



Sustainable **Food Security**
with Agritech **Fertilizers**



Interim Financial Report
for the nine months ended
September 30, 2023
(Un-audited)

VISION
VISION
VISION

VISION

To become a major regional diversified fertilizer company



MISSION

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



MISSION

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Company Information

Board of Directors

Mr. Shahid Iqbal Choudhri
(Chairman)

Mr. Hassan Raza

Mr. Osman Malik

Mr. Asim Murtaza Khan
(Independent Director)

Mr. Asim Jilani

Mr. Ghazzanfar Ahsan

Ms. Sarwat Salahuddin Khan
(Independent Director)

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. Osman Malik

Mr. Ghazzanfar Ahsan

Chief Financial Officer

Mr. Moez ur Rehman

Company Secretary & Head of Legal

Ms. Asma Irfan

Legal Advisor

Mr. Wasif Majeed

Shares Registrar

Corplink (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
Soneri Bank Limited
Citi Bank N.A.
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@pafl.com.pk

Project Locations

Unit-I

Urea Plant
Iskanderabad, District Mianwali.
Ph: +92 (0) 459 392346-49

Unit-II

GSSP Plant
Hattar Road, Haripur.
Ph: +92 (0) 995 353544 -353641

Directors' Review Report

The Directors are pleased to present their report along with the unaudited condensed interim financial statements of Agritech Limited for the nine months ended September 30, 2023.

Overview of Fertilizer Industry

During the 1st nine months of 2023, Urea production declined by 1.5 % to 4,764 k tons (4,837 k tons: 2022), primarily due to gas curtailment to the plants on SNGPL Network. Gas supply to the fertilizer plants on SNGPL network was restored from the last week of March 2023 and the plants have continued to operate since then without any major gas curtailment. Urea offtakes increased by 3.7% for the period under review to 4,945 k tons (4,770 k tons: 2022) due to better farm economics of Kharif crops primarily Rice and Cotton. Strong demand coupled with lower production has resulted in lower closing inventory at the end of September to the historic low of 75 k tons (294 k tons last year).

Faced with a nearly 3 months gas curtailment in the first quarter of 2023, the Company managed to produce 195 k tons Urea (263 k tons: 2022) against installed capacity of 324 k tons for the period. The Company sold 193 k tons Urea during the period under review (258 k tons: 2022).

Offtakes of Phosphate during the period under review registered an increase of 44% to 646 k tons of P2O5 Nutrients vs 449 k tons last year. Strong offtakes are attributed to the recovery of farmer demand of the phosphates in 2023 versus demand destruction last year. DAP prices in the international market saw constant decline during 2023 and reach US\$ 445 per ton CFR KHI by end July from US\$ 715 per ton CFR at the start of the year and the reduction in local DAP prices translated into better offtakes. The Company being a major SSP player, produced 53 k tons (2022: 43 k tons) SSP during the period under review and sold 48 k tons (2022: 33 k tons) during the period.

Financial Highlights

Rs. in Million

	Nine Months ended September 30, 2023	Nine Months ended September 30, 2022
Sales - net	13,909	12,011
Gross profit	2,385	1,333
Operating profit	1,509	566
Finance cost	(4,538)	(3,187)
Loss before tax	(3,029)	(2,621)
Loss after tax	(2,760)	(2,423)
Loss per share (Rs.)	(7.03)	(6.17)

Capital Restructuring & Litigations with Banks

The non-servicing of the debt and the accumulated mark-ups are caused due to the Gas curtailment to the company's Urea plant in the past which also forced few banks and financial institutions to file cases for the recovery of their loans and markups. The Company, in order to streamline its debt burden, filed a comprehensive Rehabilitation Plan in the form of a Scheme of Arrangement in the honorable Lahore High Court (LHC) which was sanctioned last year and is now being implemented by the Company. The Company is confident that recovery cases of banks can be successfully defended in the relevant courts since the company as part of the implementation of the Scheme has disbursed Cash Flow available for Debt Servicing ('CFADs') of Rs. 1,541 million to the lenders.

The Company looks forward to the complete disbursement of CFADs of Rs. 1,650 million as per the sanctioned scheme based on the gas supply situation by GOP. Subsequent to the completion of CFADs to the lenders, the Company shall issue the required instruments to the lenders as per their respective options which will then lead the Company to incorporate the necessary adjustments in its books of accounts.

Directors' Review Report

Other Highlights

Our contribution of about Rs. 683 million in terms of taxes, duties and levies during the first nine months of 2023 shows our important role in the national economy. As a responsible corporate entity, we are proud of our role in promoting economic stability and growth, and we remain committed to contributing to our country's prosperity.

Future Outlook

Strong Urea offtakes are expected during the upcoming Rabi 2023/24 for the Wheat crops, which is the major food commodity for the growing population of the country. With buffer Urea stock in the country at the start of the major wheat season being at historic low, there is strong likelihood that the gas supply to the SNGPL based plants including the Company's Urea plant shall be extended to address the likely urea shortages during the Rabi 2023/24 season.

Demand recovery of phosphate is likely to continue due to the better farm economics of major Kharif crops and likely for the upcoming Wheat crop despite the fact that the DAP prices in the international market has again moving upwards and the local phosphate prices of all variants DAP, NP, SSP are also increasing in tandem with the international market.

Acknowledgement

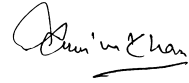
On behalf of the Board of Directors, we sincerely thank our valued customers and financial institutions for their continued faith and support. Your partnership has been essential to our growth and success over the years.

We also thank our employees for their hard work and dedication. Your commitment to excellence has helped us remain sustainable in a challenging business environment.

On behalf of the Board



Muhammad Faisal Muzammil
Chief Executive Officer



Mr. Asim Murtaza Khan
Director

Lahore

Date : October 20, 2023

ڈائریکٹرز کی جائزہ رپورٹ

انگریجیک لیٹمز "کپنی" کے بورڈ آف ڈائریکٹرز، 30 ستمبر 2023 کو ختم ہونے والی نو ماہی کے لیے غیر جانبدار مجموعی مالیاتی گوشواروں کے ہمراہ کپنی کی سہ ماہی رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

کھاد کی صنعت کا جائزہ:

2023 کے پہلے نو مہینوں کے دوران، یوریا کی پیداوار 1.5 فیصد کم ہو کر 4,764 ہزار ٹن (2022: 4,837 ہزار ٹن) ہو گئی، جس کی بنیادی وجہ SNGPL نیٹ ورک پر پلائس لوگس کی کمی ہے۔ SNGPL نیٹ ورک پر فریلائیڈ پلائس لوگس کی فراہمی مارچ 2023 کے آخری ہفتے سے بحال کی گئی تھی اور پلائس اس وقت سے گیس کی بغیر کسی بڑی کمی کے کام جاری رکھے ہوئے ہیں۔ خرید کی فصلوں میں بنیادی طور پر چاول اور کپاس کی بہتر زرعی اقتصادیات کی وجہ سے زبرد جائزہ مدت کے دوران یوریا کی خریداری 3.7 فیصد بڑھ کر 4,945 ہزار ٹن (2022: 4,770 ہزار ٹن) ہو گئی۔ کم پیداوار کے ساتھ مضبوطی طلب کے نتیجے میں تمبر کے آخر میں انوینٹری کم ہو کر 75 ہزار ٹن (گزشتہ سال 294 ہزار ٹن) کی تاریخی کم ترین سطح پر پہنچ گئی۔

2023 کی پہلی سہ ماہی میں تقریباً 3 ماہ کی گیس کی کمی کا سامنا کرتے ہوئے، کپنی اس مدت کے لیے 324 ہزار ٹن کی نصب صلاحیت کے مقابل 195 ہزار ٹن یوریا (2022: 263 ہزار ٹن) بنانے میں کامیاب رہی۔ کپنی نے زبرد جائزہ مدت کے دوران 193 ہزار ٹن یوریا (2022: 258 ہزار ٹن) فروخت کیا۔

زبرد جائزہ مدت کے دوران فاسفیٹ کی خریداری گزشتہ سال کی 449 ہزار ٹن کے برعکس P2O5 نیوٹریٹنس کے 44 فیصد اضافہ سے 646 ہزار ٹن ہوئی ہے۔ خریداری میں اضافہ گزشتہ سال طلب میں کمی کے برعکس 2023 میں فاسفیٹ کی کسانوں کی طلب کی بحالی کے باعث ہوا ہے۔ بین الاقوامی منڈی میں DAP کی قیمتوں میں 2023 کے دوران مسلسل کمی دیکھی گئی اور جولائی کے آخر تک 1445 امریکی ڈالرنی ٹن KHICFR تک پہنچ گئی جو سال کے آغاز میں 715 امریکی ڈالرنی ٹن CFR تھی اور مقامی DAP قیمتوں میں کمی کے نتیجے خریداری بہتر ہوئی۔ اہم SSP پلیٹیر ہونے کے ناطے، کپنی نے اس مدت میں 53 ہزار ٹن SSP (2022: 43 ہزار ٹن) پیداوار اور اس مدت کے دوران 48 ہزار ٹن (2022: 33 ہزار ٹن) فروخت کی گئی۔

روپے پلین میں

مالیاتی جھلکیاں

30 ستمبر 2022 چھٹتہ نو ماہی	30 ستمبر 2023 چھٹتہ نو ماہی	
12,011	13,909	حیثیت ملز
1,333	2,385	مجموعی منافع
566	1,509	آپریٹنگ منافع
(3,187)	(4,538)	مالیاتی لاگت
(2,621)	(3,029)	قبل از گیس نقصان
(2,423)	(2,760)	بعد از گیس نقصان

(6.17)	(7.03)	فی شیئر نقصان (روپے)
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سرماہی کی تنظیم اور بینکوں کے ساتھ مقدمات

گزشتہ چند سالوں کے دوران کپنی کے یوریا پلانٹ میں گیس کی قلت کی وجہ سے قرضہ کی عدم ادائیگی اور مجموعی مارک اپ میں اضافہ ہوا ہے، جس نے چند بینکوں اور مالیاتی اداروں کو اپنے قرضوں اور مارک اپ کی وصولی کے لیے مقدمات دائر کرنے پر مجبور کیا۔ کپنی نے اپنے قرضوں کے بوجھ کو کم کرنے کے لیے ایک جامع بحالی کا منصوبہ معزز لاہور ہائی کورٹ (LHC) میں اسکیم آف آرٹمنٹ کی شکل میں دائر کیا جسے گزشتہ سال منظور کر لیا گیا تھا اور اب کپنی اس پر عمل درآمد کر رہی ہے۔ کپنی کو یقین ہے کہ متعلقہ عدالتوں میں بینکوں کے ریکوری کیسز کا کامیابی کے ساتھ دفاع کیا جا سکتا ہے چونکہ کپنی نے اسکیم کے نفاذ کے حصے کے طور پر قرض کی سر و سگ (CFADs) کے لیے قرض دہندگان کو 1,541 ملین روپے کے نقد بہاؤ کی فراہمی کی ہے۔

کپنی GOP کی طرف سے گیس کی فراہمی کی صورت حال پر اپنی منظور شدہ اسکیم کے مطابق 1,650 ملین روپے کے CFADs کی مکمل ڈیمارٹ کی منتظر ہے۔ قرض دہندگان کو CFADs کی تکمیل کے بعد کپنی قرض دہندگان کو ان کے متعلقہ آپشنز کے مطابق مطلوبہ حصص وغیرہ جاری کرے گی جس کے بعد کپنی اپنے کھاتوں میں ضروری اینڈ جمنٹ کو شامل کرے گی۔

ڈائریکٹرز کی جائزہ رپورٹ

دیگر جملکیاں

2023 کے پچھلے نو مہینوں کے دوران ایکسچینج، ڈیویڈنڈ اور لیویز کی مدد میں تقریباً 683 ملین روپے قومی معیشت میں ہماری شراکت ہمارے کلیدی کردار کو ظاہر کرتی ہے۔ ایک ذمہ دار کارپوریٹ ادارہ کے طور پر، ہمیں اقتصادی استحکام اور ترقی کو فروغ دینے میں اپنے کردار پر فخر ہے، اور ہم اپنے ملک کی خوشحالی میں اپنا حصہ ڈالنے کے لیے پرعزم ہیں۔

مستقبل کا نقطہ نظر

آئندہ ریف 2023/24 کے دوران گندم، جو کہ ملک کی بڑھتی ہوئی آبادی کے لیے اہم غذائی اجناس ہے، کی فصلوں کے لیے یورپا کی مضبوط خریداری متوقع ہے۔ گندم کے اہم بیڑن کے آغاز میں ملک میں یورپا کا ذخیرہ تاریخی کم ہونے کے باعث اس بات کا قوی امکان ہے کہ ریف 2023/24 کے دوران یورپا کی مکانات کو پورا کرنے کے لیے SINGPL پڑنی پائش بشمول کھیتی کے یورپا پلانٹ کو گیس کی فراہمی میں توسیع کی جائے گی۔

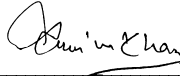
خریفہ کی بڑی فصلوں کی بہتر زرعی اقتصادیات اور آئندہ گندم کی فصل کے لیے مکانات پر فاسفیٹ کی طلب کی بحالی جاری رہنے کا امکان ہے اس حقیقت کے باوجود کہ بین الاقوامی مارکیٹ میں ڈی اے پی کی قیمتوں میں دوبارہ اضافہ ہو رہا ہے اور تمام قسموں کی ڈی اے پی، این پی، ایس ایس پی کی مقامی فاسفیٹ کی قیمتیں بھی بین الاقوامی مارکیٹ کے ساتھ ساتھ بڑھ رہی ہیں۔

اعتراف

یورڈ آف ڈائریکٹرز کی جانب سے، ہم اپنے قابل قدر صارفین اور مالیاتی اداروں کا ان کے مسلسل اعتماد اور تعاون کے لیے تہنودل سے شکر گزار ہیں۔ آپ کی شراکت داری کئی سالوں سے ہماری ترقی اور کامیابی کے لیے ضروری رہی ہے۔

ہم اپنے ملازمین کی محنت اور لگن کا بھی شکریہ ادا کرتے ہیں۔ مشکل کاروباری ماحول میں کاروباری پائیداری ان کی محنت اور عزم کی وجہ سے ممکن ہوئی۔

منجانب یورڈ



عاصم رضی خان
ڈائریکٹر



محمد فیصل مزیل
سی ای او

لاہور

بتاریخ: 20 اکتوبر، 2023ء

Condensed Interim Statement of Financial Position (Un-Audited)


As at 30 September 2023

		(Un-audited) 30 September 2023	(Audited) 31 December 2022
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
Authorized Share Capital		35,000,000,000	35,000,000,000
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		(27,853,412,282)	(25,850,797,277)
Surplus on revaluation of property, plant and equipment - net of tax		33,143,851,085	33,901,677,144
		9,223,738,803	11,984,179,867
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	225,844,368	551,438,375
Deferred Liabilities		10,434,116,092	10,875,636,015
		12,253,303,150	13,020,417,080
Current liabilities			
Current maturity of long term liabilities	5 & 6	19,239,126,210	19,269,126,210
Preference dividend payable		2,037,721,719	1,906,638,085
Short term borrowings -secured	9	3,581,994,123	3,581,994,123
Trade and other payables	10	6,799,497,724	4,620,048,580
Interest/mark-up accrued on borrowings		30,837,347,788	27,088,095,036
		62,495,687,564	56,465,902,034
Contingencies and commitments	11	83,972,729,517	81,470,498,981
ASSETS			
Non-current assets			
Property, plant and equipment	12	68,677,300,172	69,925,058,640
Intangible asset		2,567,814,548	2,568,030,431
Long term loans and advances - considered good		22,421,663	17,123,956
Long term deposits - unsecured, considered good		55,025,937	54,721,537
		71,322,562,320	72,564,934,564
Current assets			
Stores, spares and loose tools		2,328,916,362	2,246,110,220
Advance against restructuring scheme		1,540,704,792	891,198,023
Stock-in-trade	13	1,358,759,444	1,063,281,066
Trade debts		11,196,588	513,312
Advances, deposits, prepayments and other receivables	14	4,617,638,583	4,080,352,277
Tax refunds due from Government - net		60,500,636	95,056,593
Short term investments (Investment in T-Bills)		2,332,651,807	-
Cash and bank balances		399,798,985	529,052,926
		12,650,167,197	8,905,564,417
		83,972,729,517	81,470,498,981

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the nine months period ended 30 September 2023

Notes	9 months period ended		For the quarter ended	
	30 September 2023	30 September 2022	July to September 2023	July to September 2022
	Rupees	Rupees	Rupees	Rupees
Sales - net	15 13,908,623,010	12,010,916,970	8,324,338,580	5,496,148,476
Cost of sales	16 (11,523,381,070)	(10,678,347,520)	(6,306,590,112)	(4,575,224,081)
Gross profit	2,385,241,940	1,332,569,450	2,017,748,468	920,924,395
Selling and distribution expenses	(437,176,967)	(456,632,851)	(256,973,052)	(213,573,858)
Administrative and general expenses	(412,930,979)	(359,225,828)	(162,917,897)	(153,739,590)
Other expenses	(168,231,417)	-	(82,616)	-
	(1,018,339,363)	(815,858,679)	(419,973,565)	(367,313,448)
Other income	141,904,457	49,340,735	93,500,869	18,706,542
Operating profit	1,508,807,034	566,051,507	1,691,275,772	572,317,489
Finance cost	23 (4,538,027,955)	(3,186,583,304)	(1,622,319,276)	(1,234,182,962)
Profit / (loss) before taxation	(3,029,220,921)	(2,620,531,798)	68,956,496	(661,865,473)
Taxation for the period	17 268,779,857	197,848,989	35,678,836	47,995,968
Profit / (loss) after taxation	(2,760,441,064)	(2,422,682,809)	104,635,332	(613,869,505)
Earning / (Loss) per share - basic and diluted	(7.03)	(6.17)	0.27	(1.56)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the nine months period ended 30 September 2023

	9 months period ended		Three months period ended	
	30 September 2023 Rupees	30 September 2022 Rupees	July to September 2023 Rupees	July to September 2022 Rupees
Profit / (loss) after taxation	(2,760,441,064)	(2,422,682,809)	104,635,332	(613,869,505)
Other comprehensive income:	-	-	-	-
Total comprehensive income / (loss) for the period	(2,760,441,064)	(2,422,682,809)	104,635,332	(613,869,505)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the nine months period ended 30 September 2023

	Capital Reserve		Reserves		Total Equity
	Ordinary Share Capital	Surplus on revaluation property, plant and equipment - net of tax	Revenue Reserve	Accumulated Loss	
Rupees					
As at 01 January 2022	3,924,300,000	23,435,770,400	9,000,000	(23,613,277,967)	3,755,792,433
Loss for the period ended September 30, 2022	-	-	-	(2,422,682,809)	(2,422,682,809)
Other comprehensive income for the period:	-	-	-	-	-
Total comprehensive loss for the period ended 30 September 2022	-	-	-	(2,422,682,809)	(2,422,682,809)
Surplus transferred to accumulated losses on account of:					
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(525,872,201)	-	525,872,201	-
As at 30 September 2022	3,924,300,000	22,909,898,199	9,000,000	(25,510,088,575)	1,333,109,624
As at 01 January 2023	3,924,300,000	33,901,677,144	9,000,000	(25,850,797,277)	11,984,179,867
Loss for the period ended September 30, 2023	-	-	-	(2,760,441,064)	(2,760,441,064)
Other comprehensive income for the period:	-	-	-	-	-
Total comprehensive loss for the period ended 30 September 2023	-	-	-	(2,760,441,064)	(2,760,441,064)
Surplus transferred to accumulated losses on account of:					
- incremental depreciation on property, plant and equipment - net of deferred tax	-	(675,892,214)	-	675,892,214	-
- disposal of revalued assets during the period	-	(81,933,845)	-	81,933,845	-
As at 30 September 2023	3,924,300,000	33,143,851,085	9,000,000	(27,853,412,282)	9,223,738,803

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Cash Flows (Un-audited)


For the nine months period ended 30 September 2023

		<u>30 September 2023</u>	<u>30 September 2022</u>
	Notes	<u>Rupees</u>	<u>Rupees</u>
<u>Cash flows from operating activities</u>			
Cash generated from operations	19	2,583,363,651	129,394,499
Income tax paid		(139,301,830)	(97,024,260)
Staff retirement benefits paid		(3,596,285)	(7,842,217)
Long term loans and advances		(5,297,707)	(2,142,244)
Long term deposits - net		(304,400)	3,075,714
Net cash generated from operating activities		2,434,863,429	25,461,492
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(301,899,930)	(88,550,943)
Interest income received		113,533,635	36,469,249
Proceeds from disposal of property, plant and equipment		1,591,537	546,000
Short term investment		(2,332,651,807)	104,200,000
Net cash (used in) / generated from investing activities		(2,519,426,565)	52,664,306
<u>Cash flows from financing activities</u>			
Long term loan repaid		(30,000,000)	(388,928,656)
Finance cost paid		(14,763,441)	(62,067,401)
Net cash used in financing activities		(44,763,441)	(450,996,057)
Net increase/(decrease) in cash and cash equivalents		(129,326,577)	(372,870,260)
Cash and cash equivalents at the beginning of period		(2,153,961,367)	(1,505,637,211)
Cash and cash equivalents at the end of period	21	(2,283,287,944)	(1,878,507,471)

The annexed notes 1 to 27 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

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

For the nine months period ended 30 September 2023

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") fertilizers.

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

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company, as at 30 September 2023 and the related condensed interim profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows 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 2022.

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 2022, whereas comparative interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity, interim statement of cash flows and related notes are stated from unaudited condensed interim financial statements of the Company for the nine months period ended 30 September 2022.

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.

These condensed interim financial statements are prepared on a going concern basis and do not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2.3 Judgments and estimates

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. 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 2022.

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

For the nine months period ended 30 September 2023

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 2022.

	30 September 2023	31 December 2022
	Un-audited	Audited
	Rupees	Rupees
4 Issued, subscribed and paid up ordinary share capital		
383,430,000 (December 31, 2022: 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, 2022: 9,000,000) ordinary shares of Rs. 10 each issued for consideration 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 2023	31 December 2022	30 September 2023	31 December 2022
	(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

	30 September 2023	31 December 2022
	Un-audited	Audited
	Rupees	Rupees
5 Redeemable Capital - Secured		
Term Finance Certificates - I	1,498,602,000	1,498,602,000
Term Finance Certificates - II	6,890,536,800	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
Sukuks	1,596,050,000	1,599,800,000
	<u>12,158,034,546</u>	<u>12,165,534,546</u>
Current maturity presented under current liabilities	<u>(12,158,034,546)</u>	<u>(12,165,534,546)</u>
	<u>-</u>	<u>-</u>
5.1 Types of redeemable capital		
Interest / mark-up based financing	10,561,984,546	10,565,734,546
Islamic mode of financing	1,596,050,000	1,599,800,000
	<u>12,158,034,546</u>	<u>12,165,534,546</u>

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

For the nine months period ended 30 September 2023

- 5.2 For overdue principal and markup, refer to note 22 to the financial statements.
- 5.3 Terms and conditions are same as those disclosed in annual financial statements for the year ended 31 December 2022.

	30 September 2023	31 December 2022
	Un-audited	Audited
<i>Note</i>	Rupees	Rupees
6 Long term finances		
Syndicate Term Finance - I	3,000,000,000	3,000,000,000
Syndicate Term Finance - II	462,612,600	466,362,600
Syndicate Term Finance - III	2,836,395,329	2,840,145,329
Bankislami 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	350,000,000	365,000,000
	<u>7,081,091,664</u>	<u>7,103,591,664</u>
Current maturity presented under current liabilities	<u>(7,081,091,664)</u>	<u>(7,103,591,664)</u>
	<u>-</u>	<u>-</u>
6.1 Types of long term finances - secured		
Interest / mark-up based financing	6,731,091,664	6,738,591,664
Islamic mode of financing	350,000,000	365,000,000
	<u>7,081,091,664</u>	<u>7,103,591,664</u>
6.2	For overdue principal and markup, refer to note 22 to the financial statements.	
6.3	All terms and conditions of these facilities are same as those disclosed in annual financial statements for the year ended 31 December 2022.	
7 Convertible, redeemable preference shares		
159,334,269 (31 December 2022: 159,334,269)		
Preference shares of Rs. 10 each fully paid in cash	<u>1,593,342,690</u>	<u>1,593,342,690</u>
7.1	The preference shareholders have a preferred right of dividend at the rate of 11% per annum on cumulative basis.	
	<u>--- (Number of shares) ---</u>	
7.2	Preference shares of the company held by related / associated undertakings as at period / year end are as follows:	
Faysal Bank Limited	31,035,594	31,035,594
National Bank of Pakistan	61,748,756	3,458,756
	<u>92,784,350</u>	<u>34,494,350</u>
8 Long term payables - Unsecured		
Payable to SNGPL - GIDC	10.1 <u>225,844,368</u>	<u>551,438,375</u>
	<u>225,844,368</u>	<u>551,438,375</u>

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

For the nine months period ended 30 September 2023

	Note	30 September	31 December
		2023	2022
		Un-audited	Audited
		Rupees	Rupees
9 Short term borrowings - secured			
Interest / mark-up based loans - secured		3,050,256,059	3,050,256,059
Islamic mode of financing - secured		531,738,064	531,738,064
		<u>3,581,994,123</u>	<u>3,581,994,123</u>

9.1 All terms and conditions applicable on these facilities are same as those disclosed in the annual financial statements for the year ended 31 December 2022

9.2 Overdue principal and markup are disclosed in Note 22 to these interim financial statements.

10 Trade and other payables

Trade and other creditors	10.1	5,713,690,458	3,911,562,350
Accrued liabilities		232,582,733	172,541,063
Advances from customers		686,063,435	455,298,892
Others		167,161,098	80,646,276
		<u>6,799,497,724</u>	<u>4,620,048,580</u>

10.1 This includes current portion of GIDC payable amounting to Rs. 2,939 million (2022: Rs. 2,369 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 for the following;

- Income tax return for tax year 2007 was filed under the self-assessment scheme declaring a taxable income of Rs. 615.75 million. Later on, the said return was revised resulting in declaration of loss amounting to Rs 4,064.580 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 30 June 2013 reducing assessed tax loss to Rs. 1,370.418 million and creating demand of Rs. 6.255 million.

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 18 July 2013 against the aforementioned order. The appeal was heard on 28 January 2014 and was decided in favor of the department. Resultantly, the Company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which passed a favourable order dated 15 June 2023 vide which the demand has been deleted and the Company's original position w.r.t. loss has been restored.

- Income tax return for the tax year 2008 was filed under the self-assessment scheme. Subsequently, the Company filed a revised return declaring loss of Rs. 4,206.80 million and claimed refund of Rs. 26.75 million. However, the Additional Commissioner Inland Revenue ("ACIR") amended the assessment under section 122(5A) of the Ordinance vide his order dated 31 December 2013 and assessed tax loss at Rs. 1,106.38 million.

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

For the nine months period ended 30 September 2023

The Company being aggrieved preferred an appeal before Commissioner Inland Revenue ("CIR") on 17 June 2014 against the aforementioned order. The appeal was heard on 23rd July 2014 and was partially decided in favor of the Company. Resultantly, the Company preferred an appeal before Appellate Tribunal Inland Revenue ("ATIR") which passed a favourable order dated 25 May 2023 vide which the demand has been deleted and the Company's original position w.r.t. loss and refund has been restored.

- The income tax return for the tax year 2017 was filed, declaring a taxable income of Rs. 916.52 million (before the adjustment of losses and tax depreciation) and a taxable loss of Rs. 19.583 billion (after the adjustment of losses and tax depreciation). The Additional Commissioner of Inland Revenue (Adl. CIR) initiated proceedings under section 122 of the Ordinance for the amendment of the assessment. An order was passed under section 122(5A) of the Ordinance on 28 June 2023, through which no demand was created; however, a loss amounting to Rs. 9.170 billion was curtailed. The Company, being aggrieved, filed an appeal before the Commissioner of Inland Revenue (Appeals), which is currently pending adjudication.
- The income tax return for the tax year 2022 was filed; however, the Additional Commissioner of Inland Revenue (Adl. CIR) initiated proceedings under section 122 of the Ordinance to amend the assessment. An order was passed under section 122(5A) of the Ordinance on 27 June 2023, through which no demand was created. Nevertheless, additions were made to arrive at an income of Rs. 656.51 million from a loss of Rs. 1,755.64 million, and the refund was reduced from Rs. 95.07 million to Rs. 17.55 million. The Company, being aggrieved, filed appeal before CIR-A which is pending for adjudication.
- The Company has received notices from tax authorities for the conduct of sales tax audits and income tax audits for the tax years 2017 to 2020 and 2015 to 2020, respectively. In respect of these audits, the Company obtained a stay from the Honorable High Court, Lahore, through Order No. W.P No. 29025/2021. Later on, due to non-prosecution by the Company's counsel, the writ petition for the stay was dismissed by the Court. Subsequently, the Deputy Commissioner of Inland Revenue passed the following orders:

For the tax years 2018 and 2019, regarding sales tax affairs, creating a demand of Rs. 5,746.55 and 7,179.19 million, respectively.

For the tax years 2015 and 2016, regarding income tax affairs, creating a demand of Rs. 3,702.65 and 3,930.16 million, respectively.

Following this, the Company filed W.P. No. 29025/2021 before the Court and challenged the selection on the grounds that these audits were specifically chosen for certain sectors based on the instructions of the Federal Board of Revenue (FBR). Hence, they should be dismissed in light of judgment W.P No. 15880/2021 dated 27-04-2022. In this judgment, the Court declared that sector-wise selection of income tax and sales tax audit proceedings based on FBR directives has no legal effect. The Court decided the petition in favor of the Company.

On the other hand, appeals to the Commissioner of Inland Revenue – Appeals (CIR-A) have also been filed against the orders issued by DCIR.

For the Tax Years 2018 and 2019, in sales tax affairs, the CIR-A passed the orders and confirmed the demand raised by the department. Being aggrieved by the orders, the Company filed appeals in ATIR. The ATIR disposed of the appeals by deleting the demand and remanding the case back to the department with the direction to decide the matter as per the Court's direction.

For the Tax Years 2015 and 2016, in income tax affairs, the CIR-A disposed of the appeal with the direction for the department to reconsider the matter and decide the same with the directions of the Honorable Lahore High Court. On the other hand, the department also filed an appeal to ATIR for the tax year 2015, which is pending adjudication.

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

11.1.2 Other 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 2022, except for the filing of new civil suit by the following bank.

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

For the nine months period ended 30 September 2023

		30 September 2023 Rupees (Un-Audited)
Bank	Facility	
Al Baraka Bank Limited	Running Finance	289,694,985

Both the management and the legal advisor of the Company hold the view that all such suits, including the one mentioned above and others disclosed in the annual audited financial statements, lack merit.

Furthermore, these ongoing suits cannot proceed or be tried, as majority of these banks have already consented to the restructuring scheme. This scheme has also been sanctioned by the Honorable Lahore High Court in July 2022.

		30 September 2023 Un-audited Rupees	31 December 2022 Audited Rupees
	Note		
11.2 Commitments			
11.2.1	Commitments under irrevocable letters of credit for:		
	- purchase of plant and machinery	13,009,568	17,333,664
	- purchase of raw material	69,330,349	6,798,000
		<u>82,339,917</u>	<u>24,131,664</u>
12 Property, plant and equipment			
Operating fixed assets	12.1	68,530,661,825	69,460,198,544
Capital work in progress		146,638,347	464,860,096
		<u>68,677,300,172</u>	<u>69,925,058,640</u>
12.1 Operating fixed assets			
	Net book value at beginning of the period / year	69,460,198,544	56,960,824,702
Add:	Additions/Revaluation during the period / year	620,121,686	14,143,126,334
Less:	Disposals during the period / year - net book value	169,742,953	42,648,561
	Depreciation for the period / year	1,379,915,451	1,601,103,932
		1,549,658,405	1,643,752,493
	Net book value at end of the period / year	<u>68,530,661,825</u>	<u>69,460,198,544</u>

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

For the nine months period ended 30 September 2023

	30 September 2023 Un-audited Rupees	31 December 2022 Audited Rupees
13 Stock in Trade		
Raw Material	292,679,654	338,867,382
Packing Material	61,472,004	38,663,367
Work in Process	351,068,046	268,799,188
Finished goods	653,539,740	416,951,129
	<u>1,358,759,444</u>	<u>1,063,281,066</u>
14 Advances, Deposits, Prepayments & Other Receivables		
Advances to suppliers - <i>unsecured, considered good</i>	849,009,739	340,335,696
Advances to employees	26,486,699	17,675,092
Deposit with High Court	36,000,000	36,000,000
Prepayments	2,380,790	7,974,431
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	2,976,028,176	2,977,219,117
Subsidy receivable	812,227,932	812,227,932
Other receivables	135,247,486	108,662,248
	<u>4,844,273,728</u>	<u>4,306,987,421</u>
Less: provision against doubtful receivable	<u>(226,635,145)</u>	<u>(226,635,145)</u>
	<u>4,617,638,583</u>	<u>4,080,352,277</u>
	30 September 2023 Un-audited Rupees	30 September 2022 Un-audited Rupees
15 Sales - net		
Sale of fertilizers	14,137,615,101	12,021,810,451
Other products	150,631,708	138,011,986
Total	<u>14,288,246,809</u>	<u>12,159,822,437</u>
Less:		
FED / Sales tax	(379,623,799)	(148,853,467)
Trade discount	-	(52,000)
	<u>13,908,623,010</u>	<u>12,010,916,970</u>

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

For the nine months period ended 30 September 2023

	30 September 2023	30 September 2022
	Un-audited	Un-audited
	Rupees	Rupees
16 Cost of sales		
Raw and packing material consumed	7,425,220,913	7,193,732,062
Salaries, wages and other benefits	505,888,032	422,167,483
Fuel and power	1,938,036,749	1,900,441,415
Stores, spare part and loose tools consumed	279,804,018	314,058,976
Depreciation on property, plant and equipment	1,369,641,082	1,191,158,178
Others	323,647,745	237,758,431
Cost of goods manufactured	11,842,238,539	11,259,316,546
Opening work-in-process	268,799,188	184,218,606
Closing work-in-process	(351,068,046)	(293,482,031)
	(82,268,858)	(109,263,425)
Opening finished goods	416,951,129	28,964,698
Closing finished goods	(653,539,740)	(500,670,299)
	(236,588,611)	(471,705,601)
Cost of goods sold	11,523,381,070	10,678,347,520
17 Taxation		
Current	173,857,788	150,136,372
Deferred	(442,637,645)	(347,985,360)
	(268,779,857)	(197,848,989)

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

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

	30 September 2023	30 September 2022
	Un-audited	Un-audited
	Rupees	Rupees
18.1 Transactions with related parties		
18.1.1 Associated Undertakings		
18.1.1.1 Shareholding and common directorship		
National Bank of Pakistan		
Mark-up expense	545,789,552	355,372,767
Preference dividend	34,985,070	2,845,656
CFADs payments under Scheme of Arrangement	124,766,946	86,151,427
Bank Balances - net	(2,897,269)	(854,958)

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

For the nine months period ended 30 September 2023

	Un-audited 30 September 2023	Un-audited 30 September 2022
	Rupees	Rupees
18.1.1.2 Common directorship		
Faysal Bank Limited		
Mark-up expense	327,441,454	217,130,721
Mark-up paid	8,433,973	-
Preference dividend	25,534,216	25,534,216
CFADs payments under Scheme of Arrangement	73,600,702	50,733,566
Loan repaid	15,000,000	-
Bank Balances - net	(62,924,391)	9,178,185
Silk Bank limited		
Mark-up expense	113,985,367	73,626,368
CFADs payments under Scheme of Arrangement	712,897	474,785
Short term borrowings - net	-	47,965
Summit Bank Limited		
Mark-up expense	196,864,576	132,312,448
Markup paid	-	39,258,547
CFADs payments under Scheme of Arrangement	20,241,777	13,933,138
Short term borrowings - net	-	(54,344)
Bank Balances - net	(135,104)	(205,005)
18.1.1.3 Post employment benefit plans		
Contribution to employees provident fund	18,854,640	16,910,982
Contribution to employees gratuity fund	4,714,005	7,531,529
18.1.1.4 Key management personnel		
Short term employee benefits	120,466,052	77,690,295
Post employment benefits	4,610,482	3,292,077
Meeting Fee	6,804,689	2,770,315

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

For the nine months period ended 30 September 2023

	Un-audited 30 September 2023	Audited 31 December 2022
	Rupees	Rupees
18.2 Balances with related parties		
18.2.1 Associated Undertakings		
18.2.1.1 Shareholding and common directorship		
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	617,487,560	34,587,560
Mark-up payable	4,874,054,387	4,304,758,328
Preference dividend payable	228,781,099	193,796,029
Bank account balances	2,123,988	5,021,257
Advisory fee	738,600,000	738,600,000
Advance for transaction cost	23,200,000	23,200,000
18.2.1.2 Common directorship		
Faysal Bank		
Redeemable capital	1,491,609,500	1,499,109,500
Long term Finance	336,825,600	344,325,600
Convertible, redeemable Preference shares	310,355,940	310,355,940
Mark up payable	2,747,097,557	2,424,520,188
Preference dividend payable	396,949,499	371,415,283
Bank account balances	736,689	63,661,080
Trustee fee	5,668,582	5,668,582
Silk Bank		
Long term finances	130,607,546	130,607,546
Short term borrowings	550,948,624	550,948,624
Mark up payable	425,937,452	378,750,190
Summit Bank Limited		
Redeemable capital	603,406,000	603,406,000
Short term borrowings	671,888,070	671,888,070
Mark up payable	913,557,742	680,820,831
Bank account balances	202,259	337,363
Others		
Housing colony	39,020,482	34,195,762
Iskanderabad welfare trust	7,300,079	6,490,814
18.2.3 Post employment benefit plans		
Payable to Gratuity Trust	3,731,041	2,613,321

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

For the nine months period ended 30 September 2023

	Un-audited 30 September 2023	Un-audited 30 September 2022
	Rupees	Rupees
19 Cash flow from operating activities		
Loss before tax	(3,029,220,921)	(2,620,531,798)
Adjustment for non-cash items:		
Interest / markup expense	3,978,800,474	2,800,919,892
Depreciation on property, plant and equipment	1,379,915,451	1,200,579,316
Amortization of computer software	215,883	215,883
Provision for staff retirement benefit	4,714,005	7,531,529
Mark-up / interest income	(113,533,635)	(34,419,922)
Loss / (Gain) on sale of property, plant and equipment	168,151,417	(73,718)
Operating profit before changes in working capital	2,389,042,674	1,354,221,183
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(82,806,142)	(57,464,171)
Stock in trade	(295,478,378)	(613,730,110)
Trade receivables	(10,683,276)	88,186,590
Advances, deposits, prepayments and other receivables	(1,186,793,076)	(1,518,902,125)
	(1,575,760,872)	(2,101,909,816)
Increase / (decrease) in current liabilities		
Trade and other payables	1,770,081,849	877,083,132
Cash generated from operations	2,583,363,651	129,394,499

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:

	Urea fertilizer segment		Phosphate fertilizer segment		Consolidated (AGL)	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	<i>Rupees 'mln'</i>					
For the nine months period ended 30 September 2023						
External revenues	11,290	10,166	2,618	1,844	13,909	12,011
Reportable segment Profit/(Loss) before tax	(3,932)	(3,454)	902	833	(3,029)	(2,621)
	<i>Rupees 'mln'</i>					
As at						
Reportable segment assets	82,399	80,538	10,518	9,479	92,916	90,016
Reportable segment liabilities	77,452	72,092	1,737	1,568	79,189	73,660

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

For the nine months period ended 30 September 2023

	Un-audited 30 September 2023 Rupees	Un-audited 30 September 2022 Rupees
20.3 Reconciliation of reportable segment -profit or loss		
For the nine months ended		
Total loss for reportable segments before taxation	(3,029,220,921)	(2,620,531,798)
Taxation	268,779,857	197,848,989
Loss after taxation	<u>(2,760,441,064)</u>	<u>(2,422,682,809)</u>
21 Cash and cash equivalents		
Short term borrowings - running finance - secured	(2,683,086,929)	(2,721,722,574)
Cash and bank balances	399,798,985	843,215,103
	<u>(2,283,287,944)</u>	<u>(1,878,507,471)</u>
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 September 2023 are as follows:

Nature of Liability	Principal	Interest / mark up	Total
Redeemable capital	12,158,034,546	16,873,577,578	29,031,612,124
Long term finances	7,081,091,664	11,097,040,690	18,178,132,354
Short term borrowings	3,581,994,123	2,866,729,520	6,448,723,643
	<u>22,821,120,333</u>	<u>30,837,347,788</u>	<u>53,658,468,121</u>

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

Name of banks	Total Rupees
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
Allied Bank Limited	201,658,308
Bank Alfalah	1,969,887,491
Soneri Bank Limited	738,452,864
JS Bank Limited	2,880,221,844
Al Baraka Bank limited	289,694,985
The Bank of Punjab	3,301,068,828
	<u>23,621,137,495</u>

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

For the nine months period ended 30 September 2023

22.2 During last year, Honorable Lahore High Court has sanctioned restructuring scheme proposed by lenders of the Company in 2013 and following final options have been given to the lenders through court order in July 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 Advance against restructuring scheme

The Company, in order to streamline and restructure its existing overdue long-term debts towards creditors (i.e., Rs. 19.447 billion) and related markup (i.e., Rs. 6.075 billion) as of 31 December 2013, developed a Comprehensive Rehabilitation Scheme in the form of a Scheme of Arrangement ('the Scheme') under Sections 284 to 288 of the Companies Ordinance 1984. Subsequently, approvals from the lenders and shareholders, the Scheme was filed with the Honorable Lahore High Court (LHC) in June 2016. The LHC sanctioned the Scheme in July 2022, with effect from December 31, 2013.

The scheme envisaged the payment of CFADs of Rs. 1.65 Billion to the lenders as per the chosen options; issuance of preference shares in lieu of outstanding long-term debts; waiver of mark-ups as at 31 December 2013; and issuance of Zero coupon PPTFCs in lieu of accrued mark-ups outstanding as on 31 December 2013.

The Company is in process of implementation of sanctioned scheme. After sanctioning of the scheme by LHC, key milestones achieved are reconciliation of balances with lenders, amendment in Memorandum and Articles of Association of the Company to increase authorized capital up to Rs. 35,000 million and disbursement of cash payments of Rs 1,541 million (Rs 891 Million: 2022) to the lenders, while last tranche of Rs. 109 million (Rs. 758 Million: 2022) to lenders and issuance of new instruments is yet to be made by the Company. Due to these pending milestones, the Company has not incorporated related adjustments required for full implementation of the approved scheme.

	(Un-audited)	(Un-audited)
	30 September	30 September
	2023	2022
	Rupees	Rupees

22.4 Finance Cost

Redeemable capital	1,948,756,667	1,324,036,559
Long term finances	1,249,390,827	846,537,506
Short term borrowings	564,386,387	377,068,432
Late payment surcharge	559,227,481	385,663,412
Dividend on preference shares	131,083,634	131,090,635
Amortization of present value of GIDC	83,700,647	120,785,997
Bank charges and commission	1,482,312	1,400,763
	<u>4,538,027,955</u>	<u>3,186,583,304</u>

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

For the nine months period ended 30 September 2023

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.

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.

	Carrying amount				Fair value			
	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 September 2023 - represented ----- Rupees -----								
<u>Financial assets - not measured at fair value</u>								
Long term loans and advances	22,421,663	-	-	22,421,663	-	-	-	-
Long term deposits	55,025,937	-	-	55,025,937	-	-	-	-
Trade debts	11,196,588	-	-	11,196,588	-	-	-	-
Advances and other receivables	1,010,743,924	-	-	1,010,743,924	-	-	-	-
Cash and bank balances	399,790,985	-	-	399,790,985	-	-	-	-
	1,499,179,097	-	-	1,499,179,097	-	-	-	-
	Carrying amount				Fair value			
	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 31 December 2022 - represented ----- Rupees -----								
<u>Financial assets - not measured at fair value</u>								
Long term loans and advances	54,721,537	-	-	54,721,537	-	-	-	-
Trade debts	513,312	-	-	513,312	-	-	-	-
Advances and other receivables	466,673,036	-	-	466,673,036	-	-	-	-
Cash and bank balances	528,594,924	-	-	528,594,924	-	-	-	-
	1,050,502,809	-	-	1,050,502,809	-	-	-	-

	(Un-audited) 30 September 2023	(Audited) 31 December 2022
	Rupees	Rupees
<u>Financial liabilities at amortized cost</u>		
Redeemable capital	12,158,034,546	12,165,534,546
Long term finances	7,081,091,664	7,103,591,664
Convertible, redeemable preference shares	1,593,342,690	1,593,342,690
Long term payable	225,844,368	551,438,375
Short term borrowings	3,581,994,123	3,581,994,123
Trade and other creditors	5,713,690,458	3,911,562,350
Accrued liabilities	232,582,733	172,541,063
Security deposits and retention money	21,234,196	19,778,604
Other payables	25,398,118	41,304,598
Mark-up accrued on borrowings	30,837,347,788	27,088,095,036
Preference dividend payable	2,037,721,719	1,906,638,085
	63,508,282,403	58,135,821,134

Notes to the Condensed Interim Financial Statements (Un-audited) For the nine months period ended 30 September 2023

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 2022.

25 Date of authorization

These interim financial statements were authorized for issue by the Board of Directors of the Company on October 20, 2023.

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 statements for the purpose of comparison.



Chief Executive



Chief Financial Officer



Director



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