

CATALYSING GREEN REVOLUTION

1st Quarterly Report 2023



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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

Ms. Malika Nait Oukhedou

Independent Director

Mr. Tariq Jamali

Independent Director

Chief Operating Officer & Chief Financial Officer

Mr. Asad Murad

Director Legal & Company Secretary

Mr. Omair Mohsin

(communications@fatima-group.com)

Key Management

Mr. M. Abad Khan

Advisor to the CEO

Ms. Sadia Irfan

Director Human Resources

Mr. Iftikhar Mahmood Baig

Director Business Development

Mr. Ahsen-ud-Din

Director Technology Division

Mr. Ausaf Ali Qureshi

Advisor MFC Project

Mr. Hassan Altaf

Director Strategy

Mrs. Rabel Sadozai

Director Marketing and Sales

Mr. Atif Zaidi

Chief Information Officer

Mr. Salman Ahmad

Director Internal Audit

Mr. Pervez Fateh

G.M. Manufacturing

Mr. Faisal Jamal

Corporate HSE & Technical Support Manager

Audit Committee Members

Mr. Tariq Jamali

Chairman

Mr. Faisal Ahmed Mukhtar

Member

Ms. Malika Nait Oukhedou

Member

Mr. Muhammad Kashif Habib

Member

HR and Remuneration Committee Members

Ms. Malika Nait Oukhedou

Chairperson

Mr. Fawad Ahmed Mukhtar

Member

Mr. Muhammad Kashif Habib

Member

Nomination and Risk Management Committee Members

Mr. Fazal Ahmed Sheikh

Chairman

Mr. Muhammad Kashif Habib

Member

Mr. Tariq Jamali

Member

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@cdcsrcsl.com
Website: www.cdcsrcsl.com

Bankers

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

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' REPORT

The Directors of the Company are pleased to present the Directors' Report, the unaudited condensed interim consolidated and standalone financial statements of the Company along with brief overview on operational and financial performance for the first three months ended March 31, 2023.

The Economy

Business activities in the country continued to face macro economic challenges such as limited availability of foreign exchange, currency devaluation, inflation, high interest rates and uncertain political & economic outlook. Negotiation for resumption of IMF program is at an advanced stage. The Government has taken number of actions in respect of IMF conditionalities hence, agreement with IMF is expected to contribute towards stabilization of Pakistan's economy.

Operational and Financial Performance

In the first quarter of 2023, the Company has delivered stable business performance. Multan and Sheikhpura plants successfully completed their turnaround as planned during the period under review. Sheikhpura plant faced gas curtailment during the quarter, however, this period was utilized to complete its turnaround activity.

Total production volumes decreased by 37% due to reasons mentioned above, similarly sales volumes also recorded decline owing to limited avails of Urea and CAN.

Products	Production*		Sales*	
	For the three months ended March 31, 2023	For the three months ended March 31, 2022	For the three months ended March 31, 2023	For the three months ended March 31, 2022
	Volume ('000' M. Tons)			
NP	137	219	147	165
CAN	164	217	165	215
Urea	138	265	136	249
Trading stock incl. DAP	–	–	20	4
Total	439	701	468	633

*Includes toll manufacturing operations

The Company posted consolidated sales revenue of Rs 33.5 billion in the first quarter of the year 2023 as compared to sales revenue of Rs 29.1 billion in the same period last year. Input costs have increased as a result of inflation, higher interest rates and change in taxation regimes. Consolidated gross profit of the Company for the period under review resulted in Rs 14.2 billion as compared to Rs 12.3 billion in the corresponding period last year. Selling & distribution

and administrative expenses also recorded an increase on account of higher fuel costs and inflationary impact. The finance cost of the Company has increased due to the significant surge in interest rates. The increase in other operating expenses primarily represents exchange loss on foreign currency translation. Whereas increase in other income is attributable to higher rates of profit on loans to related parties, short term investments & savings accounts, and gain on sale & remeasurement of investment in listed securities.

Resultantly, the Company posted Consolidated Profit before Tax of Rs 7.3 billion compared to Rs 8.3 billion in the same period last year, while the Consolidated Profit after Tax was recorded at Rs 4.3 billion reflecting a decrease of 24% in comparison to the corresponding period last year. Similarly, earnings per share declined to Rs 2.06 per share for the first three months ended March 31, 2023 as compared to Rs 2.71 per share in the same period last year.

	Financial Highlights	
	For the three months ended March 31, 2023	For the three months ended March 31, 2022
	Rupees in Million	
Revenue	33,519	29,114
Gross profit	14,152	12,251
Operating profit	6,627	8,010
Profit before tax	7,343	8,253
Profit after tax	4,332	5,690
EPS (Rs)	2.06	2.71

Subsequent to the quarter end, while revising its earlier approval of transfer of operations related to the Company's Sheikhpura plant to Fatimafert Limited with effect from January 01, 2022, the Honorable Lahore High Court vide its order dated April 05, 2023 has approved the change in effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024.

Future Outlook

The agriculture sector has always been the mainstream of the economy by ensuring food security in the country and saving billions of dollars as import substitution. Catalyzing Green Revolution in Pakistan through implementation of precision technology driven farming operations, use of hybrid seeds and other next generation practices will ensure national food security and economic prosperity of the country by addressing issues of fiscal and current account deficits significantly.

The demand for fertilizers is expected to remain stable for the remainder of the year. Despite the challenging business environment, the company is geared to register sustainable growth in 2023 due to availability of healthy volumes and robust strategies put in place.

With all the three plants in operation, the Company is committed to ensure continuous supply of its products to the farming community through a cumulative annual name plate capacity of 2.57 million MT per year. This will also ensure that farmers continue to benefit from lower prices of locally produced fertilizers and will also result in substitution of high priced imported fertilizers, hence savings of valuable foreign exchange for the country. 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 Board is focused towards offering value addition for the stakeholders and will continue to provide leadership and strategic guidance to the Company.

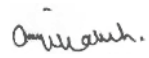
Acknowledgments

The Directors of the Company take pleasure in expressing their sincere gratitude and appreciation for the commitment and contribution of all the employees. The Board also appreciates and acknowledges the assistance, continued trust, 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 and hope that same spirit will prevail in the future as well.

For and on behalf of the Board



Fawad Ahmed Mukhtar
Chief Executive Officer



Arif Habib
Chairman

Lahore
April 26, 2023

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended
March 31, 2023

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2022: 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, 2022: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	90,242,553	85,910,968
		111,242,553	106,910,968
NON CURRENT LIABILITIES			
Long term finances	5	7,946,451	8,446,451
Lease liabilities		1,100,370	1,152,880
Deferred taxation		22,682,652	22,680,356
Deferred liabilities	6	2,463,352	2,683,448
Long term deposits		379,557	372,600
		34,572,382	35,335,735
CURRENT LIABILITIES			
Trade and other payables		54,127,650	55,371,837
Accrued finance cost		436,261	715,007
Income tax payable		7,847,766	8,336,229
Short term finances - secured	7	7,481,416	12,883,518
Unclaimed dividend		45,952	46,429
Loan from directors		—	18,000
Current portion of:			
- Long term finances	5	1,971,431	2,346,431
- Lease liabilities		573,248	541,363
		72,483,724	80,258,814
CONTINGENCIES & COMMITMENTS			
	8		
		218,298,659	222,505,517

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

		Un audited March 31, 2023	Audited December 31, 2022
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	112,575,565	110,256,748
Intangible assets	10	2,756,083	3,651,346
Investment property	11	165,193	165,419
		115,496,841	114,073,513
Long term investments		1,472,222	1,469,179
Long term loan to an associated company		2,999,000	2,999,000
Long term advances and deposits		1,059,123	1,173,807
		5,530,345	5,641,986
		121,027,186	119,715,499
CURRENT ASSETS			
Stores and spares	12	12,884,614	14,722,495
Stock in trade	13	28,922,303	32,487,798
Trade debts	14	21,068,909	22,831,008
Short term loans to associated companies		9,866,723	8,499,723
Advances, deposits, prepayments and other receivables		17,551,141	17,509,137
Short term investments		4,140,676	4,129,240
Cash and bank balances		2,837,107	2,610,617
		97,271,473	102,790,018
		218,298,659	222,505,517

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (un audited)

For the three months ended March 31, 2023

	Note	March 31, 2023 (Rupees in thousand)	March 31, 2022
Sales	15	33,518,983	29,114,016
Cost of sales	16	(19,367,258)	(16,863,457)
Gross profit		14,151,725	12,250,559
Selling and distribution expenses		(2,459,347)	(1,429,288)
Administrative expenses		(1,912,332)	(1,131,439)
		9,780,046	9,689,832
Finance cost	17	(999,706)	(416,781)
Other operating expenses		(2,153,746)	(1,263,391)
		6,626,594	8,009,660
Other income		799,651	340,305
Share of profit from associates		3,043	7,781
Other losses:			
- Unwinding of provision for GIDC		(53,036)	(77,591)
- Loss allowance on subsidy receivable from GoP		(33,680)	(27,431)
		(86,716)	(105,022)
Profit before tax		7,342,572	8,252,724
Taxation		(3,010,987)	(2,562,716)
Profit for the period		4,331,585	5,690,008
Earnings per share - basic and diluted (Rupees)	18	2.06	2.71

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 three months ended March 31, 2023

	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
Profit for the period	4,331,585	5,690,008
Other comprehensive income	—	—
Total comprehensive income for the period	4,331,585	5,690,008

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

For the three months ended March 31, 2023

Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
	Share premium	Unappropriated profit		

(Rupees in thousand)

Balance as at December 31, 2021 (Audited)	21,000,000	1,790,000	77,593,347	(120,083)	100,263,264
Profit for the period	–	–	5,690,008	–	5,690,008
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	5,690,008	–	5,690,008
Balance as at March 31, 2022 (Un audited)	21,000,000	1,790,000	83,283,355	(120,083)	105,953,272
Balance as at December 31, 2022 (Audited)	21,000,000	1,790,000	84,360,720	(239,752)	106,910,968
Profit for the period	–	–	4,331,585	–	4,331,585
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	4,331,585	–	4,331,585
Balance as at March 31, 2023 (Un audited)	21,000,000	1,790,000	88,692,305	(239,752)	111,242,553

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 three months ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	20	16,083,552	5,516,054
Net increase in long term deposits		6,957	123,819
Finance cost paid		(1,244,172)	(463,276)
Taxes paid		(3,497,152)	(1,314,751)
Employee retirement benefits paid		(22,193)	(17,045)
Net cash generated from operating activities		11,326,992	3,844,801
Cash flows from investing activities			
Additions in property, plant and equipment		(3,708,415)	(2,307,387)
Additions in intangible assets		(224)	(3,406)
Proceeds from disposal of property, plant and equipment		5,622	553
Short term loan given		(1,367,000)	-
Long term investments made		-	(750,000)
Short term investments made		-	(506,056)
Proceeds from short term investments		67,131	-
Profit received on loans and saving accounts		86,101	52,369
Dividend income received		52,083	38,900
Net decrease / (increase) in long term advances and deposits		114,684	(1,215,603)
Net cash used in investing activities		(4,750,018)	(4,690,630)
Cash flows from financing activities			
Proceeds from long term finances		-	1,217,335
Repayment of long term finances		(875,000)	(685,252)
Repayment of loan from directors		(18,000)	-
Repayment of lease liabilities		(54,905)	(95,056)
Dividend paid		(477)	(1,742,740)
Net decrease in short term finances		(4,892,526)	(3,046,477)
Net cash used in financing activities		(5,840,908)	(4,352,190)
Net increase / (decrease) in cash and cash equivalents		736,066	(5,198,019)
Cash and cash equivalents at the beginning of the period		(2,130,843)	5,642,936
Cash and cash equivalents at the end of the period		(1,394,777)	444,917
Cash and cash equivalents comprises of following:			
Cash and bank balances		2,837,107	3,471,749
Running finance		(4,231,884)	(3,026,832)
Cash and cash equivalents at the end of the period		(1,394,777)	444,917

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 three months ended March 31, 2023

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 the Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited, Fatima Cement Limited and Pan-Africa Fertilizers Limited are wholly owned subsidiaries of the Holding Company. Fatimafert Limited and Fatima Cement Limited are incorporated in Pakistan under the Companies Act, 2017 and Pan-Africa Fertilizers Limited is incorporated in Kenya. Collectively, these 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, chemicals and cement. The registered office of the Holding Company, Fatimafert Limited and Fatima Cement Limited is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt, whereas the registered office of Pan-Africa Fertilizers Limited is situated at Westlands District, Nairobi, Kenya. The manufacturing facilities of the Holding Company are located at Mukhtargarh - Sadiqabad, Khanewal Road - Multan and Chichoki Mallian - Sheikhpura, 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 and IFAS, 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 consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended December 31, 2022. Comparative condensed interim consolidated statement of financial position is extracted from annual audited consolidated financial statements for the year ended December 31, 2022 and comparative condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows are extracted from un audited condensed interim consolidated financial statements for the three months ended March 31, 2022.

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 these condensed interim financial statements are the same as those applied in the preparation of annual consolidated financial statements of the Group for the year ended December 31, 2022.

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
4 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		88,692,305	84,360,720
Post retirement benefit obligation reserve		(239,752)	(239,752)
		90,242,553	85,910,968
5 Long term finances - secured			
From banking companies / financial institutions	5.1	9,917,882	10,792,882
Less: Current portion		1,971,431	2,346,431
		7,946,451	8,446,451
5.1 Movement of long term finances			
Opening balance		10,792,882	7,064,604
Disbursements during the period / year		–	5,622,520
Repayments during the period / year		(875,000)	(1,929,341)
Accreditation of loan under SBP Islamic Refinance Scheme		–	35,099
Closing balance		9,917,882	10,792,882
6 Deferred liabilities			
Employee retirement benefits	6.1	1,647,013	1,583,718
Provision for Gas Infrastructure Development Cess (GIDC)		816,339	1,099,730
		2,463,352	2,683,448
6.1 Employee retirement benefits			
Gratuity		1,531,936	1,462,253
Accumulating compensated absences		115,077	121,465
		1,647,013	1,583,718

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

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 16.11% to 21.99% (December 31, 2022: 8.87% to 18.31%) per annum for Running Finance and Cash Finance and 17.18% to 22.11% (December 31, 2022: 8.30% to 17.51%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at March 31, 2023, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Group for the year ended December 31, 2022, except for the following:

The Holding Company has issued Corporate Guarantee in favour of Pakarab Fertilizers Limited, an associated company, amounting to Rs 3,764 million (December 31, 2022: Rs 4,845 million).

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
8.2 Commitments in respect of :			
(i) Contracts for capital expenditure		1,387,542	1,227,199
(ii) Contracts other than capital expenditure		8,048,221	3,019,144
(iii) The amount of future payments under ijarah rentals and short term / low value leases:			
- Not later than one year		978,741	928,973
- Later than one year but not later than five years		1,310,342	1,269,832
		2,289,083	2,198,805
9 Property, plant and equipment			
Operating fixed assets	9.1	100,475,324	99,846,171
Capital work in progress	9.2	12,100,241	10,410,577
		112,575,565	110,256,748

		Un audited March 31, 2023	Audited December 31, 2022
	Note	(Rupees in thousand)	
9.1 Movement of operating fixed assets			
Opening book value		99,846,171	99,741,174
Additions during the period / year	9.1.1	2,018,751	5,680,553
		101,864,922	105,421,727
Less: Depreciation charged during the period / year		1,377,332	5,333,065
Book value of disposals during the period / year		12,266	242,491
Closing book value		100,475,324	99,846,171

9.1.1 Additions during the period / year

Freehold land		–	2,090,671
Building on freehold land		–	7,134
Plant and machinery		1,209,596	2,243,770
Catalysts		516,380	57,067
Furniture and fixtures		18,501	52,328
Office equipment		6,112	40,187
Electric installations and appliances		181,801	456,087
Computers		21,927	221,924
Vehicles		64,434	343,626
Right of use assets		–	167,759
		2,018,751	5,680,553

9.1.2 Operating fixed assets include right of use assets amounting to Rs 1,348.96 million (December 31, 2022: Rs 1,402.84 million).

		Un audited March 31, 2023	Audited December 31, 2022
		(Rupees in thousand)	
9.2 Capital work in progress			
Civil works		568,677	468,533
Plant and machinery		5,734,471	3,262,113
Capital stores		3,626,539	4,343,459
Advances:			
- Freehold land		399,768	379,986
- Plant and machinery		1,770,785	1,956,486
		2,170,553	2,336,472
		12,100,240	10,410,577

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Un audited
March 31, 2023

Audited
December 31, 2022

(Rupees in thousand)

	Un audited March 31, 2023	Audited December 31, 2022
9.2.1 Movement of capital work in progress		
Opening balance	10,452,384	5,694,759
Additions during the period / year	2,044,613	7,861,482
	12,496,997	13,556,241
Less: Capitalization during the period / year	354,950	3,103,857
	12,142,047	10,452,384
Less: Provision for slow moving capital stores	41,807	41,807
Closing balance	12,100,240	10,410,577
10 Intangible assets		
Opening book value	3,651,346	3,608,877
Additions during the period / year	224	85,109
	3,651,570	3,693,986
Less: Amortization charged during the period / year	10,487	42,640
Impairment charged during the period / year	885,000	-
Closing book value	2,756,083	3,651,346
11 Investment property		
Opening book value	165,419	775,339
Transferred during the period / year	-	(609,014)
	165,419	166,325
Less: Depreciation charged during the period / year	226	906
Closing book value	165,193	165,419
12 Stores and spares		
Stores	775,121	986,605
Spares	8,609,178	9,548,141
Catalyst and chemicals	3,826,313	4,513,747
	13,210,612	15,048,493
Less: Provision for slow moving stores and spares	325,998	325,998
	12,884,614	14,722,495

	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)		
13 Stock in trade		
Raw materials {including in transit Rs 367.67 million December 31, 2022: Rs 3,676.14 million}	4,979,753	6,003,367
Packing materials	314,394	59,893
Mid products		
Ammonia	139,250	161,252
Nitric acid	44,882	19,941
Others	1,394	877
	185,526	182,070
Finished goods		
Own manufactured		
Urea	165,783	58,834
NP	17,292,438	16,844,077
CAN	4,987	13,060
Certified emission reductions	—	42,810
	17,463,208	16,958,781
Purchased for resale	5,979,422	9,283,687
	28,922,303	32,487,798

14 Trade debts

This includes Rs 9,789.94 million (December 31, 2022: Rs 9,605.80 million) pertaining to Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business.

	For the three months ended	
	March 31, 2023	March 31, 2022
(Rupees in thousand)		
15 Sales		
Revenue from contracts with customers:		
Own manufactured	23,587,896	20,327,954
Toll manufacturing	6,192,628	8,647,294
Purchased for resale	4,164,173	627,525
Mid products	367,274	316,585
	34,311,971	29,919,358
Less: Sales tax	61,407	639,771
Discounts	731,581	165,571
	33,518,983	29,114,016

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Note	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
16 Cost of sales		
Raw material consumed	9,719,944	14,102,357
Packing material consumed	868,082	729,493
Salaries, wages and other benefits	2,360,790	1,551,597
Fuel and power	1,394,795	2,436,196
Chemicals and catalyst consumed	862,615	716,438
Stores and spares consumed	825,535	1,184,998
Technical assistance	43,168	98,463
Repair and maintenance	2,851,607	407,687
Insurance	514,283	249,947
Travelling and conveyance	72,481	48,800
Rent, rates and taxes	143,750	124,408
Vehicle running and maintenance	83,909	52,009
Depreciation	1,290,810	1,248,947
Others	14,950	82,297
Subsidy on RLNG released by GOP to SNGPL 16.1	(4,750,593)	(3,315,873)
Manufacturing cost	16,296,126	19,717,764
Opening stock of mid products	182,070	122,564
Closing stock of mid products	(185,526)	(115,043)
Cost of goods manufactured	16,292,670	19,725,285
Opening stock of finished goods	16,958,781	5,514,312
Closing stock of finished goods	(17,463,208)	(8,810,296)
Cost of sales - own manufactured	15,788,243	16,429,301
Cost of sales - purchased for resale	3,579,015	434,156
	19,367,258	16,863,457

16.1 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Holding Company (Sheikhupura Plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	For the three months ended	
	March 31, 2022	March 31, 2021
	(Rupees in thousand)	
17 Finance cost		
Markup on long term finances	386,656	170,178
Markup on short term finances	377,556	128,735
Interest on lease liabilities	34,280	38,821
Bank charges and others	201,214	79,047
	999,706	416,781

		For the three months ended	
		March 31, 2023	March 31, 2022
18 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	4,331,585	5,690,008
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	2.06	2.71

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 to related parties are shown under other receivables, trade and other payables. Significant transactions with related parties are as follows:

		For the three months ended	
		March 31, 2023	March 31, 2022
		(Rupees in thousand)	
Relationship with the Group	Nature of transaction		
Associated companies	Purchase of packing material	1,211,976	711,183
	Purchase of raw material	64,274	85,536
	Purchase of stores and spares	122,578	613,281
	Sale of mid products	37,701	27,072
	Lease rental and license fee	43,560	39,600
	Payment against sales collection	9,885,815	11,210,247
	Toll manufacturing revenue	6,192,628	8,647,294
	Fee for services	20,617	747,127
	Short term loan given	1,367,000	–
	Miscellaneous expenses	11,177	11,300
	Markup income	562,597	286,965
Directors and key management personnel	Remuneration including benefits and perquisites	153,254	111,127
Retirement benefit plans	Retirement benefits	132,153	91,442

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Note	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
20 Cash generated from operations		
Profit before tax	7,342,572	8,252,724
Adjustments for:		
Depreciation on property, plant and equipment 9.1	1,377,332	1,313,958
Amortization of intangible assets 10	10,487	9,683
Impairment of brand 10	885,000	590,000
Depreciation on investment property 11	226	226
Finance cost 17	999,706	416,781
Unwinding of provision for GIDC	53,036	77,591
Provision for staff retirement benefits	85,488	58,984
Gain on remeasurement of investments classified as FVTPL	(78,567)	–
Profit on loans to related parties	(562,597)	(286,965)
Dividend income	(52,083)	(38,900)
Share of profit from associates	(3,043)	(7,781)
Profit on saving accounts	(105,859)	(52,608)
Loss / (gain) on disposal of property, plant and equipment	6,644	(480)
	2,615,770	2,080,489
Operating cash flows before working capital changes	9,958,342	10,333,213
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	1,837,881	(1,408,485)
Stock in trade	3,565,495	1,631,818
Trade debts	1,762,099	(1,048,054)
Advances, deposits, prepayments and other receivables	540,349	(3,920,658)
Increase in creditors, accrued and other liabilities	(1,580,614)	(71,780)
	6,125,210	(4,817,159)
	16,083,552	5,516,054

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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	March 31, 2023 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	4,140,676	–	–	4,140,676
Investment - FVTOCI	–	600,000	–	600,000
Total assets at fair value	4,140,676	600,000	–	4,740,676
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	4,129,240	–	–	4,129,240
Investment - FVTOCI	–	600,000	–	600,000
Total assets at fair value	4,129,240	600,000	–	4,729,240

22 Events after reporting date

Subsequent to the quarter end, while revising its earlier approval of transfer of operations related to the Holding Company's Sheikhpura plant to Fatimafert Limited with effect from January 01, 2022, the Honorable Lahore High Court vide its order dated April 05, 2023 has approved the change in effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

23 Date of authorization of issue

These consolidated financial statements have been authorized for issue on April 26, 2023 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

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

For the three months ended
March 31, 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2022: 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, 2022: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	90,263,018	85,926,356
		111,263,018	106,926,356
NON CURRENT LIABILITIES			
Long term finances	5	7,946,451	8,446,451
Lease liabilities		1,090,039	1,142,549
Deferred taxation		22,682,652	22,680,356
Deferred liabilities	6	2,463,352	2,683,448
Long term deposits		379,557	372,600
		34,562,051	35,325,404
CURRENT LIABILITIES			
Trade and other payables		54,127,103	55,371,289
Accrued finance cost		436,261	715,007
Income tax payable		7,859,165	8,347,535
Short term finances - secured	7	7,481,416	12,883,518
Unclaimed dividend		45,952	46,429
Current portion of:			
- Long term finances	5	1,971,431	2,346,431
- Lease liabilities		570,914	539,029
		72,492,242	80,249,238
CONTINGENCIES & COMMITMENTS			
	8		
		218,317,311	222,500,998

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

		Un audited March 31, 2023	Audited December 31, 2022
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	111,384,989	109,066,170
Intangible assets	10	2,756,083	3,651,346
Investment property	11	165,193	165,419
		114,306,265	112,882,935
Long term investments		1,772,452	1,769,409
Long term loan to an associated company		2,999,000	2,999,000
Long term advances and deposits		2,025,526	2,114,948
		6,796,978	6,883,357
		121,103,243	119,766,292
CURRENT ASSETS			
Stores and spares	12	12,884,614	14,722,495
Stock in trade	13	28,922,303	32,487,798
Trade debts	14	21,068,909	22,831,008
Short term loans to associated companies		9,866,723	8,499,723
Advances, deposits, prepayments and other receivables		17,557,587	17,517,219
Short term investments		4,078,576	4,067,140
Cash and bank balances		2,835,356	2,609,323
		97,214,068	102,734,706
		218,317,311	222,500,998



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the three months ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
		(Rupees in thousand)	
Sales	15	33,518,983	29,114,016
Cost of sales	16	(19,367,258)	(16,863,457)
Gross profit		14,151,725	12,250,559
Selling and distribution expenses		(2,459,347)	(1,429,288)
Administrative expenses		(1,905,057)	(1,131,439)
		9,787,321	9,689,832
Finance cost	17	(999,647)	(416,781)
Other operating expenses		(2,153,746)	(1,263,391)
		6,633,928	8,009,660
Other income		797,394	340,305
Share of profit from associates		3,043	7,781
Other losses:			
- Unwinding of provision for GIDC		(53,036)	(77,591)
- Loss allowance on subsidy receivable from GoP		(33,680)	(27,431)
		(86,716)	(105,022)
Profit before tax		7,347,649	8,252,724
Taxation		(3,010,987)	(2,562,716)
Profit for the period		4,336,662	5,690,008
Earnings per share - basic and diluted (Rupees)	18	2.07	2.71

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 three months ended March 31, 2023

	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
Profit for the period	4,336,662	5,690,008
Other comprehensive income	–	–
Total comprehensive income for the period	4,336,662	5,690,008

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

For the three months ended March 31, 2023

Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Total
	Share premium	Unappropriated profit		

(Rupees in thousand)

Balance as at December 31, 2021 (Audited)	21,000,000	1,790,000	77,593,523	(120,083)	100,263,440
Profit for the period	–	–	5,690,008	–	5,690,008
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	5,690,008	–	5,690,008
Balance as at March 31, 2022 (Un audited)	21,000,000	1,790,000	83,283,531	(120,083)	105,953,448
Balance as at December 31, 2022 (Audited)	21,000,000	1,790,000	84,376,108	(239,752)	106,926,356
Profit for the period	–	–	4,336,662	–	4,336,662
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	4,336,662	–	4,336,662
Balance as at March 31, 2023 (Un audited)	21,000,000	1,790,000	88,712,770	(239,752)	111,263,018

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 three months ended March 31, 2023

	Note	March 31, 2023	March 31, 2022
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	20	16,093,931	5,516,054
Net increase in long term deposits		6,957	123,819
Finance cost paid		(1,244,113)	(463,276)
Taxes paid		(3,497,059)	(1,314,751)
Employee retirement benefits paid		(22,193)	(17,045)
Net cash generated from operating activities		11,337,523	3,844,801
Cash flows from investing activities			
Additions in property, plant and equipment		(3,708,415)	(2,307,387)
Additions in intangible assets		(224)	(3,406)
Proceeds from disposal of property, plant and equipment		5,622	553
Short term loan given		(1,367,000)	-
Long term investments made		-	(750,000)
Short term investments made		-	(506,056)
Proceeds from short term investments		67,131	-
Profit received on loans and saving accounts		82,375	52,369
Dividend income received		52,083	38,900
Net decrease / (increase) in long term advances and deposits		89,422	(1,215,603)
Net cash used in investing activities		(4,779,006)	(4,690,630)
Cash flows from financing activities			
Proceeds from long term finances		-	1,217,335
Repayment of long term finances		(875,000)	(685,252)
Repayment of lease liabilities		(54,905)	(95,056)
Dividend paid		(477)	(1,742,740)
Net decrease in short term finances		(4,892,526)	(3,046,477)
Net cash used in financing activities		(5,822,908)	(4,352,190)
Net increase / (decrease) in cash and cash equivalents		735,609	(5,198,019)
Cash and cash equivalents at the beginning of the period		(2,132,137)	5,642,736
Cash and cash equivalents at the end of the period		(1,396,528)	444,717
Cash and cash equivalents comprises of following:			
Cash and bank balances		2,835,356	3,471,549
Running finance		(4,231,884)	(3,026,832)
Cash and cash equivalents at the end of the period		(1,396,528)	444,717

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 three months ended March 31, 2023

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 Chichoki Mallian - Sheikhpura, Pakistan.

- 1.2** These condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary companies is accounted for on the basis of actual cost less impairment, if any, and investment in associates is accounted for under equity method. Consolidated condensed interim 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 and IFAS, 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 audited financial statements of the Company for the year ended December 31, 2022. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2022 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 extracted from un audited condensed interim financial statements for the three months ended March 31, 2022.

- 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 these 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, 2022.

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
4 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		88,712,770	84,376,108
Post retirement benefit obligation reserve		(239,752)	(239,752)
		90,263,018	85,926,356
5 Long term finances - secured			
From banking companies / financial institutions	5.1	9,917,882	10,792,882
Less: Current portion		1,971,431	2,346,431
		7,946,451	8,446,451
5.1 Movement of long term finances			
Opening balance		10,792,882	7,064,604
Disbursements during the period / year		–	5,622,520
Repayments during the period / year		(875,000)	(1,929,341)
Accreditation of loan under SBP Islamic Refinance Scheme		–	35,099
Closing balance		9,917,882	10,792,882
6 Deferred liabilities			
Employee retirement benefits	6.1	1,647,013	1,583,718
Provision for Gas Infrastructure Development Cess (GIDC)		816,339	1,099,730
		2,463,352	2,683,448
6.1 Employee retirement benefits			
Gratuity		1,531,936	1,462,253
Accumulating compensated absences		115,077	121,465
		1,647,013	1,583,718

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

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 16.11% to 21.99% (December 31, 2022: 8.87% to 18.31%) per annum for Running Finance and Cash Finance and 17.18% to 22.11% (December 31, 2022: 8.30% to 17.51%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at March 31, 2023, 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, 2022, except for the following:

The Company has issued Corporate Guarantee in favour of Pakarab Fertilizers Limited, an associated company, amounting to Rs 3,764 million (December 31, 2022: Rs 4,845 million).

	Note	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)			
8.2 Commitments in respect of :			
(i) Contracts for capital expenditure		1,387,542	1,227,199
(ii) Contracts other than capital expenditure		8,048,221	3,019,144
(iii) The amount of future payments under ijarah rentals and short term / low value leases:			
- Not later than one year		978,741	928,973
- Later than one year but not later than five years		1,310,342	1,269,832
		2,289,083	2,198,805
9 Property, plant and equipment			
Operating fixed assets	9.1	99,322,886	98,693,731
Capital work in progress	9.2	12,062,103	10,372,439
		111,384,989	109,066,170

		Un audited March 31, 2023	Audited December 31, 2022
	Note	(Rupees in thousand)	
9.1 Movement of operating fixed assets			
Opening book value		98,693,731	99,741,174
Additions during the period / year	9.1.1	2,018,751	4,526,425
		100,712,482	104,267,599
Less: Depreciation charged during the period / year		1,377,330	5,331,377
Book value of disposals during the period / year		12,266	242,491
Closing book value		99,322,886	98,693,731

9.1.1 Additions during the period / year

Freehold land		–	951,989
Building on freehold land		–	7,134
Plant and machinery		1,209,596	2,243,770
Catalysts		516,380	57,067
Furniture and fixtures		18,501	52,328
Office equipment		6,112	40,187
Electric installations and appliances		181,801	456,087
Computers		21,927	221,924
Vehicles		64,434	343,626
Right of use assets		–	152,313
		2,018,751	4,526,425

9.1.2 Operating fixed assets include right of use assets amounting to Rs 1,335.20 million (December 31, 2022: Rs 1,389.09 million).

		Un audited March 31, 2023	Audited December 31, 2022
		(Rupees in thousand)	
9.2 Capital work in progress			
Civil works		568,677	430,395
Plant and machinery		5,696,333	3,262,113
Capital stores		3,626,539	4,343,459
Advances:			
- Freehold land		399,768	379,986
- Plant and machinery		1,770,786	1,956,486
		2,170,554	2,336,472
		12,062,103	10,372,439

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Un audited
March 31, 2023

Audited
December 31, 2022

(Rupees in thousand)

	Un audited March 31, 2023	Audited December 31, 2022
9.2.1 Movement of capital work in progress		
Opening balance	10,414,246	5,694,759
Additions during the period / year	2,044,614	7,823,344
	12,458,860	13,518,103
Less: Capitalization during the period / year	354,950	3,103,857
	12,103,910	10,414,246
Less: Provision for slow moving capital stores	41,807	41,807
Closing balance	12,062,103	10,372,439
10 Intangible assets		
Opening book value	3,651,346	3,608,877
Additions during the period / year	224	85,109
	3,651,570	3,693,986
Less: Amortization charged during the period / year	10,487	42,640
Impairment charged during the period / year	885,000	–
Closing book value	2,756,083	3,651,346
11 Investment property		
Opening book value	165,419	775,339
Disposals during the period / year	–	(609,014)
	165,419	166,325
Less: Depreciation charged during the period / year	226	906
Closing book value	165,193	165,419
12 Stores and spares		
Stores	775,121	986,605
Spares	8,609,178	9,548,141
Catalyst and chemicals	3,826,313	4,513,747
	13,210,612	15,048,493
Less: Provision for slow moving stores and spares	325,998	325,998
	12,884,614	14,722,495

	Un audited March 31, 2023	Audited December 31, 2022
(Rupees in thousand)		
13 Stock in trade		
Raw materials {including in transit Rs 367.67 million (December 31, 2022: Rs 3,676.14 million)}	4,979,753	6,003,367
Packing materials	314,394	59,893
Mid products		
Ammonia	139,250	161,252
Nitric acid	44,882	19,941
Others	1,394	877
	185,526	182,070
Finished goods		
Own manufactured		
Urea	165,783	58,834
NP	17,292,438	16,844,077
CAN	4,987	13,060
Certified emission reductions	—	42,810
	17,463,208	16,958,781
Purchased for resale	5,979,422	9,283,687
	28,922,303	32,487,798

14 Trade debts

This includes Rs 9,789.94 million (December 31, 2022: Rs 9,605.80 million) pertaining to Pakarab Fertilizers Limited, an associated company, on account of toll manufacturing in the normal course of business.

	For the three months ended	
	March 31, 2023	March 31, 2022
(Rupees in thousand)		
15 Sales		
Revenue from contracts with customers:		
Own manufactured	23,587,896	20,327,954
Toll manufacturing	6,192,628	8,647,294
Purchased for resale	4,164,173	627,525
Mid products	367,274	316,585
	34,311,971	29,919,358
Less: Sales tax	61,407	639,771
Discounts	731,581	165,571
	33,518,983	29,114,016

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Note	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
16 Cost of sales		
Raw material consumed	9,719,944	14,102,357
Packing material consumed	868,082	729,493
Salaries, wages and other benefits	2,360,790	1,551,597
Fuel and power	1,394,795	2,436,196
Chemicals and catalyst consumed	862,615	716,438
Stores and spares consumed	825,535	1,184,998
Technical assistance	43,168	98,463
Repair and maintenance	2,851,607	407,687
Insurance	514,283	249,947
Travelling and conveyance	72,481	48,800
Rent, rates and taxes	143,750	124,408
Vehicle running and maintenance	83,909	52,009
Depreciation	1,290,810	1,248,947
Others	14,950	82,297
Subsidy on RLNG released by GOP to SNGPL	16.1 (4,750,593)	(3,315,873)
Manufacturing cost	16,296,126	19,717,764
Opening stock of mid products	182,070	122,564
Closing stock of mid products	(185,526)	(115,043)
Cost of goods manufactured	16,292,670	19,725,285
Opening stock of finished goods	16,958,781	5,514,312
Closing stock of finished goods	(17,463,208)	(8,810,296)
Cost of sales - own manufactured	15,788,243	16,429,301
Cost of sales - purchased for resale	3,579,015	434,156
	19,367,258	16,863,457

16.1 This represents subsidy related to prior year, released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura Plant) by SNGPL and the gas price capped by GoP for fertilizer plants operating on RLNG.

	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
17 Finance cost		
Markup on long term finances	386,656	170,178
Markup on short term finances	377,556	128,735
Interest on lease liabilities	34,280	38,821
Bank charges and others	201,155	79,047
	999,647	416,781

		For the three months ended	
		March 31, 2023	March 31, 2022
18 Earnings per share - basic and diluted			
Profit attributable to ordinary shareholders	(Rupees in thousand)	4,336,662	5,690,008
Weighted average number of shares	(Number of shares)	2,100,000,000	2,100,000,000
Basic and diluted earnings per share	(Rupees)	2.07	2.71

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 to related parties are shown under other receivables, trade and other payables. Significant transactions with related parties are as follows:

		For the three months ended	
		March 31, 2023	March 31, 2022
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Subsidiary companies	Payments made on behalf	18,000	–
	Miscellaneous expenses	7,263	–
Associated companies	Purchase of packing material	1,211,976	711,183
	Purchase of raw material	64,274	85,536
	Purchase of stores and spares	122,578	613,281
	Sale of mid products	37,701	27,072
	Lease rental and license fee	43,560	39,600
	Payment against sales collection	9,885,815	11,210,247
	Toll manufacturing revenue	6,192,628	8,647,294
	Fee for services	20,617	747,127
	Short term loan given	1,367,000	–
	Miscellaneous expenses	11,177	11,300
	Markup income	562,597	286,965
Directors and key management personnel	Remuneration including benefits and perquisites	153,254	111,127
Retirement benefit plans	Retirement benefits	132,153	91,442

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

Note	For the three months ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
20 Cash generated from operations		
Profit before tax	7,347,649	8,252,724
Adjustments for:		
Depreciation on property, plant and equipment 9.1	1,377,330	1,313,958
Amortization of intangible assets 10	10,487	9,683
Impairment of brand 10	885,000	590,000
Depreciation on investment property 11	226	226
Finance cost 17	999,647	416,781
Unwinding of provision for GIDC	53,036	77,591
Provision for staff retirement benefits	85,488	58,984
Gain on remeasurement of investments classified as FVTPL	(78,567)	–
Profit on loans to related parties	(562,597)	(286,965)
Dividend income	(52,083)	(38,900)
Share of profit from associates	(3,043)	(7,781)
Profit on saving accounts	(103,602)	(52,608)
Loss / (gain) on disposal of property, plant and equipment	6,644	(480)
	2,617,966	2,080,489
Operating cash flows before working capital changes	9,965,615	10,333,213
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	1,837,881	(1,408,485)
Stock in trade	3,565,495	1,631,818
Trade debts	1,762,099	(1,048,054)
Advances, deposits, prepayments and other receivables	543,454	(3,920,658)
Increase in creditors, accrued and other liabilities	(1,580,613)	(71,780)
	6,128,316	(4,817,159)
	16,093,931	5,516,054

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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	March 31, 2023 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	4,078,576	–	–	4,078,576
Investment - FVTOCI	–	600,000	–	600,000
Total assets at fair value	4,078,576	600,000	–	4,678,576
	December 31, 2022 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	4,067,140	–	–	4,067,140
Investment - FVTOCI	–	600,000	–	600,000
Total assets at fair value	4,067,140	600,000	–	4,667,140

22 Events after reporting date

Subsequent to the quarter end, while revising its earlier approval of transfer of operations related to the Company's Sheikhpura plant to Fatimafert Limited with effect from January 01, 2022, the Honorable Lahore High Court vide its order dated April 05, 2023 has approved the change in effective date of implementation of the Scheme from January 01, 2022 to January 01, 2024.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un audited)

For the three months ended March 31, 2023

23 Date of authorization of issue

These financial statements have been authorized for issue on April 26, 2023 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



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