



# Leading in Agriculture **TRANSFORMATION**

1<sup>st</sup> Quarterly Report  
**2020**



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# COMPANY INFORMATION

## Board of Directors

Mr. Arif Habib  
Chairman

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Mr. Fawad Ahmed Mukhtar  
Chief Executive Officer

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Mr. Fazal Ahmed Sheikh  
Director

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Mr. Faisal Ahmed Mukhtar  
Director

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Mr. Muhammad Kashif Habib  
Director

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Ms. Anja E. Nielsen  
Independent Director

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Mr. Tariq Jamali  
Independent Director

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## Director Finance and Chief Financial Officer

Mr. Asad Murad

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## General Counsel and Company Secretary

Mr. Omair Ahmed Mohsin  
(communications@fatima-group.com)

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## Key Management

Mr. Arif-ur-Rehman  
Chief Manufacturing Officer

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Mr. Ausaf Ali Qureshi  
Director Special Projects

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Mr. Khurram Javed Maqbool  
Director Sales & Marketing

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Ms. Sadia Irfan  
Director HR

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Mr. Iftikhar Mahmood Baig  
Director Business Development

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Mr. Ahsen-ud-Din  
Director Technology Division

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Mr. Atif Zaidi  
Chief Information Officer

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Mr. Salman Ahmad  
Head of Internal Audit

---

Mr. Pervez Fateh  
G.M. Manufacturing

---

Mr. Faisal Jamal  
Corporate HSE & Technical Support Manager

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## Legal Advisors

M/s. Chima & Ibrahim Advocates  
1-A/245, Tufail Road, Lahore-Cantt

## Auditors

M/s. Deloitte Yousuf Adil  
Chartered Accountants, Lahore  
(A member firm of Deloitte Touche  
Tohmatsu Limited)  
134-A, Abu Bakar Block,  
New Garden Town, Lahore  
Tel: +92 42 3591 3595-7, +92 42 3544 0520  
Fax: +92 42 3544 0521  
Web: www.deloitte.com.pk

### Registrar and Share Transfer Agent

CDC Share Registrar Services Limited,  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main  
Shahra-e-Faisal, Karachi-74400  
Tel: Customer Support Services  
(Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 3432 6053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

### Bankers

Allied Bank Limited  
Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
Standard Chartered Bank, United Kingdom  
Bank Alfalah Limited  
MCB Bank Limited  
Summit Bank Limited  
Bank Al-Habib Limited  
Meezan Bank Limited  
The Bank of Khyber  
Bank Islami Pakistan Limited  
National Bank of Pakistan  
The Bank of Punjab  
Citibank N.A.  
Sindh Bank Limited  
United Bank Limited  
Faysal Bank Limited  
Soneri Bank Limited  
Industrial & Commercial Bank of China (ICBC)  
JS Bank Limited

### Registered Office / Head Office

E-110, Khayaban-e-Jinnah,  
Lahore-Cantt, Pakistan  
UAN: 111-FATIMA (111-328-462)  
Fax: +92 42 3662 1389

### Plant Site

Mukhtar Garh, Sadiqabad, Dist.  
Rahim Yar Khan, Pakistan  
Tel: 068 – 5951000  
Fax: 068 – 5951166

28-KM Sheikhpura Road, Chichoki Mallian,  
Pakistan  
Tel: 042 – 37319200 - 99  
Fax: 042 – 33719295

# DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of Fatima Fertilizer Company Limited, we are pleased to present the unaudited financial statements of the Company for the three months ended March 31, 2020 along with brief overview of operational and financial performance of the Company.

## Market Overview - Global

The outbreak of COVID-19 pandemic posed significant challenge to not only global but also national economic conditions. While the world economy is witnessing a downturn, it still remains uncertain, how long this pandemic will last and the extent to which it will impact the world economy.

Global urea prices were under pressure due to higher availability of product from China. China exported over 500 K Tons Urea despite being hit by COVID-19. Indian domestic supply has been erratic especially towards the end of the quarter after a 21 day lockdown was imposed. However, supply of phosphate in Asia remains constant as the ramp-ups in production from Morocco and Saudi Arabia were offset by lower availability from China, while Indian off-take is showing healthy demand.

## Market Overview – Pakistan

In 1st Quarter of Year-2020, local demand of Nitrogen and Phosphate stood at 1,492 K Ton vs 1,802 K Tons during same period last year, translating to 17% decline. This decline can be attributed primarily to substantial 25% reduction in offtake of Urea. Price uncertainties and challenges faced due the COVID-19 pandemic were the main reasons for reduced offtake during the quarter. However, DAP sales in local market registered 12% growth. This is mainly due to decreased prices during the quarter.

## Company Performance

The operational and financial performance of the Company remained satisfactory during the quarter. Overall sales volume reduced by 10% over the comparative period last year mainly due to price uncertainties and challenges faced due the COVID-19 pandemic.

Products	Sales Volume	
	Jan to Mar – 2020	Jan to Mar - 2019
	("000" Tons)	
Urea	177	195
CAN	107	149
NP	83	79
DAP	16	3
Total	383	426

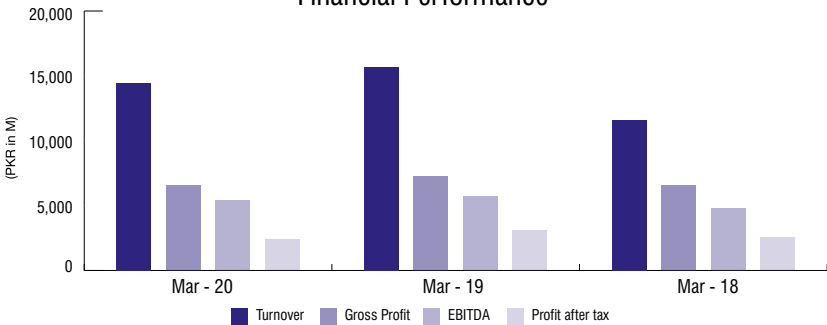
Overall production volumes remained lower by 15% compared to comparative period last year as our Sheikhpura Plant remained down during this quarter due to unavailability of gas.

### Production

Products	Jan to Mar – 2020	Jan to Mar - 2019
	("000" Tons)	
Urea	108	181
CAN	111	108
NP	119	107
Total	338	396

Your Company posted total Revenue of PKR 14.4 Billion compared to PKR 15.7 Billion posted in same period last year. Cost of Sales during current quarter reduced by 6% compared to same period in last year. Besides other factors, reduction in Revenue and Cost of Sales is associated to no operations at Sheikhpura Plant due to no supply of gas at viable rates. These factors led to reduction of Gross Profit of the Company from PKR 7.3 Billion to PKR 6.6 Billion. The Company posted Profit before Tax of PKR 3.5 Billion and After Tax Profit of PKR 2.5 Billion compared to PKR 4.4 Billion and PKR 3.1 Billion respectively for comparative period last year. Company's Earnings per Share (EPS) stood at Rs 1.17 Per Share against Rs 1.47 Per Share in the corresponding period last year.

### Financial Performance



Sadiqabad Plant Site of the Company has achieved combined 54.78 Million safe man hours. Upright performance of Sadiqabad Plant in HSE was acknowledged by British Safety Council and awarded International Safety Award. Our efforts towards community development initiatives / projects are also recognized at reputed forums, leading to achievement of following awards:

- National Forum for Environment and Health (NFEH) awarded us 02 awards in a graceful ceremony held in Islamabad on January 22, 2020 for the 5th consecutive year.
- Professional Network Forum honored us with awards in the category of Health and Education on 30th January, 2020 during 9th International CSR summit held in Karachi.

Fatima CSR committee also remained fully committed to uplift the deserving surrounding communities and to fulfill their basic needs during country's lockdown situation.

### Future Outlook

In pandemic COVID-19 operating environment, your company immediately formed a COVID Task Force to ensure continuous business operations. After evaluation of challenging operating conditions, the Task Force has defined a new operating framework and has taken stringent actions to protect employees, contractors and other stakeholders from the pandemic conditions targeting safe operations of the Company. While ensuring employee's safety and business continuity, your Company has benchmarked national & international best practices for uninterrupted business operations. These measures of the Company are playing a pivotal role in assuring national food security and safeguarding interests of its shareholders from significant potential loss from shutdown situation.

After passing through price uncertainties in first quarter, with supportive Government policies, demand and prices of fertilizers are expected to remain stable for the remainder of the year. For sufficient supply of fertilizers to farmers, your Company is continuously engaged with the Government for restart of gas supply to its Sheikhpura Plant at viable rates. Owing to above factors, with efficient and uninterrupted plant operations and strong financial position, even under current challenging operating conditions, your Company is fully geared up to serve the farmers and nation leading to stable operating performance for its shareholders.

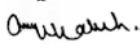
### Acknowledgements

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers and all others whose efforts and contributions strengthened the Company.

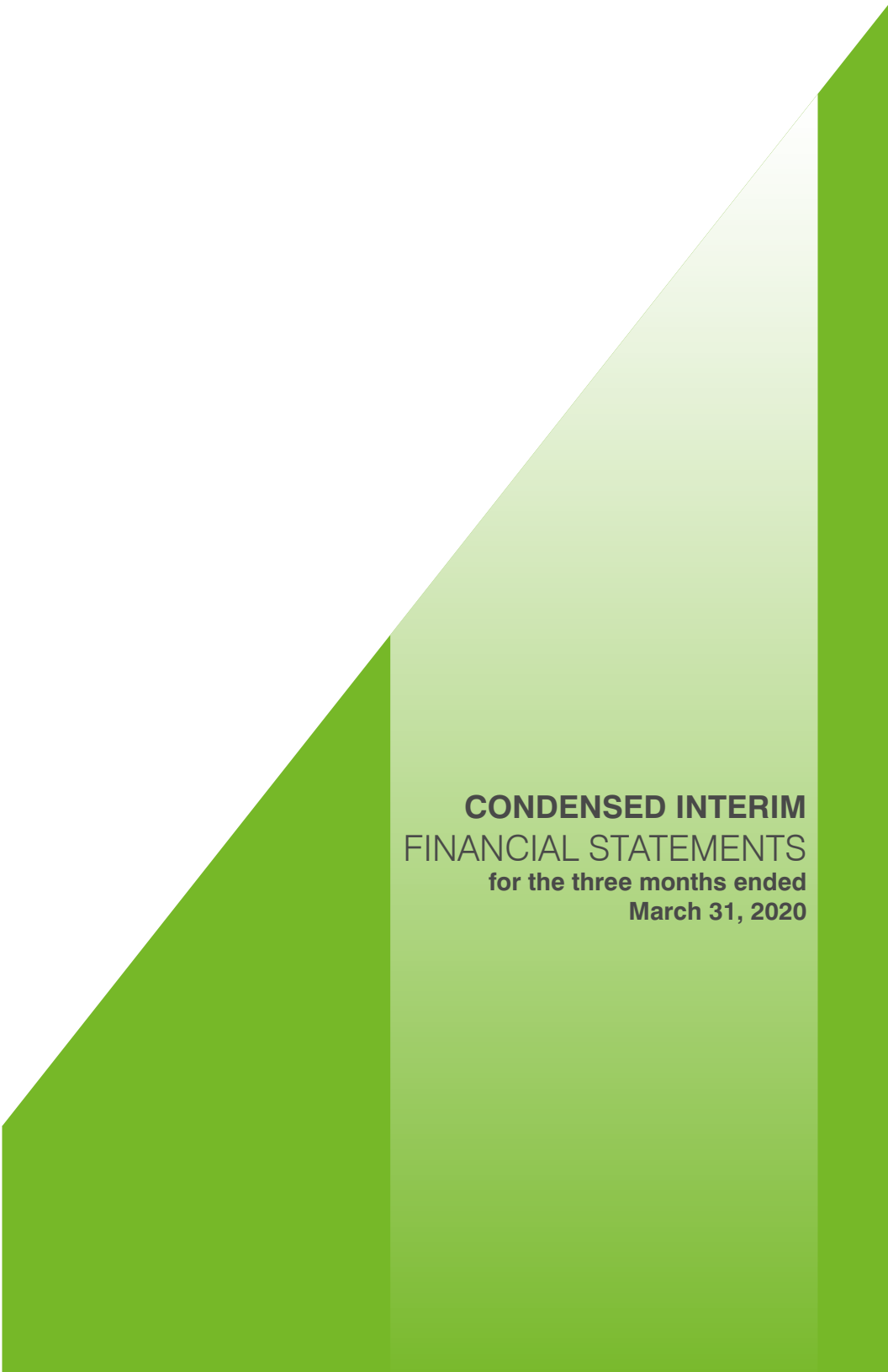
For and on behalf of the Board

Lahore  
June 30, 2020

  
Fawad Ahmed Mukhtar  
Chief Executive Officer

  
Arif Habib  
Chairman





**CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
**for the three months ended  
March 31, 2020**

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	Note	Un audited March 31, 2020	Audited December 31, 2019
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital 2,700,010,000 (December 31, 2019: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2019: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	59,467,549	57,008,298
		80,467,549	78,008,298
<b>NON CURRENT LIABILITIES</b>			
Long term finances	5	5,602,831	6,253,636
Leased Liabilities		262,380	278,630
Deferred liabilities	6	19,985,709	19,942,553
Long term deposits		63,391	61,267
		25,914,311	26,536,086
<b>CURRENT LIABILITIES</b>			
Trade and other payables		27,562,134	26,483,859
Accrued finance cost		1,106,574	836,743
Short term finances - secured	7	17,356,630	16,264,983
Current maturity of leased liabilities		571,077	571,301
Unclaimed dividend		34,237	189,950
Current maturity of long term finances	5	6,397,856	6,225,085
		53,028,508	50,571,921
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8		
		159,410,368	155,116,305

The annexed explanatory notes from 1 to 21 form an integral part of these condensed interim financial statements.

	Note	Un audited March 31, 2020	Audited December 31, 2019
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	100,633,135	100,720,660
Intangible assets	10	5,966,395	5,973,548
Investment Property		627,348	627,573
		107,226,878	107,321,781
Long term investments		181,724	174,846
Long term loan to associated company		2,999,000	2,999,000
Long term deposits		85,407	81,763
		110,493,009	110,577,390
<b>CURRENT ASSETS</b>			
Stores and spares	11	7,467,957	7,713,456
Stock in trade	12	11,261,401	11,517,911
Trade debts		10,452,576	7,206,970
Short term loans		3,241,723	3,241,723
Advances, deposits, prepayments and other receivables		14,888,203	13,813,982
Short term investments		921,669	530,134
Cash and bank balances		683,830	514,739
		48,917,359	44,538,915
		159,410,368	155,116,305

Chief Executive Officer

Director

Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the three months ended March 31, 2020

	Note	March 31, 2020	March 31, 2019
		(Rupees in thousand)	
Sales	13	14,432,960	15,659,315
Cost of sales	14	(7,851,904)	(8,345,607)
<b>Gross profit</b>		6,581,056	7,313,708
Distribution cost		(928,047)	(1,282,639)
Administrative expenses		(753,920)	(609,379)
		4,899,089	5,421,690
Finance cost	15	(1,248,498)	(661,348)
Other operating expenses		(332,116)	(588,280)
		3,318,475	4,172,062
Other income		201,365	208,572
Share of profit from Associate		5,847	4,653
<b>Profit before tax</b>		3,525,687	4,385,287
Taxation		(1,066,436)	(1,298,226)
<b>Profit for the period</b>		2,459,251	3,087,061
<b>Earnings per share- basic and diluted (Rupees)</b>	17	1.17	1.47

The annexed explanatory notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the three months ended March 31, 2020

	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Profit for the period	2,459,251	3,087,061
Other comprehensive income	–	–
<b>Total comprehensive income for the period</b>	<b>2,459,251</b>	<b>3,087,061</b>

The annexed explanatory notes from 1 to 21 form an integral part of these condensed interim financial statements.



**Chief Executive Officer**



**Director**



**Chief Financial Officer**

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

For the three months ended March 31, 2020

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Deficit on remeasurement of investment available for sale / FVTOCI	Total
	Share premium	Unappropriated profit				
(Rupees in thousand)						
Balance at December 31, 2018 (Audited)	21,000,000	1,790,000	50,087,609	(95,846)	(4,151)	72,777,612
Profit for the period	-	-	3,087,061	-	-	3,087,061
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	3,087,061	-	-	3,087,061
<b>Balance at March 31, 2019 (Un audited)</b>	21,000,000	1,790,000	53,174,670	(95,846)	(4,151)	75,864,673
Balance at December 31, 2019 (Audited)	21,000,000	1,790,000	55,299,651	(76,300)	(5,053)	78,008,298
Profit for the period	-	-	2,459,251	-	-	2,459,251
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	2,459,251	-	-	2,459,251
<b>Balance at March 31, 2020 (Un audited)</b>	21,000,000	1,790,000	57,758,902	(76,300)	(5,053)	80,467,549

The annexed explanatory notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN AUDITED)

For the three months ended March 31, 2020

March 31, 2020

March 31, 2019

(Rupees in thousand)

<b>Cash flows from operating activities</b>			
Cash generated from operations	18	2,669,574	4,757,214
Net increase in long term deposits		2,124	23,346
Finance cost paid		(961,784)	(359,370)
Taxes paid		(966,045)	(774,834)
Employee retirement benefits paid		(37,910)	(12,568)
<b>Net cash from operating activities</b>		<b>705,959</b>	<b>3,633,788</b>
<b>Cash flows from investing activities</b>			
Additions in property, plant and equipment		(578,953)	(2,041,689)
Additions in intangible assets		(187)	(8,610)
Proceeds from disposal of property plant and equipment		117	281
Short term investment net		(391,535)	(103,528)
Profit received on short term loan and saving accounts		71,786	12,827
Dividend received		4,385	2,042
Net increase in long term deposits		(3,644)	(73,252)
<b>Net cash used in investing activities</b>		<b>(898,031)</b>	<b>(2,211,929)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		(541,414)	(890,277)
Repayment of lease Liabilities		(33,357)	-
Dividend paid		(155,713)	(37,459)
Increase / (decrease) in short term finances - net		1,091,647	(598,672)
<b>Net cash flow / (used) in financing activities</b>		<b>361,163</b>	<b>(1,526,408)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>169,091</b>	<b>(104,549)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>514,739</b>	<b>717,430</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>683,830</b>	<b>612,881</b>

The annexed explanatory notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2020

## 1 Legal Status and nature of business

Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange.

The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Company are located at Mukhtargarh, Sadiqabad and near Chichoki Mallian, at Shekhupura road, Pakistan.

After merger of Fatimafert Limited (FFT), a wholly owned subsidiary into the Company the consolidated financial statements are no longer required.

## 2 Basis of preparation

- 2.1 These condensed interim financial statements of the Company for the three months ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2019 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are stated from un audited condensed interim consolidated financial statements for the three months ended March 31, 2019.
- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

## 3 Accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2019.



	Un audited March 31, 2020	Audited December 31, 2019
Note	(Rupees in thousand)	
<b>4 Reserves</b>		
<b>Capital reserve:</b>		
Share premium	1,790,000	1,790,000
<b>Revenue reserve:</b>		
Unappropriated profit	57,758,902	55,299,651
Post retirement benefit obligation reserve	(76,300)	(76,300)
Deficit on remeasurement of investments		
Fair value through other comprehensive income (FVTOCI)	(5,053)	(5,053)
	59,467,549	57,008,298
<b>5 Long term finances</b>		
Rated, listed and secured Ijarah Sukuk Certificates	4,200,000	4,200,000
Secured loans from banking companies / financial institutions	7,800,687	8,278,721
	12,000,687	12,478,721
Less: Current portion	6,397,856	6,225,085
	5,602,831	6,253,636
<b>5.1 Movement of long term finances</b>		
Opening balance	12,478,721	16,007,520
Disbursements	–	4,000,000
Repayments	(541,414)	(7,685,021)
Exchange loss on translation of foreign currency loan	63,380	156,222
Closing balance	12,000,687	12,478,721
<b>6 Deferred liabilities</b>		
Deferred taxation	19,100,052	19,069,420
Employee retirement benefits	6.1      885,657	873,133
	19,985,709	19,942,553
<b>6.1 Employee retirement benefits</b>		
Gratuity	610,086	595,392
Accumulating compensated absences	275,571	277,741
	885,657	873,133

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2020

## 7 Short term finances

The Company has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance, Cash Finance and Financing against Imported Merchandise.

The facilities are secured by Pari Passu charge on present and future current assets of the Company with 25% margin over financed amount, pledge of raw material and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 11.63% to 15.16% (December 31, 2019: 10.46% to 15.16%) per annum for Running Finance and Cash Finance and 14.04% to 14.56% (December 31, 2019: 10.76% to 14.85%) per annum for Finance against Imported Merchandise.

## 8 Contingencies and commitments

### 8.1 Contingencies

As at March 31, 2020, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Company for the year ended December 31, 2019.

	Note	Un audited March 31, 2020	Audited December 31, 2019
(Rupees in thousand)			
<b>8.2 Commitments in respect of :</b>			
(i) Contracts for capital expenditure		1,436,865	314,005
(ii) Contracts for other than capital expenditure		170,913	592,687
(iii) The amount of future payments under ijarah rentals and short term / low value leases:			
Not later than one year		288,224	316,401
Later than one year but not later than five years		316,086	350,795
		604,310	667,196
<b>9 Property, plant and equipment</b>			
Operating fixed assets- tangible	9.1	86,663,554	87,108,526
Capital work in progress	9.2	13,969,581	13,612,134
		100,633,135	100,720,660

	Un audited March 31, 2020	Audited December 31, 2019
Note	(Rupees in thousand)	
<b>9.1 Movement of operating fixed assets- tangible</b>		
Opening book value	87,108,526	84,941,860
Additions during the period	9.1.1 221,506	4,961,605
	87,330,032	89,903,465
Less: Depreciation charged during the period	666,413	2,794,600
Book value of disposals during the period	65	339
Closing book value	86,663,554	87,108,526
<b>9.1.1 Additions during the period</b>		
Freehold land	36,588	809,007
Building on freehold land	43,296	499,413
Plant and machinery	89,659	2,142,511
Catalysts	-	314,497
Furniture and fixtures	1,566	3,370
Office equipment	3,474	6,140
Electric installations and appliances	2,457	49,143
Computers	15,632	16,750
Vehicles	28,834	52,188
Right of use assets	-	1,068,586
	221,506	4,961,605
<b>9.2 Capital work in progress</b>		
Civil works	313,339	337,144
Plant and machinery	3,210,518	3,024,012
Capital stores	1,490,614	1,375,255
Advances		
- Civil works	19,218	-
- Plant and machinery	8,935,892	8,875,723
	8,955,110	8,875,723
	13,969,581	13,612,134
<b>9.2.1 Movement of capital work in progress</b>		
Opening balance	13,612,134	6,776,845
Additions during the period	469,310	8,542,921
	14,081,444	15,319,766
Less: Capitalization during the period	111,863	1,705,351
Provision for obsolescence for capital stores	-	2,281
Closing balance	13,969,581	13,612,134

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2020

	Un audited March 31, 2020	Audited December 31, 2019
	(Rupees in thousand)	
<b>10 Intangible assets</b>		
Opening book value	5,973,548	5,978,747
Additions during the period	187	22,365
	5,973,735	6,001,112
Less: amortization charged during the period	7,340	27,564
Closing book value	5,966,395	5,973,548
<b>11 Stores and spares</b>		
Stores	301,811	406,839
Spares	4,798,468	4,766,262
Catalyst and chemicals	2,367,678	2,540,355
	7,467,957	7,713,456
<b>12 Stock in trade</b>		
Raw material {including in transit Rs 1,295.513 million (December 31, 2019: Rs 1,508.16 million)}	4,631,707	4,778,788
Packing material	79,844	91,502
<b>Mid products</b>		
Ammonia	142,605	181,244
Nitric Acid	7,999	22,152
Others	226	441
	150,830	203,837
<b>Finished goods</b>		
– own manufactured		
Urea	702,274	2,332,970
NP	1,284,848	301,575
CAN	148,765	132,649
Certified emission reductions	91,610	84,286
	2,227,497	2,851,480
– purchased for resale		
DAP	4,171,523	3,592,304
	11,261,401	11,517,911

	Note	For the quarter ended	
		March 31, 2020	March 31, 2019
		(Rupees in thousand)	
<b>13 Sales</b>			
Revenue from contracts with customers	13.1	14,432,960	15,659,315
Other revenue		-	-
		14,432,960	15,659,315
<b>13.1 Revenue from contracts with customers</b>			
Fertilizer products:			
- own manufactured		13,644,072	15,683,493
- purchased for resale		1,048,139	193,056
Mid products		203,308	217,793
		14,895,519	16,094,342
Less: Sales tax		321,458	347,732
Discounts		141,101	87,295
		14,432,960	15,659,315
<b>14 Cost of sales</b>			
Raw material consumed		2,596,134	5,076,068
Packing material consumed		239,489	288,149
Salaries, wages and other benefits		795,168	836,894
Fuel and power		954,284	1,520,118
Chemicals and catalyst consumed		166,826	167,569
Stores and spares consumed		465,681	491,611
Technical assistance		10,099	20,246
Repair and maintenance		164,684	171,551
Insurance		138,370	61,423
Travelling and conveyance		33,137	26,948
Rent, rates and taxes		22,943	16,077
Vehicle running and maintenance		20,769	18,463
Depreciation		614,385	643,111
Others		18,607	39,537
<b>Manufacturing cost</b>		6,240,576	9,377,765
Opening stock of mid products		203,837	214,040
Closing stock of mid products		(150,830)	(234,630)
<b>Cost of goods manufactured</b>		6,293,583	9,357,175
Opening stock of finished goods		2,851,480	3,514,931
Closing stock of finished goods		(2,227,497)	(4,710,344)
Cost of sales - own manufactured		6,917,566	8,161,762
Cost of sales - purchased for resale		934,338	183,845
		7,851,904	8,345,607

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2020

	For the quarter ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
<b>15 Finance cost</b>		
Markup on long term finances	425,389	420,044
Markup on short term finances	570,646	210,121
Interest on leased assets	16,883	-
Bank charges and others	235,580	31,183
	1,248,498	661,348

## 16 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

		For the quarter ended	
		March 31, 2020	March 31, 2019
		(Rupees in thousand)	
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
Associated companies	Purchase of raw / packing material	333,818	318,724
	Miscellaneous expenses	2,081	76,618
	Sale of product	12,847	7,462
	Other income	242,659	187,250
	Stores and spares	-	297
	Fee for services	181,364	219,289
Directors and key management personnel	Remuneration including benefits and perquisites	54,390	78,909
Retirement benefit plans	Retirement benefit expense	73,886	65,641

	For the quarter ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
<b>17 Earnings per share - basic and diluted</b>		
Profit attributable to ordinary shareholders (Rupees in thousand)	2,459,251	3,087,061
Weighted average number of shares (Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	1.17	1.47
	For the quarter ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
<b>18 Cash generated from operations</b>		
Profit before tax	3,525,687	4,385,287
Adjustments for :		
Depreciation on property, plant and equipment	666,638	682,934
Amortization of intangible assets	7,340	6,870
Finance cost	1,248,498	661,348
Provision for staff retirement benefits	50,434	43,956
Exchange loss on translation of foreign currency loan	63,380	15,306
Profit on short term loans to related parties	(242,659)	(187,250)
Dividend Income	(4,385)	(2,042)
Share of profit from associated company	(5,847)	(4,653)
Profit on saving accounts	(15,349)	(9,056)
Gain on disposal of property, plant and equipment	(52)	(167)
	1,767,998	1,207,246
Operating cash flows before working capital changes	5,293,685	5,592,533
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets:		
Stores and spares	245,499	(836,914)
Stock in trade	256,510	(1,228,062)
Trade debts	(3,245,606)	593,661
Loans, advances, deposits, prepayments and other receivables	(958,789)	(1,159,079)
Increase in creditors, accrued and other liabilities	1,078,275	1,795,075
	(2,624,111)	(835,319)
	2,669,574	4,757,214

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the three months ended March 31, 2020

## 19 Financial instruments

The carrying amount of financial assets and financial liabilities as at March 31, 2020 and as at December 31, 2019 approximate their fair values.

## 20 Date of Authorization of Issue

These financial statements have been authorized for issue on June 30, 2020 by the Board of Directors of the Company.

## 21 General

Figures have been rounded off to the nearest thousand of rupees unless stated otherwise.



Chief Executive Officer



Director



Chief Financial Officer












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