figures have been re-arranged / reclassified in these interim financial information for the purpose of comparison. However, no significant reclassification has been made in these interim financial information.



Chief Executive



Chief Financial Officer



Director



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