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CHALLENGES

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GROWTH



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COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer

Mr. Asad Murad

Chief Financial Officer

Mr. Rizwan Qamar

General Counsel and Company Secretary

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

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Mr. Khurram Javed Maqbool
Director Sales & Marketing

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Director Special Projects

Mr. Hassan Altaf
Director Strategy

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Head of Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Legal Advisors

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

Auditors

M/s. Yousuf Adil
Chartered Accountants, Lahore
134-A, Abu Bakar Block,
New Garden Town, Lahore
Tel: +92 42 3591 3595-7, +92 42 3544 0520
Fax: +92 42 3544 0521

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
Website: www.cdcsrsl.com

Bankers

Allied Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
MCB Bank Limited
Summit Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
JS Bank Limited
National Bank of Pakistan
The Bank of Punjab
Citibank N.A
United Bank Limited
Faysal Bank Limited
Soneri Bank Limited
Industrial & Commercial bank of China (ICBC)
Dubai Islamic Bank Pakistan 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 Sites

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

Khanewal Road, Multan, Pakistan
Tel: 061 – 90610000
Fax: 061 – 92290021

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

DIRECTORS' REVIEW

For the nine months ended September 30, 2021

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the un audited financial statements of the Company for the nine months ended September 30, 2021, along with brief overview on operational and financial performance.

Operational and Financial Performance

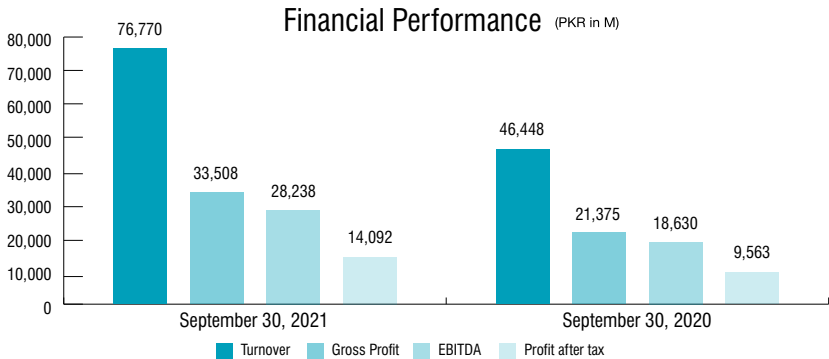
The Company operations continued without any disruption during the new waves of COVID-19 pandemic, and it remain committed to business continuity with upmost priority of maintaining highest standards of people safety and continuous engagement. The Company has been able to achieve its operational and financial targets despite this pandemic. All plant sites continued to build upon their reputation to be the safest working site for its stakeholders, hence kept adding to Safe Million Man Hours and remained lower than targeted Total Recordable Incidence Rate. In addition, the Company safely completed its planned turnaround activity for its Multan plant during the year to ensure reliable and efficient operations. The Company has also received multiple awards and recognitions on Health, Safety, Environment from various awarding bodies.

The operational and financial performance of the Company remained strong during the period. Total production volumes increased by 40% whereas sales volume increased by 60% as compared to previous period mainly owing to production volumes from Multan plant which was acquired in second half of 2020 and Sheikhpura plant which was non operational in first half of last year. NP and CAN sales volume almost doubled whereas Urea sales volumes increased by 36%.

Products	Volume ('000' M. Tons)			
	Production* / Purchase		Sales	
	Jan - Sep 2021	Jan - Sep 2020	Jan - Sep 2021	Jan - Sep 2020
NP	657	455	624	290
CAN	597	386	688	341
Urea	573	461	594	438
DAP	10	75	13	132
Total	1,837	1,377	1,919	1,201

*Includes production under toll manufacturing

The Company posted total Revenue of PKR 76,770 million representing 65% growth compared to same period last year. Cost of sales during current period increased mainly due to additional production volumes from Multan and Sheikhpura plants as mentioned above and partly due to shifting of fixed gas price regime to normal gas price upon completion of 10 years' time period for its Sadiqabad plant. Due to above factors, gross profit of the Company for the period under review resulted in PKR 33,508 million as compared to PKR 21,375 million in the same period last year. Owing to significant increase in volumes, various cost optimization initiatives, better working capital management and reduced borrowing costs, profit before tax increased by PKR 8,855 million vs corresponding period. Similarly, profit after tax clocked at PKR 14,092 million reflecting increase of 47% vs last year, resulting in EPS of PKR 6.71 per share as compared to EPS of PKR 4.55 per share in the same period last year.



Future Outlook

The demand and prices of fertilizers are expected to remain relatively strong for the remainder of the year. All the plants are operating efficiently with planned turnaround activity of its Sadiqabad plant is scheduled during last quarter of the year. The Company is working relentlessly to further strengthen its association with farmers, to guide them on the modern agriculture methods and the application of value added fertilizers. Owing to strong business dynamics, last quarter of 2021 looks promising due to availability of healthy volumes with the Company and robust strategies put in place to ensure sustainable growth. With international fertilizer prices hovering around at unprecedented high levels, locally produced fertilizers are being provided to the farmers at substantially economical rates. We are confident that necessary fiscal support in the shape of farmer friendly Government policies will continue to support the farmers and agriculture sector in Pakistan.


The Company, with its strong asset base, financial and liquidity position will continue to explore further opportunities both inside and outside the fertilizer sector. The Board is focused towards offering value addition for the stakeholders and will continue to provide leadership and strategic guidance to the Company.

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
October 25, 2021


Fawad Ahmed Mukhtar
Chief Executive Officer


Arif Habib
Chairman

**CONDENSED INTERIM SEPARATE
FINANCIAL STATEMENTS**
**For the nine months ended
September 30, 2021**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2020: 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, 2020: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	74,944,181	66,102,656
		95,944,181	87,102,656
NON CURRENT LIABILITIES			
Long term finances	5	4,974,521	3,114,067
Lease liabilities		1,680,288	1,901,472
Deferred liabilities	6	23,416,468	24,115,708
Deferred government grant		15,508	61,440
Long term deposits		120,253	110,370
		30,207,038	29,303,057
CURRENT LIABILITIES			
Trade and other payables		33,640,664	22,871,117
Accrued finance cost		260,405	450,579
Income tax payable		4,766,070	-
Short term finances - secured	7	3,949,959	11,443,557
Unpaid dividend		1,747,623	-
Unclaimed dividend		36,884	40,853
Current portion of:			
- Long term finances	5	3,124,068	5,803,222
- Lease liabilities		185,778	480,323
- Deferred government grant		61,526	61,526
		47,772,977	41,151,177
CONTINGENCIES & COMMITMENTS			
	8		
		173,924,196	157,556,890

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim financial statements.

		Un audited September 30, 2021	Audited December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	104,642,642	104,937,733
Intangible assets	10	5,088,695	5,991,019
Investment property	11	755,510	756,189
		110,486,847	111,684,941
Long term investments		854,032	201,641
Long term loan to an associated company		2,499,167	2,999,000
Long term deposits		118,368	113,679
		3,471,567	3,314,320
		113,958,414	114,999,261
CURRENT ASSETS			
Stores and spares	12	10,602,721	8,273,834
Stock in trade	13	14,432,538	13,530,945
Trade debts	14	13,540,433	4,450,476
Short term loans		6,999,723	3,241,723
Advances, deposits, prepayments and other receivables		11,851,492	8,675,690
Advance income tax		-	1,305,337
Short term investments		2,165,236	2,523,862
Cash and bank balances		373,639	555,762
		59,965,782	42,557,629
		173,924,196	157,556,890



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the nine months ended September 30, 2021

Note	Three months ended		Nine months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
	(Rupees in thousand)				
Sales	15	29,462,025	21,615,695	76,770,002	46,448,423
Cost of sales	16	(16,881,377)	(15,426,171)	(43,262,406)	(25,073,685)
Gross profit		12,580,648	6,189,524	33,507,596	21,374,738
Distribution cost		(1,618,976)	(1,206,429)	(4,233,276)	(2,777,209)
Administrative expenses		(965,595)	(853,650)	(2,785,302)	(2,407,711)
		9,996,077	4,129,445	26,489,018	16,189,818
Finance cost	17	(564,971)	(716,257)	(1,775,580)	(2,901,676)
Other operating expenses		(1,650,266)	(359,624)	(2,834,905)	(1,219,326)
Other income		290,021	519,990	777,280	1,548,445
Share of profit from an associate		34,434	5,577	52,191	18,607
Other gain / (loss):					
- Unwinding of provision for GIDC		(89,138)	-	(284,100)	-
- Reversal of loss allowance on subsidy receivable from GoP		22,516	-	67,546	-
		(66,622)	-	(216,554)	-
Profit before tax		8,038,673	3,579,131	22,491,450	13,635,868
Taxation		(3,261,940)	(1,177,574)	(8,399,925)	(4,073,358)
Profit for the period		4,776,733	2,401,557	14,091,525	9,562,510
Earnings per share					
- basic and diluted (Rupees)	18	2.27	1.14	6.71	4.55

The annexed explanatory notes from 1 to 24 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 nine months ended September 30, 2021

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
Profit for the period	4,776,733	2,401,557	14,091,525	9,562,510
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus on remeasurement of investment classified as fair value through other comprehensive income (FVTOCI)	-	(1,247)	-	1,666
Related tax thereon	-	361	-	(483)
Other comprehensive income - net of tax	-	(886)	-	1,183
Total comprehensive income for the period	4,776,733	2,400,671	14,091,525	9,563,693

The annexed explanatory notes from 1 to 24 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 nine months ended September 30, 2021

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurement of investment - FVTOCI	Total
	Share premium	Unappropriated profit				
(Rupees in thousand)						
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	-	-	9,562,510	-	-	9,562,510
Other comprehensive income	-	-	-	-	1,183	1,183
Total comprehensive income	-	-	9,562,510	-	1,183	9,563,693
Transactions with owners:						
- Final dividend for the year ended December 31, 2019 @ Rs 2 per share	-	-	(4,200,000)	-	-	(4,200,000)
Balance at September 30, 2020 (Un audited)	21,000,000	1,790,000	60,662,161	(76,300)	(3,870)	83,371,991
Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	-	87,102,656
Profit for the period	-	-	14,091,525	-	-	14,091,525
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	14,091,525	-	-	14,091,525
Transactions with owners:						
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	-	-	(5,250,000)	-	-	(5,250,000)
Balance at September 30, 2021 (Un audited)	21,000,000	1,790,000	73,215,867	(61,686)	-	95,944,181

The annexed explanatory notes from 1 to 24 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 nine months ended September 30, 2021

Note	Nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
Cash flows from operating activities		
Cash generated from operations	20 22,820,560	17,136,570
Net increase in long term deposits	9,883	11,292
Finance cost paid	(1,817,997)	(3,168,983)
Taxes paid	(2,286,040)	(3,002,832)
Employee retirement benefits paid	(240,058)	(65,869)
Net cash generated from operating activities	18,486,348	10,910,178
Cash flows from investing activities		
Additions in property, plant and equipment	(3,646,224)	(381,800)
Additions in investment property	–	(109,497)
Additions in intangible assets	(13,949)	(39,418)
Short term loan	(3,758,000)	–
Short term investments made	(557,924)	(1,993,350)
Proceeds from short term investments	805,400	416,259
Proceeds from disposal of property, plant and equipment	1,668	485
Long term investments made	(600,200)	–
Profit received on loans and saving accounts	1,467,642	201,880
Dividend income received	160,305	27,070
Net increase in long term deposits	(4,689)	(59,924)
Net cash used in investing activities	(6,145,971)	(1,938,295)
Cash flows from financing activities		
Proceeds from long term finances	3,543,729	1,218,875
Repayment of long term finances	(4,429,525)	(3,318,108)
Repayment of lease liabilities	(636,760)	(233,301)
Dividend paid	(3,506,346)	(4,345,712)
Net decrease in short term finances	(7,493,598)	(2,119,291)
Net cash used in financing activities	(12,522,500)	(8,797,537)
Net (decrease) / increase in cash and cash equivalents	(182,123)	174,346
Cash and cash equivalents at the beginning of the period	555,762	514,739
Cash and cash equivalents at the end of the period	373,639	689,085

The annexed explanatory notes from 1 to 24 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 nine months ended September 30, 2021

1 Legal Status and nature of business

- 1.1 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, Khanewal Road - Multan and at 28 - km Sheikhpura Road - Chichoki Mallian, Pakistan.

- 1.2 These financial statements are the separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary and investment in associates are accounted for under equity method. Consolidated financial statements are prepared separately.

2 Basis of preparation

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

- International Accounting Standard (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 the 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 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, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2020 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 financial statements for the nine months ended September 30, 2020.
- 2.3 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3 Significant 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, 2020.

	Un audited September 30, 2021	Audited December 31, 2020
Note	(Rupees in thousand)	
4 Reserves		
Capital reserve		
Share premium	1,790,000	1,790,000
Revenue reserve		
Unappropriated profit	73,215,867	64,374,342
Post retirement benefit obligation reserve	(61,686)	(61,686)
	74,944,181	66,102,656
5 Long term finances		
Rated, listed and secured Ijarah Sukuk Certificates	1,050,000	2,100,000
Secured loans from banking companies / financial institutions	7,048,589	6,817,289
	8,098,589	8,917,289
Less: Current portion	3,124,068	5,803,222
	4,974,521	3,114,067
5.1 Movement of long term finances		
Opening balance	8,917,289	12,478,721
Disbursements during the period / year	3,543,729	1,462,438
Repayments during the period / year	(4,429,525)	(4,966,641)
Classified as deferred government grant	-	(150,433)
Accreditation of loan under SBP Islamic Refinance Scheme	70,408	44,521
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	48,683
Closing balance	8,098,589	8,917,289
6 Deferred liabilities		
Deferred taxation	19,584,140	19,541,661
Employee retirement benefits	6.1 826,204	986,830
Provision for Gas Infrastructure Development Cess (GIDC)	3,006,124	3,587,217
	23,416,468	24,115,708
6.1 Employee retirement benefits		
Gratuity	754,195	681,870
Accumulating compensated absences	72,009	304,960
	826,204	986,830

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

For the nine months ended September 30, 2021

7 Short term finances - secured

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

The facilities are secured by Pari Passu charge on present and future current assets of the Company, pledge of raw materials and finished goods and personal guarantees of sponsoring Directors.

These facilities carry mark up ranging from 7.55% to 8.95% (December 31, 2020: 7.13% to 15.16%) per annum for Running Finance and Cash Finance and 7.74% to 8.94% (December 31, 2020: 7.76% to 14.56%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at September 30, 2021, 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, 2020, except for the following:

- (i) The Company has preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner Inland Revenue Appeals ('CIR(A)'), whereby the adverse order passed under section 122(5A) of the Income Tax Ordinance, 2001 by the assessing officer amounting to Rs 1,151 million was confirmed. The assessing officer earlier raised that alleged demand by disallowing and adding back various admissible deductions of the Company towards its taxable income thereby imposing consequential income tax for tax year 2018.
- (ii) The Company has filed an appeal before the CIR(A) against the adverse order passed by the assessing officer u/s 11 of Sales Tax Act, 1990 (STA). The assessing officer had raised an alleged demand against the Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017. Total demand raised was Rs 7,745 million. The case has not yet been fixed for hearing as of date.
- (iii) Corporate guarantees have been issued by different banks on behalf of the Company amounting to Rs 2,000 million (December 31, 2020: nil).

	Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)		
8.2 Commitments in respect of:		
(i) Contracts for capital expenditure	4,476,443	840,709
(ii) Contracts for other than capital expenditure	6,082,660	374,600
(iii) The amount of future payments under ijarah rentals and short term / low value leases:		
Not later than one year	386,168	247,331
Later than one year but not later than five years	345,581	303,398
	731,749	550,729

	Note	Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9 Property, plant and equipment			
Operating fixed assets	9.1	99,128,777	100,724,565
Capital work in progress	9.2	5,513,865	4,213,168
		104,642,642	104,937,733
9.1 Movement of operating fixed assets			
Opening book value		100,724,565	87,108,526
Additions during the period / year	9.1.1	2,345,527	16,842,054
		103,070,092	103,950,580
Less: Depreciation charged during the period / year		3,938,890	2,932,670
Book value of disposals during the period / year	9.1.2	2,425	293,345
Closing book value		99,128,777	100,724,565
9.1.1 Additions during the period / year			
Freehold land		24,142	67,501
Building on freehold land		169,519	47,720
Plant and machinery		1,691,723	14,487,185
Catalysts		17,136	132,062
Furniture and fixtures		11,785	7,079
Office equipment		60,641	4,265
Electric installations and appliances		75,174	112,062
Computers		113,753	123,474
Vehicles		181,654	72,480
Right of use assets		–	1,788,226
		2,345,527	16,842,054
9.1.2 This includes disposal of right of use asset amounting to Rs 2.25 million on termination of lease contract.			
		Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9.2 Capital work in progress			
Civil works		331,394	369,297
Plant and machinery		1,403,706	1,605,107
Capital stores		2,603,927	1,662,334
Advances:			
- Land		183,596	–
- Civil works		–	17,887
- Plant and machinery		991,242	558,543
		1,174,838	576,430
		5,513,865	4,213,168

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

For the nine months ended September 30, 2021

Un audited
September 30, 2021

Audited
December 31, 2020

(Rupees in thousand)

	Un audited September 30, 2021	Audited December 31, 2020
9.2.1 Movement of capital work in progress		
Opening balance	4,213,168	13,612,134
Additions during the period / year	2,719,028	1,457,760
	6,932,196	15,069,894
Less: Capitalization during the period / year (Reversal of) / provision charged for obsolescence for capital stores	1,421,058 (2,727)	10,850,929 5,797
Closing balance	5,513,865	4,213,168
10 Intangible assets		
Opening book value	5,991,019	5,973,548
Additions during the period / year	13,949	51,911
	6,004,968	6,025,459
Less: Amortization charged during the period / year Impairment charged during the period / year	31,273 885,000	34,440 -
Closing book value	5,088,695	5,991,019
11 Investment property		
Opening book value	756,189	627,573
Additions during the period / year	-	129,521
	756,189	757,094
Less: Depreciation charged during the period / year	679	905
Closing book value	755,510	756,189
12 Stores and spares		
Stores	523,720	354,267
Spares	6,838,183	5,243,101
Catalyst and chemicals	3,299,907	2,709,713
	10,661,810	8,307,081
Less: Provision for slow moving stores and spares	59,089	33,247
	10,602,721	8,273,834

Un audited
September 30, 2021 Audited
December 31, 2020
(Rupees in thousand)

13 Stock in trade

Raw material {including in transit Rs 1,629.77 million (December 31, 2020: Rs 1,412.14 million)}	4,973,666	2,634,574
Packing material	70,323	123,572
Mid products		
Ammonia	81,001	290,865
Nitric Acid	22,292	19,489
Others	475	699
	103,768	311,053
Finished goods		
- Own manufactured		
Urea	527,170	805,240
NP	7,438,884	5,906,647
CAN	295,831	1,639,528
Certified emission reductions	39,401	21,785
	8,301,286	8,373,200
- Purchased for resale	983,495	2,088,546
	14,432,538	13,530,945

14 Trade debts

These include receivables from related party amounting to Rs 5,973.46 million on account of toll manufacturing.

Three months ended		Nine months ended	
September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Rupees in thousand)			

15 Sales

Revenue from contracts with customers				
Local sales:				
Own manufactured	21,182,927	17,299,238	61,872,527	38,399,922
Purchased for resale	1,249,975	5,144,660	2,621,092	9,203,178
Mid products	301,134	171,881	896,775	542,841
Export sales:				
Certified emission reductions	-	-	-	150,487
Toll manufacturing	7,853,711	-	14,258,939	-
	30,587,747	22,615,779	79,649,333	48,296,428
Less: Sales tax	664,822	465,833	1,706,303	1,025,468
Discounts	460,900	534,251	1,173,028	822,537
	29,462,025	21,615,695	76,770,002	46,448,423

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

For the nine months ended September 30, 2021

Note	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
16 Cost of sales				
Raw material consumed	6,563,963	6,217,781	20,329,073	11,866,659
Packing material consumed	560,371	321,816	1,792,019	834,154
Salaries, wages and other benefits	1,520,554	1,186,540	4,375,600	2,841,941
Fuel and power	1,529,076	1,896,560	4,884,705	3,905,801
Chemicals and catalyst consumed	711,395	261,385	1,724,796	636,381
Stores and spares consumed	604,134	461,853	1,867,414	1,173,661
Technical assistance	23,259	71,861	244,484	128,552
Repair and maintenance	581,090	657,222	2,311,545	1,334,828
Insurance	214,531	168,529	627,934	438,835
Travelling and conveyance	35,539	24,873	101,430	85,919
Rent, rates and taxes	86,400	70,051	219,276	124,541
Vehicle running and maintenance	37,229	22,678	95,665	59,224
Depreciation	16.1 2,275,556	678,813	3,756,792	1,911,239
Others	22,304	1,607,324	66,639	1,644,339
Subsidy on RLNG released by GoP to SNGPL	16.2 -	(420,984)	(1,532,564)	(5,741,609)
Manufacturing cost	14,765,401	13,226,302	40,864,808	21,244,465
Opening stock of mid products	65,411	110,003	311,053	203,837
Closing stock of mid products	(103,768)	(213,783)	(103,768)	(213,783)
Cost of goods manufactured	14,727,044	13,122,522	41,072,093	21,234,519
Opening stock of finished goods	9,508,714	4,867,499	8,373,200	2,851,480
Closing stock of finished goods	(8,301,286)	(7,057,912)	(8,301,286)	(7,057,912)
Cost of sales - own manufactured	15,934,472	10,932,109	41,144,007	17,028,087
Cost of sales - purchased for resale	946,905	4,494,062	2,118,399	8,045,598
	16,881,377	15,426,171	43,262,406	25,073,685

16.1 During the period, the Company has re-estimated residual value of its plant and machinery. The change has been accounted for as 'change in estimates' in accordance with relevant accounting standards. As a result of this change, the incremental depreciation amounting to Rs 1,552.65 million has been charged.

16.2 This consists of subsidy released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura Plant) by SNGPL in year 2020 and the Gas price capped by GoP for fertilizer plants operating on RLNG.

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
17 Finance cost				
Markup on:				
- long term finances	143,413	278,366	535,664	1,059,402
- short term finances	236,971	349,596	710,557	1,346,028
Interest on leased liabilities	41,033	28,968	123,282	135,195
Bank charges and others	143,554	59,327	406,077	361,051
	564,971	716,257	1,775,580	2,901,676

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Rupees in thousand)				
18 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	4,776,733	2,401,557	14,091,525	9,562,510
(Number of shares)				
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.27	1.14	6.71	4.55

19 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 due to related parties have been disclosed in the relevant notes to the financial statements. Significant transactions with related parties are as follows:

		Nine months ended	
		September 30, 2021	September 30, 2020
(Rupees in thousand)			
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of packing material	1,881,292	989,814
	Purchase of raw material	2,232,550	3,512,821
	Purchase of stores and spares	390,760	177,977
	Purchase of catalysts	70,648	599,253
	Purchase of finished goods	-	3,278,368
	Sale of mid products	93,107	44,444
	Lease rental and license fee	109,200	38,400
	Payment against sales collection	16,432,984	-
	Toll manufacturing revenue	14,258,939	-
	Fee for services	2,376,049	678,779
	Short term loan	3,758,000	-
	Deferred payments	-	3,375,000
	Markup income	578,687	1,014,430
	Markup expense	124,588	23,579
	Non current assets	-	9,312,385
	Miscellaneous expenses	42,332	15,070
Dividends paid	1,618,502	1,782,879	
Directors and key management personnel	Remuneration including benefits and perquisites	295,119	192,359
	Dividends paid	686,544	753,805
Retirement benefit plans	Retirement benefit expense	169,449	214,968

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

For the nine months ended September 30, 2021

	Nine months ended	
	September 30, 2021	September 30, 2020
(Rupees in thousand)		
20 Cash generated from operations		
Profit before tax	22,491,450	13,635,868
Adjustments for:		
Depreciation on property, plant and equipment	3,938,890	2,067,176
Depreciation on investment property	679	676
Amortization and impairment of intangible assets	916,273	24,610
Finance cost	1,775,580	2,901,676
Provision for staff retirement benefits	79,432	139,408
Provision for slow moving stores, spares and loose tools	23,116	17,770
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	59,699
Profit on short term loans to associated companies	(579,057)	(1,014,448)
Loss / (gain) on remeasurement of investment - through profit or loss	111,150	(292,145)
Reversal of loss allowance on subsidy receivable from GoP	(67,546)	-
Unwinding of provision for GIDC	284,100	-
Dividend income	(160,305)	(27,070)
Share of profit from an associated company	(52,191)	(18,607)
Profit on saving accounts	(11,921)	(44,301)
Gain on disposal of property, plant and equipment	(1,492)	(383)
	6,253,396	3,814,061
Operating cash flows before working capital changes	28,744,846	17,449,929
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(2,352,003)	(1,807,093)
Stock in trade	(901,593)	(1,849,093)
Trade debts	(9,089,957)	3,617,953
Advances, deposits, prepayments and other receivables	(3,485,087)	4,002,090
Net increase / (decrease) in trade and other payables	9,904,354	(4,277,216)
	(5,924,286)	(313,359)
	22,820,560	17,136,570

21 Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Company's financial assets which are carried at fair value:

	September 30, 2021 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,165,236	–	–	2,165,236
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,165,236	–	–	2,165,236
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,324,222	–	–	2,324,222
Investment - FVTOCI	199,640	–	–	199,640
Total assets at fair value	2,523,862	–	–	2,523,862

21.1 There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

22 COVID-19 impact assessment

World Health Organization declared the novel strain of corona virus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. During the nine months period of 2021, due to effective vaccinations and other measures taken to contain the further spread of the virus, including lock downs, travel bans, quarantines, social distancing, and closures of nonessential services, the spread was slowed down and it helped in reviving the overall economic activities.

Manufacturing, transportation, distribution and selling of seeds, fertilizers and pesticides, being essential commodities, was permitted by the Government throughout the lockdown period and consequently, operations of the Company have continued uninterrupted during the pandemic. The management considers presently that this pandemic does not have any material adverse impact on the amounts being reported in the Company's condensed interim financial statements for the nine months ended September 30, 2021 and going forward, the management will continue to monitor the potential impact and take all steps possible to mitigate any effects.

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

For the nine months ended September 30, 2021

23 Date of authorization of issue

These financial statements have been authorized for issue on October 25, 2021 by the Board of Directors of the Company.

24 General

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



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**
**For the nine months ended
September 30, 2021**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Un audited September 30, 2021	Audited December 31, 2020
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorized share capital 2,700,010,000 (December 31, 2020: 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, 2020: 2,100,000,000) ordinary shares of Rs 10 each	21,000,000	21,000,000
Reserves	4 74,944,093	66,102,656
	95,944,093	87,102,656
NON CURRENT LIABILITIES		
Long term finances	5 4,974,521	3,114,067
Lease liabilities	1,680,288	1,901,472
Deferred liabilities	6 23,416,468	24,115,708
Deferred government grant	15,508	61,440
Long term deposits	120,253	110,370
	30,207,038	29,303,057
CURRENT LIABILITIES		
Trade and other payables	33,640,664	22,871,117
Accrued finance cost	260,405	450,579
Income tax payable	4,766,070	-
Short term finances - secured	7 3,949,959	11,443,557
Unpaid dividend	1,747,623	-
Unclaimed dividend	36,884	40,853
Current portion of:		
- Long term finances	5 3,124,068	5,803,222
- Lease liabilities	185,778	480,323
- Deferred government grant	61,526	61,526
	47,772,977	41,151,177
CONTINGENCIES & COMMITMENTS	8	
	173,924,108	157,556,890

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.

		Un audited September 30, 2021	Audited December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	104,642,642	104,937,733
Intangible assets	10	5,088,695	5,991,019
Investment property	11	755,510	756,189
		110,486,847	111,684,941
Long term investments		853,832	201,641
Long term loan to an associated company		2,499,167	2,999,000
Long term deposits		118,368	113,679
		3,471,367	3,314,320
		113,958,214	114,999,261
CURRENT ASSETS			
Stores and spares	12	10,602,721	8,273,834
Stock in trade	13	14,432,538	13,530,945
Trade debts	14	13,540,433	4,450,476
Short term loans		6,999,723	3,241,723
Advances, deposits, prepayments and other receivables		11,851,404	8,675,690
Advance income tax		–	1,305,337
Short term investments		2,165,236	2,523,862
Cash and bank balances		373,839	555,762
		59,965,894	42,557,629
		173,924,108	157,556,890



Chief Executive Officer



Director



Chief Financial Officer

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

For the nine months ended September 30, 2021

Note	Three months ended		Nine months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
	(Rupees in thousand)				
Sales	15	29,462,025	21,615,695	76,770,002	46,448,423
Cost of sales	16	(16,881,377)	(15,426,171)	(43,262,406)	(25,073,685)
Gross profit		12,580,648	6,189,524	33,507,596	21,374,738
Distribution cost		(1,618,976)	(1,206,429)	(4,233,276)	(2,777,209)
Administrative expenses		(965,595)	(853,650)	(2,785,390)	(2,407,711)
		9,996,077	4,129,445	26,488,930	16,189,818
Finance cost	17	(564,971)	(716,257)	(1,775,580)	(2,901,676)
Other operating expenses		(1,650,266)	(359,624)	(2,834,905)	(1,219,326)
Other income		290,021	519,990	777,280	1,548,445
Share of profit from an associate		34,434	5,577	52,191	18,607
Other gain / (loss):					
- Unwinding of provision for GIDC		(89,138)	-	(284,100)	-
- Reversal of loss allowance on subsidy receivable from GoP		22,516	-	67,546	-
		(66,622)	-	(216,554)	-
Profit before tax		8,038,673	3,579,131	22,491,362	13,635,868
Taxation		(3,261,940)	(1,177,574)	(8,399,925)	(4,073,358)
Profit for the period		4,776,733	2,401,557	14,091,437	9,562,510
Earnings per share					
- basic and diluted (Rupees)	18	2.27	1.14	6.71	4.55

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the nine months ended September 30, 2021

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
Profit for the period	4,776,733	2,401,557	14,091,437	9,562,510
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus on remeasurement of investment classified as fair value through other comprehensive income (FVTOCI)	-	(1,247)	-	1,666
Related tax thereon	-	361	-	(483)
Other comprehensive income - net of tax	-	(886)	-	1,183
Total comprehensive income for the period	4,776,733	2,400,671	14,091,437	9,563,693

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

For the nine months ended September 30, 2021

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurement of investment - FVTOCI	Total
	Share premium	Unappropriated profit				
(Rupees in thousand)						
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	-	-	9,562,510	-	-	9,562,510
Other comprehensive income	-	-	-	-	1,183	1,183
Total comprehensive income	-	-	9,562,510	-	1,183	9,563,693
Transactions with owners:						
- Final dividend for the year ended December 31, 2019 @ Rs 2 per share	-	-	(4,200,000)	-	-	(4,200,000)
Balance at September 30, 2020 (Un audited)	21,000,000	1,790,000	60,662,161	(76,300)	(3,870)	83,371,991
Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	-	87,102,656
Profit for the period	-	-	14,091,437	-	-	14,091,437
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	14,091,437	-	-	14,091,437
Transactions with owners:						
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	-	-	(5,250,000)	-	-	(5,250,000)
Balance at September 30, 2021 (Un audited)	21,000,000	1,790,000	73,215,779	(61,686)	-	95,944,093

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN AUDITED)

For the nine months ended September 30, 2021

Note	Nine months ended	
	September 30, 2021	September 30, 2020
(Rupees in thousand)		
Cash flows from operating activities		
Cash generated from operations	20 22,820,560	17,136,570
Net increase in long term deposits	9,883	11,292
Finance cost paid	(1,817,997)	(3,168,983)
Taxes paid	(2,286,040)	(3,002,832)
Employee retirement benefits paid	(240,058)	(65,869)
Net cash generated from operating activities	18,486,348	10,910,178
Cash flows from investing activities		
Additions in property, plant and equipment	(3,646,224)	(381,800)
Additions in investment property	–	(109,497)
Additions in intangible assets	(13,949)	(39,418)
Short term loan	(3,758,000)	–
Short term investments made	(557,924)	(1,993,350)
Proceeds from short term investments	805,400	416,259
Proceeds from disposal of property, plant and equipment	1,668	485
Long term investments made	(600,000)	–
Profit received on loans and saving accounts	1,467,642	201,880
Dividend income received	160,305	27,070
Net increase in long term deposits	(4,689)	(59,924)
Net cash used in investing activities	(6,145,771)	(1,938,295)
Cash flows from financing activities		
Proceeds from long term finances	3,543,729	1,218,875
Repayment of long term finances	(4,429,525)	(3,318,108)
Repayment of lease liabilities	(636,760)	(233,301)
Dividend paid	(3,506,346)	(4,345,712)
Net decrease in short term finances	(7,493,598)	(2,119,291)
Net cash used in financing activities	(12,522,500)	(8,797,537)
Net (decrease) / increase in cash and cash equivalents	(181,923)	174,346
Cash and cash equivalents at the beginning of the period	555,762	514,739
Cash and cash equivalents at the end of the period	373,839	689,085

The annexed explanatory notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

For the nine months ended September 30, 2021

1 Legal Status and nature of business

- 1.1** Fatima Fertilizer Company Limited (the Holding Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited (FFT) is wholly owned subsidiary of the Holding company and it was incorporated in Pakistan under the Companies Act, 2017. Collectively, both would be referred to as 'the Group' in these condensed interim consolidated financial statements.

The principal activity of the Group is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered offices of the Holding and Subsidiary companies are situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Holding Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and at 28-km Sheikhpura Road - Chichoki Mallian, Pakistan.

2 Basis of preparation

- 2.1** These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (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 the 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** These condensed interim consolidated 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 Holding Company for the year ended December 31, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2020 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 financial statements for the nine months ended September 30, 2020.
- 2.3** These condensed interim consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3 Significant accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of annual financial statements of the Holding Company for the year ended December 31, 2020.

	Un audited September 30, 2021	Audited December 31, 2020
Note	(Rupees in thousand)	
4 Reserves		
Capital reserve		
Share premium	1,790,000	1,790,000
Revenue reserve		
Unappropriated profit	73,215,779	64,374,342
Post retirement benefit obligation reserve	(61,686)	(61,686)
	74,944,093	66,102,656
5 Long term finances		
Rated, listed and secured Ijarah Sukuk Certificates	1,050,000	2,100,000
Secured loans from banking companies / financial institutions	7,048,589	6,817,289
	8,098,589	8,917,289
Less: Current portion	3,124,068	5,803,222
	4,974,521	3,114,067
5.1 Movement of long term finances		
Opening balance	8,917,289	12,478,721
Disbursements during the period / year	3,543,729	1,462,438
Repayments during the period / year	(4,429,525)	(4,966,641)
Classified as deferred government grant	-	(150,433)
Accreditation of loan under SBP Islamic Refinance Scheme	70,408	44,521
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	48,683
Closing balance	8,098,589	8,917,289
6 Deferred liabilities		
Deferred taxation	19,584,140	19,541,661
Employee retirement benefits	826,204	986,830
Provision for Gas Infrastructure Development Cess (GIDC)	3,006,124	3,587,217
	23,416,468	24,115,708
6.1 Employee retirement benefits		
Gratuity	754,195	681,870
Accumulating compensated absences	72,009	304,960
	826,204	986,830

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

For the nine months ended September 30, 2021

7 Short term finances - secured

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

The facilities are secured by Pari Passu charge on present and future current assets of the Group, pledge of raw materials and finished goods and personal guarantees of sponsoring Directors.

These facilities carry mark up ranging from 7.55% to 8.95% (December 31, 2020: 7.13% to 15.16%) per annum for Running Finance and Cash Finance and 7.74% to 8.94% (December 31, 2020: 7.76% to 14.56%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at September 30, 2021, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Holding Company for the year ended December 31, 2020, except for the following:

- (i) The Holding Company has preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner Inland Revenue Appeals ('CIR(A)'), whereby the adverse order passed under section 122(5A) of the Income Tax Ordinance 2001 by the assessing officer amounting to Rs 1,151 million was confirmed. The assessing officer earlier raised that alleged demand by disallowing and adding back various admissible deductions of the Holding Company towards its taxable income thereby imposing consequential income tax for tax year 2018.
- (ii) The Holding Company has filed an appeal before the CIR(A) against the adverse order passed by the assessing officer u/s 11 of Sales Tax Act, 1990 (STA). The assessing officer had raised an alleged demand against the Holding Company by selecting it for the sales tax audit u/s 25 of STA for the tax periods from July 2016 to June 2017. Total demand raised was Rs 7,745 million. The case has not yet been fixed for hearing as of date.
- (iii) Corporate guarantees have been issued by different banks on behalf of the Holding Company amounting to Rs 2,000 million (December 31, 2020: nil).

Un audited
September 30, 2021 Audited
December 31, 2020

(Rupees in thousand)

8.2 Commitments in respect of:

(i) Contracts for capital expenditure	4,476,443	840,709
(ii) Contracts for other than capital expenditure	6,082,660	374,600
(iii) The amount of future payments under ijarah rentals and short term / low value leases:		
Not later than one year	386,168	247,331
Later than one year but not later than five years	345,581	303,398
	731,749	550,729

	Note	Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9 Property, plant and equipment			
Operating fixed assets	9.1	99,128,777	100,724,565
Capital work in progress	9.2	5,513,865	4,213,168
		104,642,642	104,937,733
9.1 Movement of operating fixed assets			
Opening book value		100,724,565	87,108,526
Additions during the period / year	9.1.1	2,345,527	16,842,054
		103,070,092	103,950,580
Less: Depreciation charged during the period / year		3,938,890	2,932,670
Book value of disposals during the period / year	9.1.2	2,425	293,345
Closing book value		99,128,777	100,724,565
9.1.1 Additions during the period / year			
Freehold land		24,142	67,501
Building on freehold land		169,519	47,720
Plant and machinery		1,691,723	14,487,185
Catalysts		17,136	132,062
Furniture and fixtures		11,785	7,079
Office equipment		60,641	4,265
Electric installations and appliances		75,174	112,062
Computers		113,753	123,474
Vehicles		181,654	72,480
Right of use assets		–	1,788,226
		2,345,527	16,842,054
9.1.2 This includes disposal of right of use asset amounting to Rs 2.25 million on termination of lease contract.			
		Un audited September 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9.2 Capital work in progress			
Civil works		331,394	369,297
Plant and machinery		1,403,706	1,605,107
Capital stores		2,603,927	1,662,334
Advances:			
- Land		183,596	–
- Civil works		–	17,887
- Plant and machinery		991,242	558,543
		1,174,838	576,430
		5,513,865	4,213,168

NOTES TO AND FORMING PART OF THE CONDENSED
 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)
 For the nine months ended September 30, 2021

Un audited
September 30, 2021

Audited
December 31, 2020

(Rupees in thousand)

	Un audited September 30, 2021	Audited December 31, 2020
9.2.1 Movement of capital work in progress		
Opening balance	4,213,168	13,612,134
Additions during the period / year	2,719,028	1,457,760
	6,932,196	15,069,894
Less: Capitalization during the period / year (Reversal of) / provision charged for obsolescence for capital stores	1,421,058 (2,727)	10,850,929 5,797
Closing balance	5,513,865	4,213,168
10 Intangible assets		
Opening book value	5,991,019	5,973,548
Additions during the period / year	13,949	51,911
	6,004,968	6,025,459
Less: Amortization charged during the period / year Impairment charged during the period / year	31,273 885,000	34,440 –
Closing book value	5,088,695	5,991,019
11 Investment property		
Opening book value	756,189	627,573
Additions during the period / year	–	129,521
	756,189	757,094
Less: Depreciation charged during the period / year	679	905
Closing book value	755,510	756,189
12 Stores and spares		
Stores	523,720	354,267
Spares	6,838,183	5,243,101
Catalyst and chemicals	3,299,907	2,709,713
	10,661,810	8,307,081
Less: Provision for slow moving stores and spares	59,089	33,247
	10,602,721	8,273,834

Un audited
September 30, 2021 Audited
December 31, 2020

(Rupees in thousand)

13 Stock in trade

Raw material {including in transit Rs 1,629.77 million (December 31, 2020: Rs 1,412.14 million)}	4,973,666	2,634,574
Packing material	70,323	123,572
Mid products		
Ammonia	81,001	290,865
Nitric Acid	22,292	19,489
Others	475	699
	103,768	311,053
Finished goods		
- Own manufactured		
Urea	527,170	805,240
NP	7,438,884	5,906,647
CAN	295,831	1,639,528
Certified emission reductions	39,401	21,785
	8,301,286	8,373,200
- Purchased for resale	983,495	2,088,546
	14,432,538	13,530,945

14 Trade debts

These include receivables from related party amounting to Rs 5,973.46 million on account of toll manufacturing.

Three months ended Nine months ended
September 30, 2021 September 30, 2020 September 30, 2021 September 30, 2020

(Rupees in thousand)

15 Sales

Revenue from contracts with customers

Local sales:				
Own manufactured	21,182,927	17,299,238	61,872,527	38,399,922
Purchased for resale	1,249,975	5,144,660	2,621,092	9,203,178
Mid products	301,134	171,881	896,775	542,841
Export sales:				
Certified emission reductions	-	-	-	150,487
Toll manufacturing	7,853,711	-	14,258,939	-
	30,587,747	22,615,779	79,649,333	48,296,428
Less: Sales tax	664,822	465,833	1,706,303	1,025,468
Discounts	460,900	534,251	1,173,028	822,537
	29,462,025	21,615,695	76,770,002	46,448,423

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

For the nine months ended September 30, 2021

Note	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
16 Cost of sales				
Raw material consumed	6,563,963	6,217,781	20,329,073	11,866,659
Packing material consumed	560,371	321,816	1,792,019	834,154
Salaries, wages and other benefits	1,520,554	1,186,540	4,375,600	2,841,941
Fuel and power	1,529,076	1,896,560	4,884,705	3,905,801
Chemicals and catalyst consumed	711,395	261,385	1,724,796	636,381
Stores and spares consumed	604,134	461,853	1,867,414	1,173,661
Technical assistance	23,259	71,861	244,484	128,552
Repair and maintenance	581,090	657,222	2,311,545	1,334,828
Insurance	214,531	168,529	627,934	438,835
Travelling and conveyance	35,539	24,873	101,430	85,919
Rent, rates and taxes	86,400	70,051	219,276	124,541
Vehicle running and maintenance	37,229	22,678	95,665	59,224
Depreciation	16.1 2,275,556	678,813	3,756,792	1,911,239
Others	22,304	1,607,324	66,639	1,644,339
Subsidy on RLNG released by GoP to SNGPL	16.2 -	(420,984)	(1,532,564)	(5,741,609)
Manufacturing cost	14,765,401	13,226,302	40,864,808	21,244,465
Opening stock of mid products	65,411	110,003	311,053	203,837
Closing stock of mid products	(103,768)	(213,783)	(103,768)	(213,783)
Cost of goods manufactured	14,727,044	13,122,522	41,072,093	21,234,519
Opening stock of finished goods	9,508,714	4,867,499	8,373,200	2,851,480
Closing stock of finished goods	(8,301,286)	(7,057,912)	(8,301,286)	(7,057,912)
Cost of sales - own manufactured	15,934,472	10,932,109	41,144,007	17,028,087
Cost of sales - purchased for resale	946,905	4,494,062	2,118,399	8,045,598
	16,881,377	15,426,171	43,262,406	25,073,685

16.1 During the period, the Holding Company has re-estimated residual value of its plant and machinery. The change has been accounted for as 'change in estimates' in accordance with relevant accounting standards. As a result of this change, the incremental depreciation amounting to Rs 1,552.65 million has been charged.

16.2 This consists of subsidy released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Holding Company (Sheikhupura Plant) by SNGPL in year 2020 and the Gas price capped by GoP for fertilizer plants operating on RLNG.

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
17 Finance cost				
Markup on:				
- long term finances	143,413	278,366	535,664	1,059,402
- short term finances	236,971	349,596	710,557	1,346,028
Interest on leased liabilities	41,033	28,968	123,282	135,195
Bank charges and others	143,554	59,327	406,077	361,051
	564,971	716,257	1,775,580	2,901,676

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Rupees in thousand)				
18 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	4,776,733	2,401,557	14,091,437	9,562,510
(Number of shares)				
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.27	1.14	6.71	4.55

19 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties have been disclosed in the relevant notes to the financial statements. Significant transactions with related parties are as follows:

Relationship with the Group	Nature of transaction	Nine months ended	
		September 30, 2021	September 30, 2020
(Rupees in thousand)			
Associated companies	Purchase of packing material	1,881,292	989,814
	Purchase of raw material	2,232,550	3,512,821
	Purchase of stores and spares	390,760	177,977
	Purchase of catalysts	70,648	599,253
	Purchase of finished goods	–	3,278,368
	Sale of mid products	93,107	44,444
	Lease rental and license fee	109,200	38,400
	Payment against sales collection	16,432,984	–
	Toll manufacturing revenue	14,258,939	–
	Fee for services	2,376,049	678,779
	Short term loan	3,758,000	–
	Deferred payments	–	3,375,000
	Markup income	578,687	1,014,430
	Markup expense	124,588	23,579
	Non current assets	–	9,312,385
	Miscellaneous expenses	42,332	15,070
Dividends paid	1,618,502	1,782,879	
Directors and key management personnel	Remuneration including benefits and perquisites	295,119	192,359
	Dividends paid	686,544	753,805
Retirement benefit plans	Retirement benefit expense	169,449	214,968

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	Nine months ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
20 Cash generated from operations		
Profit before tax	22,491,362	13,635,868
Adjustments for:		
Depreciation on property, plant and equipment	3,938,890	2,067,176
Depreciation on investment property	679	676
Amortization and impairment of intangible assets	916,273	24,610
Finance cost	1,775,580	2,901,676
Provision for staff retirement benefits	79,432	139,408
Provision for slow moving stores, spares and loose tools	23,116	17,770
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	59,699
Profit on short term loans to associated companies	(579,057)	(1,014,448)
Loss / (gain) on remeasurement of investment - through profit or loss	111,150	(292,145)
Reversal of loss allowance on subsidy receivable from GoP	(67,546)	-
Unwinding of provision for GIDC	284,100	-
Dividend income	(160,305)	(27,070)
Share of profit from an associated company	(52,191)	(18,607)
Profit on saving accounts	(11,921)	(44,301)
Gain on disposal of property, plant and equipment	(1,492)	(383)
	6,253,396	3,814,061
Operating cash flows before working capital changes	28,744,758	17,449,929
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(2,352,003)	(1,807,093)
Stock in trade	(901,593)	(1,849,093)
Trade debts	(9,089,957)	3,617,953
Advances, deposits, prepayments and other receivables	(3,484,999)	4,002,090
Net increase / (decrease) in trade and other payables	9,904,354	(4,277,216)
	(5,924,198)	(313,359)
	22,820,560	17,136,570

21 Financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets which are carried at fair value:

	September 30, 2021 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,165,236	–	–	2,165,236
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,165,236	–	–	2,165,236
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,324,222	–	–	2,324,222
Investment - FVTOCI	199,640	–	–	199,640
Total assets at fair value	2,523,862	–	–	2,523,862

21.1 There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim consolidated financial statements approximate their fair values.

22 COVID-19 impact assessment

World Health Organization declared the novel strain of corona virus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. During the nine months period of 2021, due to effective vaccinations and other measures taken to contain the further spread of the virus, including lock downs, travel bans, quarantines, social distancing, and closures of nonessential services, the spread was slowed down and it helped in reviving the overall economic activities.

Manufacturing, transportation, distribution and selling of seeds, fertilizers and pesticides, being essential commodities, was permitted by the Government throughout the lockdown period and consequently, operations of the Group have continued uninterrupted during the pandemic. The management considers presently that this pandemic does not have any material adverse impact on the amounts being reported in the Group's condensed interim consolidated financial statements for the nine months period ended September 30, 2021 and going forward, the management will continue to monitor the potential impact and take all steps possible to mitigate any effects.

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23 Date of authorization of issue

These financial statements have been authorized for issue on October 25, 2021 by the Board of Directors of the Holding Company.

24 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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