



Interim Financial Report
for the nine months ended
30 September 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@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 Board of Directors of Agritech Limited, henceforth called the Company, along with the Management Team are pleased to present the Company's Quarterly Report accompanied by the Un-Audited Financial Statements for the Nine months ended September 30, 2020.

These financial statements have been endorsed by the Chief Executive 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.

Nine Months in Review

Financial Results of Agritech Limited

	Nine Months ended September 30, 2020	Nine Months ended September 30, 2019 (Restated)
Sales - Net	2,395,691,723	8,008,654,063
Operating Profit / (Loss)	(1,507,916,275)	512,254,129
Finance cost	(2,322,743,147)	(2,366,989,811)
Profit / (Loss) before Tax	(3,830,659,422)	(1,854,735,682)
Profit / (Loss) after Tax	(3,600,435,254)	(1,722,158,625)
Earnings / (Loss) per share	(9.17)	(4.39)

Overview of Fertilizer Industry:

During the period ending Sep 30, 2020 the Production of Urea decreased marginally by 1% to 4,524K Tonne vs 4,590 K Tonne in 2019. Gas curtailment to the plants on SNGPL Network mainly attributed to the lower production. Urea offtakes for the period under review were recorded at 4,213K Tonne decreasing by 4% vs 4,383Tonne in same period last year.

During the period under review the Company managed to produce 57 K Tonne of urea (273 K Tonne: 2019) against installed capacity of 324K Tonne for the period. The Company sold 46 K Tonne Urea (220 K Tonne: 2019).

Consumption of Phosphates, during the period under review saw a healthy increase of 19% to 749K Tonne of Nutrients vs 628K Tonne last year. Production of Phosphates registered a marginal increase of 1% (373K Tonne Nutrients in 2020 vs 368K Tonne Nutrients in 2019) with improved NP and SSP production in the country. The Company, being a major SSP player, produced 47 K Tonne SSP in during the period (30 K Tonne: 2019) and sold 42 K Tonne during the period (21 K Tonne: 2019). During the period, the plant faced labor unrest causing production decline and the matter was amicably sorted out by the management.

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 and upcoming Rabi season is critical for the GOP to harness maximum wheat output to avoid imports of the most important staple food. Fertilizer,

Directors' Review

especially Urea plays a critical role in the production and yield of the crops. Installed Capacity of Agritech and other fertilizer plant on SNGPL will be vital to meet the likely shortages, besides saving precious Foreign Exchange and subsidy on expensive urea imports.

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.

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 مینجمنٹ ٹیم، 30 ستمبر 2020ء کو ختم ہونے والی ششماہی کے لئے غیر نظر ثانی شدہ مالیاتی گوشواروں کے ہمراہ کمپنی کی سہ ماہی 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 میاٹوالی پنجاب میں واقع ہے۔ کمپنی ہری پور ہزارہ صوبہ، خنجر پختونخواہ (کے پی) میں جی ایس ایس پی (دانے دار سنگل سپر فاسفیٹ) کی پیداوار کی سہولت بھی چلا رہی ہے۔ کمپنی کھاد کی صنعت میں قابل اعتماد برانڈ "تارا" کے تحت ان پلاسٹس سے کھاد مارکیٹ کرتی ہے۔

نو ماہی کا جائزہ

ایگری ٹیک لیٹیڈ کے مالیاتی نتائج:

30 ستمبر 2019ء مختصر نو ماہی	30 ستمبر 2020ء مختصر نو ماہی	
8,008,654,063	2,395,691,723	خالص فروخت
512,254,129	(1,507,916,275)	آپریٹنگ منافع (نقصان)
(2,366,989,811)	(2,322,743,147)	مالیاتی لاگت
(1,854,735,682)	(3,830,659,422)	قبل از ٹیکس منافع (نقصان)
(1,722,158,625)	(3,600,435,254)	بعد از ٹیکس منافع (نقصان)
(4.39)	(9.17)	نیٹ منافع آمدنی (نقصان)

کھاد کی صنعت کا مجموعی جائزہ:

30 ستمبر 2020ء کو ختم ہونے والی مدت کے دوران یورپا کی پیداوار سال 2019ء میں 4,590 ہزار ٹن کے برعکس 4,524 ہزار ٹن تک 1% معمولی کم ہوئی۔ SNGPL نیٹ ورک پر پلانٹ لوڈنگ کی قلت کی وجہ سے کم پیداوار ہوئی۔ زیر جائزہ مدت کے لئے یورپا کی فروخت گزشتہ سال کی اسی مدت میں 4,383 ہزار ٹن کے برعکس 4,213 ہزار ٹن تک 4% کم ہوئی۔

زیر جائزہ مدت کے دوران کمپنی نے اس مدت کی 324 ہزار ٹن کی نصب صلاحیت کے مقابل 57 ہزار ٹن یورپا (2019: 273 K tons) بنایا۔ کمپنی نے 46 ہزار ٹن یورپا (220K tons: 2019) فروخت کیا۔

زیر جائزہ مدت کے دوران، فاسفیٹس کا استعمال گزشتہ سال 628 ہزار ٹن کے مقابلے نیوٹرینٹس کے 749 ہزار ٹن تک 19% زیادہ ہوا۔ فاسفیٹ مصنوعات کی پیداوار ملک میں بہتر NP اور SSP پیداوار کے ساتھ (2019 میں 368 ہزار ٹن نیوٹرینٹس کے برعکس 2020 میں 373 ہزار ٹن نیوٹرینٹس) 1 فیصد زیادہ ہوئی۔ کمپنی نے، ایس ایس پی کے اہم مینیوفیکچر ہونے کے ناطے، زیر جائزہ مدت کے دوران میں 47 ہزار ٹن ایس ایس پی (30 ہزار ٹن: 2019) پیدا کی اور زیر جائزہ مدت کے دوران 42 ہزار ٹن (21 ہزار ٹن: 2019) فروخت کی ہے۔ زیر جائزہ مدت کے دوران، پلانٹ کو لیبر کی بدنامی کا سامنا رہا جس کی وجہ سے پیداوار میں کمی ہوئی اور انتظامیہ کی طرف سے معاملہ کو خوش اسلوبی سے حل کیا گیا۔

ڈائریکٹرز رپورٹ

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 بڑھتی ہے۔ پاکستان ایک زرعی معیشت ہے جو جی ڈی پی میں 20 فیصد حصہ شامل، لیبر فورس میں 42 فیصد کولابا زراعت اور ملک کی 66 فیصد آبادی کو ضروریات زندگی فراہم کرتی ہے۔ نوڈ سکیورٹی 200 ملین سے زیادہ آبادی کو خوراک کھلانے کا سب سے اہم پہلو ہے اور بہت ہی اہم غذائی جنس کی درآمد سے بچنے کے لئے زیادہ سے زیادہ گندم کی پیداوار کے حصول کے لئے آئندہ زرعی سیزن حکومت پاکستان کے لئے بہت ہی اہم ہے۔ کھاد خاص طور پر یوریا فصلوں کی کاشت اور پیداوار میں اہم کردار ادا کرتی ہے۔ SNGPL پر دیگر فریڈائزر پلانٹ اور انگری ٹیک کی دستیاب صلاحیت کی پیداوار ترقی زرمبادلہ بچانے اور یوریا کی درآمد کو کم کرنے کے علاوہ، ممکنہ قلت کو پورا کرے گی۔

سرماہی کی تنظیم نو:

گزشتہ کئی سالوں کے دوران کمپنی کے یوریا پلانٹ گیس کی تخفیف نہ صرف قرض کی واپسی میں تاخیر کی اہم وجہ ہے بلکہ قرض اور سود میں اضافے کا سبب بھی ہے۔ اس کے علاوہ، چند بینکوں اور مالی اداروں نے کمپنی کے خلاف مارک اپ اور دیگر متعلقہ چارجز کے ساتھ ساتھ توسیعی قرضوں کی وصولی کے لئے مقدمات دائر کئے ہیں۔ اس قرض کی تنظیم نو کے لئے قرض دہندہ کے تعاون سے ایک منصوبہ مرتب کیا گیا ہے۔ جس کا بنیادی مقصد موجودہ طویل مدتی قرض اور اس پر سود کو ترجیحی حصص میں تبدیل کرنا ہے۔ اس منصوبے کا ایک اور مقصد کمپنی کے پاس موجود اضافی اراضی کا فروخت ہے ضروری منظوریوں 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 پلانٹس کے گرد اراضی کی قیمت میں اضافے کا امکان ہے۔ خاص طور پر سی پیک منصوبے کے سیکشن ہا کلا۔ واؤ ڈخیل۔ ڈی آئی خان میں کمپنی کی شرکت، بذریعہ اراضی کی فراہمی، بہت اہم ہے، سی پیک کی تکمیل کے بعد کمپنی کی اضافی اراضی مستقبل میں متعلقہ ٹریڈز کے لئے تجارتی اور صنعتی سرگرمیوں میں اہم کردار ادا کرے گی۔ قانونی آراء کی بنیاد پر، کمپنی 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 پھیلے ہی تسلیم کر لیا گیا ہے۔

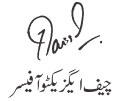
سرماہی کی تنظیم نو کے اس پلانٹ گینز آرڈیننس 1984 کے دفعہ 288-284 کے تحت جون 2016 میں لاہور ہائی کورٹ میں ایک پیشین کے ذریعے دائر کیا گیا۔ لاہور ہائی کورٹ میں سماعت جاری ہے اور کمپنی عدالت کے ذریعے فیصلہ اپنے حق میں حاصل کرنے کے لئے پرامید ہے، جس سے کمپنی کی مالی پوزیشن میں بہتری آئے گی۔

اظہار تشکر

یورڈ 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 اہم مفید تعلق داری کا شکریہ ادا کرتا ہے۔ یورڈ کمپنی کے ملازمین کی خدمات کو بھی سراہتا ہے۔ مشکل کاروبار میں ماحول میں کاروبار کی پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی ہے۔

مجاہد بورڈ


ڈائریکٹر


چیف ایگزیکٹو آفیسر

Condensed Interim Statement of Financial Position

As at 30 September 2020

		(Un-audited) 30 September 2020	(Audited) 31 December 2019
	Note	Rupees	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		(21,128,677,739)	(17,943,049,039)
Surplus on revaluation of property, plant and equipment - net of tax		24,331,034,860	24,745,841,418
		7,135,657,121	10,736,092,379
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		1,870,125,462	2,241,502,508
<i>Deferred Liabilities</i>			
- deferred taxation-net		8,920,926,157	9,177,221,791
		12,384,394,309	13,012,066,989
Current liabilities			
Current maturity of non-current liabilities		19,278,671,712	19,304,061,924
Short term borrowings -secured	8	3,907,385,169	3,626,035,839
Trade and other payables		2,498,440,872	1,816,409,523
Interest/mark-up accrued on borrowings		21,250,297,095	19,260,897,263
Preference dividend payable		1,511,925,623	1,380,354,802
		48,446,720,471	45,387,759,351
Contingencies and commitments	9	67,966,771,901	69,135,918,719
ASSETS			
Non-current assets			
Property, plant and equipment	10	58,860,549,962	60,043,380,678
Intangible asset		2,567,310,828	2,567,310,828
Long term loans and advances - considered good		11,385,206	14,289,695
Long term deposits - unsecured, considered good		60,501,418	44,986,935
		61,499,747,414	62,669,968,134
Current assets			
Stores, spares and loose tools		2,099,282,327	2,098,888,058
Stock-in-trade		1,219,944,689	787,565,071
Trade debts		10,348,745	-
Advances, deposits, prepayments and other receivables		2,322,934,122	2,872,621,399
Tax refunds due from Government - net		172,232,600	144,377,100
Cash and bank balances	11	642,282,004	562,498,957
		6,467,024,487	6,465,950,585
		67,966,771,901	69,135,918,719

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

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

For the nine months ended 30 September 2020

	For the nine month ended		For the quarter ended	
	30 September 2020	30 September 2019	July to September 2020	July to September 2019
	Rupees	Rupees Restated	Rupees	Rupees Restated
Sales - net	2,395,691,723	8,008,654,063	1,327,887,231	3,209,625,273
Cost of sales	(3,590,922,007)	(6,984,380,952)	(1,504,929,496)	(2,844,690,022)
Gross Profit/(loss)	(1,195,230,284)	1,024,273,111	(177,042,265)	364,935,251
Selling and distribution expenses	(93,813,740)	(347,449,500)	(55,898,773)	(139,435,589)
Administrative and general expenses	(241,868,205)	(180,443,606)	(96,065,502)	(68,774,986)
Other income	22,995,954	15,874,124	7,531,636	2,332,466
Operating Profit/(loss)	(1,507,916,275)	512,254,129	(321,474,904)	159,057,142
Finance cost	(2,322,743,147)	(2,366,989,811)	(466,645,666)	(899,906,983)
Loss before taxation	(3,830,659,422)	(1,854,735,682)	(788,120,570)	(740,849,841)
Taxation	230,224,168	132,577,057	70,374,444	50,888,953
Loss after taxation	(3,600,435,254)	(1,722,158,625)	(717,746,126)	(689,960,888)
Loss per share - basic and diluted	(9.17)	(4.39)	(1.83)	(1.76)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months ended 30 September 2020

	For the nine month ended		Three months period ended	
	30 September 2020 Rupees	30 September 2019 Rupees	July to September 2020 Rupees	July to September 2019 Rupees
Loss after taxation for the period	(3,600,435,254)	(1,722,158,625)	(717,746,126)	(689,960,888)
Other comprehensive income:				
Item that will not be reclassified to profit and loss account	-	-	-	-
Item that will be reclassified to profit and loss account	-	-	-	-
	-	-	-	-
Total comprehensive loss for the period	<u>(3,600,435,254)</u>	<u>(1,722,158,625)</u>	<u>(717,746,126)</u>	<u>(689,960,888)</u>

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended 30 September 2020

		30 September 2020	30 September 2019
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Cash used in operations	13	(45,217,195)	(702,297,021)
Staff retirement benefits paid		(10,505,946)	81,631,486
Interest income received		21,255,895	11,769,998
Long term loans and advances received		2,904,489	2,191,120
Long term deposits - net		(15,514,484)	381,100
Income tax paid		(53,926,966)	(52,356,455)
Net cash used in operating activities		(101,004,206)	(658,679,773)
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(45,755,460)	(9,406,312)
Proceeds from disposal of property, plant and equipment		-	(977,799)
Net cash generated from / (used in) investing activities		(45,755,460)	(10,384,111)
<u>Cash flows from financing activities</u>			
Increase / (decrease) in long term finances		(25,390,211)	(2,145,296)
Redemption of redeemable capital		-	-
Net increase in short term borrowings		299,985,477	479,997,850
Finance cost paid		(29,416,407)	(143,041,531)
Net cash generated from financing activities		245,178,859	334,811,023
Net increase/(decrease) in cash and cash equivalents		98,419,193	(334,252,861)
Cash and cash equivalents at the beginning of period		(2,134,556,291)	(2,369,813,982)
Cash and cash equivalents at the end of period	15	(2,036,137,098)	(2,704,066,843)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director

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

For the nine months ended 30 September 2020

	Share Capital	Capital Reserve	Reserves	Total equity
	Ordinary Shares Rupees	Surplus on revaluation property, plant and equipment - net of tax Rupees	Revenue reserve Rupees	Accumulated Losses Rupees
As at 01 January 2019	3,924,300,000	8,694,728,272	9,000,000	(4,888,541,819)
Total comprehensive loss for the Nine month ended 30 September-2019				(1,722,158,625)
Surplus transferred to accumulated losses on account of:				
- incremental depreciation on property, plant and equipment - net of deferred tax		(173,868,027)		173,868,027
As at September 30, 2019	3,924,300,000	8,520,860,245	9,000,000	(6,610,700,444)
As at 01 January 2020	3,924,300,000	24,745,841,418	9,000,000	10,736,092,379
Total comprehensive loss for the Nine month ended 30 September-2020				(3,600,435,257)
Surplus transferred to accumulated losses on account of:				
- incremental depreciation on property, plant and equipment - net of deferred tax		(414,806,557)		414,806,557
As at September 30, 2020	3,924,300,000	24,331,034,861	9,000,000	7,135,657,122

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.



Chief Executive



Chief Financial Officer



Director



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

For the nine months ended 30 September 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 balance sheet of Agritech Limited ("the Company"), as at 30 September 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement 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.

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 2019, 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 nine months period ended 30 September 2020.

These 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 nine months ended 30 September 2020

	Note	30 September 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	4.1	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 as other than Cash		90,000,000	90,000,000
		<u>3,924,300,000</u>	<u>3,924,300,000</u>

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

	30 September 2020	31 December 2019	30 September 2020	31 December 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 September 2020	31 December 2019
	Un-audited	Audited
	Rupees	Rupees
5 Redeemable Capital - Secured		
<u>Under interest/markup arrangement</u>		
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
	<u>12,165,534,546</u>	<u>12,165,534,546</u>
Transaction costs	-	-
	<u>12,165,534,546</u>	<u>12,165,534,546</u>
Current maturity presented under current liabilities	<u>(12,165,534,546)</u>	<u>(12,165,534,546)</u>

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

For the nine months ended 30 September 2020

	30 September 2020 Un-audited	31 December 2019 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
	<u>12,165,534,546</u>	<u>12,165,534,546</u>
5.2 For overdue principal and markup, refer to note 16 to the financial statements.		
	30 September 2020 Un-audited	31 December 2019 Audited
	Rupees	Rupees
6 Long term finances		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	471,537,000	472,037,000
Syndicate Term Finance - III	2,840,145,329	2,862,845,329
Bank Islami Pakistan - 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
AlBaraka Bank (Pakistan) Limited - <i>Diminishing Musharika</i>	4,371,102	6,561,313
	<u>7,113,137,166</u>	<u>7,138,527,377</u>
Transaction Cost	-	-
	<u>7,113,137,166</u>	<u>7,138,527,377</u>
Current maturity presented under current liabilities	<u>(7,113,137,166)</u>	<u>(7,138,527,377)</u>
	-	-
6.1 Types of long term finances - secured		
Interest / mark-up based financing	6,743,766,064	6,766,966,064
Islamic mode of financing	369,371,102	371,561,313
	<u>7,113,137,166</u>	<u>7,138,527,377</u>
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	7.1 1,593,342,690	1,593,342,690
	<u>1,593,342,690</u>	<u>1,593,342,690</u>

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

For the nine months ended 30 September 2020

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

7.2 Preference shares of the company held by related / associated undertakings as at year end are as follows:

	30 September 2020	31 December 2019
	(Number of shares)	
Faysal Bank Limited	31,035,594	31,035,594
National Bank of Pakistan	3,458,756	3,458,756
	<u>34,494,350</u>	<u>34,494,350</u>
	30 September 2020 Un-audited	31 December 2019 Audited
	Rupees	Rupees

8 Short term borrowings - secured

Interest / mark-up based loans - secured	3,206,817,922	2,925,468,592
Islamic mode of financing - secured	700,567,247	700,567,247
	<u>3,907,385,169</u>	<u>3,626,035,839</u>

8.1 All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2019.

9 Contingencies and commitments

9.1 Contingencies

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

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

For the nine months ended 30 September 2020

		30 September 2020 Un-audited	31 December 2019 Audited
		Rupees	Rupees
9.2 Commitments			
9.2.1	Commitments under irrevocable letters of credit for:		
	- purchase of plant and machinery	45,062,619	12,100,273
	- purchase of raw material	-	-
		<u>45,062,619</u>	<u>12,100,273</u>
9.2.2	The amount of future ijarah rentals and the period in which these payments will become due are as follows:		
		30 September 2020 Un-audited	31 December 2019 Audited
	Note	Rupees	Rupees
	Not Later than one year	-	6,561,313
	Later than one year but not later than five year	-	-
		<u>-</u>	<u>6,561,313</u>
10 Property, plant and equipment			
	Operating fixed assets	58,796,729,265	59,996,710,028
	Capital work in progress	63,820,692	46,670,649
		<u>58,860,549,957</u>	<u>60,043,380,677</u>
10.1 Operating fixed assets			
	Net book value at end of the period	59,996,710,033	38,555,913,140
	Add: Additions/Revaluation during the period	28,836,331	37,440,539,156
	Less: Disposals during the period - net book value	-	1,175,199
	Depreciation for the period	1,228,817,099	15,998,567,064
		1,228,817,099	15,999,742,263
	Net book value at end of the period	<u>58,796,729,265</u>	<u>59,996,710,033</u>

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

For the nine months ended 30 September 2020

Note	30 September 2020 Un-audited	31 December 2019 Audited
	Rupees	Rupees
10.1.1 Additions/Revaluation - cost		
Owned assets		
Freehold Land	-	1,123,829,068
Buildings on freehold land	-	(35,610,371)
Plant and machinery	6,494,921	36,343,807,874
Furniture, fixtures and office equipment	5,986,540	3,509,948
Vehicles and rail transport	10,040,000	944,000
Electrical and other installations	-	-
	28,836,331	37,440,539,156

11 Cash and bank balances

Cash in hand	688,993	497,389
Cash at banks		
- current accounts	302,528,434	479,998,825
- savings accounts	339,064,576	82,002,743
	641,593,010	562,001,568
	642,282,003	562,498,957

11.1 Rate of return on saving accounts ranges from 6.00% to 11.50% per annum (31 December 2019: 3.08% to 8.05% per annum).

12 Transactions and balances with related parties

Related parties from the Company's perspective comprise associated undertakings, key management personnel (comprising the Chief Executive and Directors), post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

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

	(Un-audited) January to 30 September 2020 Rupees	(Un-audited) January to 30 September 2019 Rupees
12.1 Transactions with related parties		
12.1.1 Associated Undertakings		
12.1.1.1 Shareholding and common directorship		
National Bank of Pakistan		
Markup expense	282,828,882	296,064,950
Preference dividend	2,856,080	2,845,656
Markup paid	-	-

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

For the nine months ended 30 September 2020

	(Un-audited) January to 30 September 2020 Rupees	(Un-audited) January to 30 September 2019 Rupees
Fee paid	-	-
Bank Balances - net	(286,113)	964,299
Short term borrowings - net	-	-
12.1.2 Other related parties		
Faysal Bank Limited		
Mark up Expense	164,781,722	183,611,578
Preference dividend	25,627,748	25,534,216
Loan paid	(500,000)	-
Trustee Fee paid	-	-
Bank Balances - net	43,802,622	3,389
Short term borrowings - net	-	-
Standard Chartered Bank (Pakistan) Limited		
Mark-up expense	122,244,643	150,456,699
Markup paid	-	-
Loan paid	(22,700,000)	-
Short term borrowings	-	299,997,050
Bills payable	-	-
Bank balances - net	(5,976,578)	77,461,654
Silk Bank limited		
Mark-up expense	59,773,174	74,553,739
Markup paid	11,458,467	46,018,475
Short term borrowings - net	-	-
Bank balances - net	-	-
Bills payable	-	-
Summit Bank Limited		
Mark-up expense	99,299,967	119,990,813
Markup paid	24,857,328	62,353,500
Short term borrowings - net	-	173,014,293
Bills payable	-	-
Bank Balances - net	172,060,543	99,645,156
12.1.3 Post employment benefit plans		
Contribution to employees provident fund	15,339,117	14,565,968
Contribution to employees gratuity fund	10,505,947	106,619,273
12.1.4 Key management personnel		
Short term employee benefits	15,768,738	14,050,000
Post employment benefits	924,630	787,185

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

For the nine months ended 30 September 2020

	30 September 2020	31 December 2019
	Un-audited	Audited
	Rupees	Rupees
12.2 Balances with related parties		
12.2.1 Associated Undertakings		
12.2.1.1 Shareholding and common directorship		
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	3,400,572,866	3,117,743,983
Preference dividend payable	185,227,790	182,371,711
Bank account Balances	6,932,129	7,218,242
Advisory fee	738,600,000	738,600,000
Advance for transaction Cost	23,200,000	23,200,000
12.2.2 Other related parties		
Faysal Bank		
Redeemable capital	1,499,109,500	1,499,109,500
Long term Finance	349,500,000	350,000,000
Convertible, redeemable Preference shares	310,355,940	310,355,940
Mark up payable	1,896,478,002	1,731,696,280
Preference dividend payable	294,532,038	268,904,290
Bank account Balances	43,970,140	167,517
Trustee fee	-	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
Short term borrowings	-	-
Mark-up payable	1,558,776,519	1,436,531,876
Bank account Balances	-	5,976,578
Silk Bank		
Long term finances	130,607,546	130,607,546
Short term borrowings	551,442,066	551,442,066
Bills payable	-	-
Mark up payable	270,617,280	222,302,573
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	646,671,002	646,671,002
Bills payable	-	-
Mark up payable	519,595,827	445,153,188
Bank account Balances	252,738,871	80,678,328

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

For the nine months ended 30 September 2020

	30 September 2020 Un-audited Rupees	31 December 2019 Audited Rupees
12.2.3 Post employment benefit plans		
(Receivable) / payable to Provident Fund Trust	4,722	-
Payable to gratuity Trust	27,865,656	17,569,221
13 Cash flow from operating activities		
Profit & (Loss) before tax	(3,830,659,422)	(1,854,735,682)
Adjustment for non-cash items:		
Interest / markup expense	2,150,387,060	2,366,989,811
Amortization of transaction costs	172,356,087	-
Depreciation on property, plant and equipment	1,228,586,174	786,307,359
Provision for staff retirement benefit	10,505,947	14,102,855
Mark-up / Interest Income	(21,255,895)	(11,769,998)
Loss on sale of property, plant and equipment	-	977,799
Operating profit before changes in working capital	(290,080,049)	1,301,872,144
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(394,270)	(48,305,399)
Stock in trade	(432,379,618)	(1,629,194,687)
Trade receivables	(10,348,745)	26,256,935
Advances, deposits, prepayments and other receivables	549,687,277	(826,585,343)
	106,564,644	(2,477,828,494)
Increase / (decrease) in current liabilities		
Trade and other payables	138,298,210	473,659,329
Cash used in operations	(45,217,195)	(702,297,021)

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

For the nine months ended 30 September 2020

14 Segment reporting

14.1 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:

14.2 Segment revenue and results

Following is the information about reportable segments of the Company:

	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'
External revenues	1,564	7,602	832	406	2,396	8,009
Inter-segment revenue						
Reportable segment Profit/(Loss)	(3,965)	(1,852)	134	(3)	(3,831)	(1,855)
Reportable segment Profit/(Loss) before tax						
	Urea fertilizers segment		Phosphate fertilizer segment		Total	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'	Rupees 'min'
As at						
Reportable segment assets	63,296	64,610	6,235	5,863	69,531	70,473
Reportable segment liabilities	61,047	58,639	1,348	1,098	62,395	59,737

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

For the nine months ended 30 September 2020

14.3 Reconciliation of reportable segment profitable segment profit and loss

	(Un-audited) 30 September 2020	(Un-audited) 30 September 2019
	Rupees	Rupees
For the nine months ended		
Total loss for reportable segments before taxation	(3,830,659,422)	(1,854,735,682)
Taxation	230,224,168	132,577,057
Loss after taxation	<u>(3,600,435,254)</u>	<u>(1,722,158,625)</u>

15 Cash and cash equivalents

Short term borrowings - running finance - secured	(2,678,419,102)	(2,963,935,307)
Cash and bank balances	642,282,004	259,868,464
	<u>(2,036,137,098)</u>	<u>(2,704,066,843)</u>

16 Overdue financial liabilities

Due to the facts disclosed in notes of the financial statements for the year ended on 31 December 2019 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 September 2020 are as follows:

Nature of Liability	Principal Rupees	Interest / mark up Rupees	Total Rupees
Redeemable capital	12,123,044,963	11,506,694,100	23,629,739,063
Long term finances	7,131,966,064	7,658,598,480	14,790,564,544
Short term borrowings	2,180,675,030	1,748,683,326	3,929,358,356
	<u>21,435,686,057</u>	<u>20,913,975,906</u>	<u>42,349,661,963</u>

17 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.

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

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

18 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.

19 Date of authorization

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

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

For the nine months ended 30 September 2020

20 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.

21 General

Figures have been rounded off to the nearest rupee.

Corresponding figures have been re-arranged / reclassified in these interim financial information for the purpose of comparison.



Chief Executive



Chief Financial Officer



Director



AGRITECH LIMITED

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