January 2019

NEWS COVERAGE PERIOD FROM JANUARY 21ST TO JANUARY 27TH 2019

PAAPAM OPPOSES IMPORT OF USED TRACTORS

M RAFIQUE GORAYA | JAN 22ND, 2019 | LAHORE

Pakistan Association of Automotive Parts and Accessories (Paapam) has vehemently opposed import of used tractors and said the local industry is already going through its worst ever period in terms of sales and production.

Ashraf Sheikh, chairman PAAPAM has strongly reacted to the rumours that government is mulling to allow import of five years old used tractors. “It is quite ironic that on one hand the government is discouraging import of used cars and on the other it is considering to allow the import of used tractors,” he added.

Engr Azhar Ali, Vice chairman PAAPAM urged the government not to entertain such idea as it would have a negative impact on the domestic tractor industry which consisted of 300 auto parts manufacturers employing around 50,000 people directly and contributing to the treasury by paying taxes and saving foreign exchange by providing import substitution.

Mumshad Ali, former Chairman PAAPAM said that, on average the industry operated at 75% capacity in a 5 years cycle as the demand fluctuates according to yield of crops and market prices.

The industry showed growth in the last two years due to support to the farmer by the previous government in the form of fertilizer subsidy and interest free loans among other measures. In the past 10 years the industry witnessed two downturns once due to imposition of GST and then due to drop in market prices and weather impacts.

He further said that import of used tractors will not go in favour of the farmer as well, as quality of these tractors cannot be ensured and their after sales service will not be possible due to non-availability of trained staff and parts. Parts used in after sales will also have to be imported putting further pressure on Pak Rupee.

He said the spare parts produced in Pakistan are costlier due to high energy and material costs. Imported used tractors would mean after sales service issues for the farmer, loss of business and closure of tractor part manufacturing units, loss of revenue to FBR and flight of foreign exchange.

It is pertinent to mention here that Pakistan exports 3-4 thousand tractors due to its price and quality. The tractors being manufactured in Pakistan are well suited for the Pakistani agriculture needs and price.

Industry experts also commented that due to the import of used combine harvesters this industry also couldn’t develop and import of used tractors will be a step in the wrong direction in every respect.

https://fp.brecorder.com/2019/01/20190122441363/

NEWS COVERAGE PERIOD FROM JANUARY 14TH TO JANUARY 20TH 2019

CARGILL TO INVEST OVER $200M IN NEXT 3 TO 5 YEARS

RECORDER REPORT 2019/01/18

ISLAMABAD: A renowned global company, Cargill on Thursday renewed its long standing commitment to Pakistan by announcing plans to invest more than US$200 million in the next 3-5 years.

The announcement was made here on Thursday during meeting of Cargill’s global executive team, led by Marcel Smits, head of Global Strategy and Chairman, Cargill Asia Pacific region, and Gert-Jan van den Akker, president, Cargill Agricultural Supply Chain with Prime Minister Imran Khan and other senior government officials to discuss the company’s future investment plans.

Being a global food and agriculture producer with a strong focus on Asia, Cargill aims to partner in Pakistan’s growth by bringing its global expertise and investment into the country. The company’s strategy includes expansion across its agricultural trading and supply chain, edible oils, dairy, meat and animal feed businesses while ensuring safety and food traceability.

Cargill will bring world class innovations to support the flourishing dairy industry in Pakistan, which is already moving toward modernization, as well as the rising demand for edible oils backed by evolving consumption patterns and a growing market for animal feed driven by sustained progress made by the poultry industry in Pakistan.

Cargill's proposed investments will support Pakistan's overall economic development and contribute to local employment.
"Having been in Pakistan for more than 30 years, Cargill is happy to demonstrate our commitment to the country's future through investment in our business and communities here. Finalizing one of our first investments in the agricultural supply chain in Pakistan is our top priority. We have received a very positive response from the Pakistani government and we value their support as we expand our presence here, helping industries, farmers and communities succeed," said Imran Nasrullah, country head, Cargill Pakistan.
Cargill is actively engaged in giving back to the communities in Pakistan through its community support and natural disaster relief work. Going forward, the company will work to improve food security, thereby contributing to the social development of the country. This is in line with the company's overall objective of nourishing the world.
Cargill started its Pakistan operations in 1984 and today has business interests in refined oils, animal feed, grains & oilseeds, cotton, sugar and metals. Cargill is one of the largest suppliers of palm oil and soybeans and cocoa powder to Pakistan. With the head office in Karachi, Cargill currently employs 50 people in Pakistan.
https://epaper.brecorder.com/2019/01/18/1-page/758945-news.html

NEWS COVERAGE PERIOD FROM JANUARY 7TH TO JANUARY 13TH 2019

PRODUCTION OF TRACTORS COMES TO A HALT

By Our Correspondent Published: January 8, 2019
LAHORE: The production of tractors ground to a halt in December last year and the industry was hopeful of the beginning of operations at the beginning of the new year but it did not happen, said Pakistan Association of Automotive Parts and Accessories Manufacturers (Paapam) Chairman Ashraf Sheikh.
"The assembly plants have extended their closure due to the absence of orders," he said.
Elaborating, Sheikh said the assembly plants were supported by around 250 tier-I suppliers and employment at each of the supplier ranged from 50 to 500. "This supply chain retained workforce in December, but with the delay in payments from assemblers and no future orders forced them to shut down, which rendered at least half of the workforce redundant," he said.
"The situation is particularly grave in and around Lahore where a majority of the tractor parts manufacturers are located," said Paapam former chairman Mumshad Ali.
He pointed out that most of the parts makers continued to produce in December even though supply schedules and payments were cancelled or postponed by the assemblers.
"This was done to convert raw material into finished goods and to keep the workforce employed. But with cash reserves drying up, it is no longer possible to continue production," he lamented.
Other impacts would be fall in tax payments and bank defaults, he said. "The assemblers and parts makers pay income tax, withholding tax and sales tax, and with no sales in December and now January, there will be no tax collection from this sector," he said.
The assemblers are also facing a cash crunch due to unsold stocks and stuck sales tax refunds that hover around Rs5 billion. Industry experts say the drop in sales is caused by rupee depreciation that has resulted in price increases.
Published in The Express Tribune, January 8th, 2019.
https://tribune.com.pk/story/1883423/2-production-tractors-comes-halt/

NEWS COVERAGE PERIOD FROM DECEMBER 31ST TO JANUARY 6TH 2019

FATE OF AL GHAZI TRACTORS PLANT IN THE DOLDRUMS

RECORDER REPORT | JAN 5TH, 2019 | KARACHI
Al Ghazi Tractors Ltd is contemplating to shut its plant, due to severe slowdown in the market coupled with the non-release of around Rs2 billion sales tax refunds by the government.
According to Mohammad Shahid Hussain, CEO, Al Ghazi Tractors, the last 4/5 months were quite challenging for the local tractor industry as being one of the lowest trends ever seen over the last few years bringing massive slow down while leading to considerable non-utilisation of capacity.

The volume of sales declined by 30 percent during the second half of the year 2018 as compared to the figures posted during same period last year.
"We are barely surviving the situation and if funds are not released by the government instantly to improve the cash flow, this shut down may become inevitable," he said.
He said that industry has been pleading the government to address the anomaly of input tax vs output tax that leads to completely imbalanced and massive accumulation of refund claims which stand at around Rs2 billion for Al Ghazi alone. "Serious attention is therefore needed with speedy action from government authorities to save us from irreversible damage," he added.
"It is shocking to hear that the government of Punjab is contemplating to import used tractors in Pakistan which would not only be a huge burden on foreign exchange but also hurt the local manufacturers carrying inventory of tractors," Shahid said.
https://fp.brecorder.com/2019/01/20190105437327/

February 2019

NEWS COVERAGE PERIOD FROM FEBRUARY 18TH TO FEBRUARY 24TH 2019

ENGRO FOODS PLAYS LEADING ROLE TO STRENGTHEN DAIRY SECTOR

RECORDER REPORT | FEB 22ND, 2019 | LAHORE
Engro Foods Limited is one of the key sponsor & exhibitionist of the International Buffalo Congress (IBC) 2019 in Lahore. This event was inaugurated by Chief Minister Punjab, Sardar Usman Buzdar. The event was organized by the University of Veterinary and Animal Sciences (UVAS) that works towards showcasing the milk and meat potential of buffalo, nationally and internationally.
Engro Foods is a purpose-driven enterprise, providing the growing population with the right nutrients in a sustainable way is one of the key challenges for the coming decades. Engro Foods also exhibited its 'Grass to Glass' concept at the exhibition that aims to maintain transparency of EFL's supply chain ensuring safe, nutritious, pure milk reaches the consumer.
Dr Muhammad Nasir, Senior Manager Scientific & Regulatory Affairs represented Engro Foods at IBC 2019. Among other participants were Ministers of Livestock, Agriculture and Women Development along with 750 scientists including 50+ global well known Buffalo experts.-PR
https://fp.brecorder.com/2019/02/20190222449206/

ENGRO POSTS RS 23,632 MILLION PAT IN FY18

RECORDER REPORT | FEB 21ST, 2019 | KARACHI
Pakistan's premier conglomerate, Engro Corporation announced its financial results for full year ended December 31, 2018. The Company posted a consolidated profit-after-tax (PAT) of Rs23,632 million – up by 45 percent, while PAT attributable to the shareholders increased to Rs12,708 million from Rs9,407 million during comparative period last year.
Engro Corporation completed 2018 with revenue of Rs171,568 million – 33 percent higher than Rs128,593 million last year. Increase was primarily driven by improved fertilizers and petrochemicals performance.
On a standalone basis, the Company posted a PAT of Rs12,720 million against Rs11,390 million for the last year, translating into an EPS of Rs24.28 per share. The Company announced a final cash dividend of Rs2.00 per share for the fourth quarter of 2018, bringing the cumulative dividend to Rs21.00 per share for FY 2018. In addition to this, the Company also announced the issuance of 10 percent bonus shares.
Fertilizer business revenues grew by 42 percent whilst PAT for the current period increased by 56 percent versus comparative period and stood at Rs17,414 million. The business witnessed an increase in revenue and profitability over the last year primarily due to both higher fertilizer off take and prices, coupled with one-off deferred tax reversal (non-cash) due to reduction in the corporate tax rate from 30 percent to 25 percent in the coming years. The domestic fertilizer industry continues to face challenges in recovery of subsidy receivables.

For the Polymer business, 2018 proved to be a year of economic consolidation. The business completed de-bottlenecking of PVC and VCM with strong operational performance, realized higher local sales and completed ground work for expansion projects while developing a strong balance sheet. The business achieved record PVC production, witnessed a 27 percent increase in revenue and posted a PAT of Rs4,930 million. However, the business faces gas supply risk which will need to be proactively managed.
Within Engro's Energy portfolio, Qadirpur Power Plant continued to demonstrate a billable availability factor close to 100 percent. Due to depletion of permeate gas from the gas field, net electrical output to the National Grid was lower as compared to last year. Circular debt has been a persistent problem whereby receivables from power purchaser remained high. This poses a continuous challenge for the business and the power sector in general and needs urgent attention from the relevant authorities.
The development of Thar Coal project continues at full pace and remained on schedule. During June 2018, coal from the first seam of the open-pit mine was extracted from a depth of 140 meters below the surface. On Thar Power Plant front, the project development continues at a steady pace. During the year, the power plant was successfully connected with the National Grid for the purpose of receiving back-feed required for plant start-up. In partnership with the Government, both projects are expected to remain on track for completion by mid-2019 to help resolve the energy demand in the Country.-PR
https://fp.brecorder.com/2019/02/20190221448923/

ENGRO PROFIT SURGES 45% TO RS23.6 BILLION

By Our Correspondent Published: February 21, 2019
KARACHI: Engro Corporation posted profit of Rs23.6 billion for the year ended December 31, 2018, up 45.1%, compared with Rs16.3 billion for the same period last year.
The company reported earnings per share (EPS) of Rs24.26 in the year 2018 against Rs17.96 in 2017. Despite posting a relatively higher growth, the company's profit fell significantly short of the industry's expectations due to inflated operating expenditure, said Topline Securities analyst Shankar Talreja.
The company also announced a final cash dividend of Rs2 per share for the year, which is in addition to the interim dividend of Rs19 per share that it has already paid.
Engro paid bonus shares in proportion of 10 shares for every 100 shares. However, this bonus share will not be eligible for the dividend declared for the year.
Administrative expenditure increased to Rs5.6 million, due to some ongoing special assignments.
Published in The Express Tribune, February 21st, 2019.
https://tribune.com.pk/story/1915024/1-engro-profit-surges-45-rs23-6-billion/

BELARUS KEEN TO PRODUCE FARM MACHINERY IN PAKISTAN

The Newspaper's Staff Reporter Updated February 20, 2019
ISLAMABAD: Belarus is willing to support the joint production of tractors in Pakistan along with other farm machinery, said Belarus' Deputy Minister Dmitry Korchik on Tuesday.
He said that Belarus needs support to find new partners for production of Belarusian tractors to broaden its agro-machinery partnership in Pakistan. He acknowledged that the South Asian country has enormous potential in the agriculture sector as it can benefit from modernising unmanned harvesting patterns.
The potential for bilateral investment was discussed by a visiting Belarus' delegation who met with the Minister for National Food Security and Research Muhammad Mehboob Sultan.
The Belarusian minister said that the East European country has developed advanced harvesters and other agro-machinery which can help improve Pakistan's agriculture sector.
The next meeting of Pak-Belarus Joint Working Group will take place in second half of 2019, and before the meeting, the two countries will also hold bilateral talks on agriculture particularly in areas relating to joint ventures, he added.
During the fourth session of joint working group on agriculture, both countries have already agreed on cooperation in the development of farm machinery, equipment and implements. Pakistan's imports from Belarus stood at $45.13 million in 2017-18, which mainly consisted of agricultural tractors.
Mehboob Sultan informed the visiting minister that Pakistan is moving towards achieving the maximum agricultural output through mechanisation, and the country needs harvesters, tractors and other farm machinery.

The present government is encouraging the private sector to come forward and enter into joint ventures with potential foreign investors in the agriculture field, he said.
Published in Dawn, February 20th, 2019
https://www.dawn.com/news/1464849/belarus-keen-to-produce-farm-machinery-in-pakistan

NEWS COVERAGE PERIOD FROM FEBRUARY 11TH TO FEBRUARY 17TH 2019

GIDC REGIME: ENGRO URGES MOF TO EXCLUDE FIXED PRICE FEED GAS

MUSHTAQ GHUMMAN | FEB 14TH, 2019 | ISLAMABAD
M/s Engro Fertilizer has approached the Finance Ministry to get exemption on fixed price feed gas from the ambit of Gas Infrastructure Development Cess (GIDC).
In a letter to Secretary Finance, Arif Ahmed Khan, the company stated that under the GIDC Act 2011 till GIDC Ordinance 2014, the government of Pakistan, in line with its sovereign commitment under Fertilizer Policy 2001, did not impose GIDC on fixed price feed gas. However, contrary to the sovereign commitment under Fertilizer Policy 2001, GIDC on fixed price feed gas was not excluded from GIDC Ordinance 2014 and GIDC Act, 2015.
M/s Engro's Chief Executive Officer argued that in line with the sovereign commitment, fixed price feed gas (70 cents) given to new fertilizer plants under Fertilizer Policy 2001 needs to be excluded from imposition of GIDC or any cess/tax, by whatever name called for complete fixed gas price period.
In another letter, he said that M/s Engro fully supports government's intent to settle GIDC however fertilizer industry is currently paying additional Rs 500/mmbtu for gas streams priced under Petroleum Policy 2012, which is already significantly higher than the fertilizer industry gas price.
"From the time we have started receiving gas supply under this regime, we have been contesting with DG Gas that the Petroleum Policy only refers to well head pricing mechanism which is applicable to the producer only, whereas, the price for the consumer is determined by OGRA and is already specified for the Fertilizer sector under the Fertilizer Policy 2001," he added.
It is therefore requested that no GIDC be charged on gas supply priced under Petroleum Policy 2012 till our pricing is aligned with fertilizer sector price which is under Fertilizer Policy of 2001.
Gas price under Petroleum Policy 2012, even without GIDC, is far higher than notified feed gas price with GIDC under Fertilizer Policy 2001.
The company has requested Secretary Finance to incorporate the GIDC issue during the course of the legislative process for restructuring of GIDC regime, and to allow the fertilizer industry to use gas to provide much needed fertilizers to farmers.
https://fp.brecorder.com/2019/02/20190214446984/

NEWS COVERAGE PERIOD FROM FEBRUARY 4TH TO FEBRUARY 10TH 2019

GIDC PAYABLES: FERTILIZER SECTOR, IPPS, OTHERS GRANTED 50 PERCENT WAIVER

MUSHTAQ GHUMMAN | FEB 9TH, 2019 | ISLAMABAD
The federal government has granted 50 percent waiver in Gas Infrastructure Development Cess (GIDC) payables to fertilizer sector, IPPs, Gencos and general industry including its captive power units for seven years (from January 1, 2012 to December 31, 2018) subject to payment of balance GIDC arrears, official sources told Business Recorder. The decision was taken by the federal cabinet in its meeting held on January 24, 2019, under the chairmanship of Prime Minister Imran Khan on a 'hurriedly' prepared summary by the Petroleum Division.
According to the Petroleum Division, The Gas Infrastructure Development Cess (GIDC) Act, 2011 XXI) was initially passed by the National Assembly on 25th November, 2011 as a Money Bill pursuant to Article 73 of the constitution of Pakistan 1973. The main objective of levy of GIDC was to raise funds for development of infrastructure related to transnational gas pipelines and Liquefied Natural Gas (LNG) projects. The Act was challenged in various courts of

law by the sectors which were being charged Cess. The courts initially issued stay orders and then the Act of 2011 was declared as ultra virus to the Constitution of Pakistan, 1973. The Federal Government filed an appeal in the Supreme Court of Pakistan which in its judgment dated 22.08.2014, held that the GIDC is a fee and it could not have been introduced through a money bill and the same was therefore not validly levied in accordance with the Constitution of Pakistan, 1973.
On September 24, 2014, the government promulgated the GIDC Ordinance, 2014 (Ordinance No. VI of 2014), however, this was also challenged in various courts of law. The government, with the approval of Parliament, in May, 2015 promulgated GIDC Act, 2015 (Act No. IV of 2015) after addressing the lacuna pointed out by the Supreme Court of Pakistan with specific reference to the laying of a bill under Article 70 of the Constitution of Pakistan 1973. Section 8 of the GIDC Act, 2015 provides validation of Cess levied, charged, collected or realized by the companies from various sectors under the GIDC, Act, 2011 and GIDC Ordinance, 2014. The consumers again challenged the GIDC Act, 2015 on various grounds and the courts again granted stay orders against billing as well as collection of Cess from consumers. Resultantly, the arrear amounts of GIDC are accruing.
The Senate while approving the GIDC, Bill 2015 constituted a special committee to monitor the implementation of GIDC Act 2015 and to make recommendations for removing anomalies. The Special Committee of the Senate in its final report recommended that CNG sector may pay a sum of Rs.12 billion as a full and final settlement with no interest or Late Payment Surcharge (LPS). Based on the recommendation, the GIDC Amendment Act, 2018 was placed before both the Houses and subsequently the GIDC Amendment Act, 2018 was approved by the Parliament in May, 2018. However the amendment was also challenged in various courts of Law by the CNG stations who did not want to pay the arrear amounts as well as those who could not avail this dispensation. The collection of GIDC was undertaken as C-Non-Tax Revenue Receipt and now it is being collected as 'B-Tax Revenue Receipt both ultimately forms part of the Federal Consolidated Fund Account and thus a part of the annual budget.
In pursuance of the meeting held on January 20, 2019 chaired by Finance Minister, Asad Umar, which was also attended by the Minister of State for Revenue, Chairman FBR and the officials of Finance and Petroleum Divisions, a summary on GIDC recovery of Cess arrears and revision in Cess rates was submitted to the Cabinet on January 23, 2019 for consideration in the meeting held on January 24, 2019
The proposal was as follows: (i) the fertilizer sector, IPPs/Gencos/KE and general industry, including its captive power units, may be provided a 50 percent waiver in GIDC payables for the period January 1, 2012 to December 31, 2018; (ii) effective January 1, 2019, GIDC rates for gas used as fertilizer feedstock (who are paying concessional feed gas price) will be reduced to zero and GIDC rate for their gas as fuel stock will reduced by 50%. Similarly GIDC rates for the gas used as fertilizer feed stock and fuel stock by old plants will be reduced by 50%; (iii) GIDC rates for IPPs/Gencos/KE, General Industry and its captive power units will be reduced by 50% effective from January 1, 2019; (iv) GIDC rates for zero-rated industry and its captive power units will be reduced to zero effective January 1, 2019 (this will require addition of a new category in the second schedule of the GIDC Act, 2015; (v) pursuant to the GIDC Amendment Act, 2018, CNG sector's arrears GIDC amount for the period January 01, 2012 to May, 2015 were settled at Rs.12 billion as a full and final liability. For the remaining stations which could not avail this scheme, they may be provided a one-time opportunely to deposit the balance amounts which are payable under the GIDC Amendment Act, 2018; (vi) on the analogy of the dispensation being provided to sectors as stated above, the CNG sector may also be offered the waiver of 50% GIDC payables for the period May, 2015 to December 31, 2018. The GIDC rate for the CNG sector may be reduced by 50% effective from January 1, 2019; and (vii) the effective date for levy of markup under Section 3 of the GIDC, Act, 2015 on the payable amounts may be taken as January 01, 2019.
After detailed discussion the federal cabinet held on January 24, 2019 approved the above proposals and further directed that: (i) reduction in Cess rate prospectively will be allowed to those consumers/sectors who will undertake to pay the balance 50% GIDC arrears; (ii) the consumers/sectors who have GST refund claims, subsidy claims or DLT claims can have option for non-cash settlement of the same with GIDC arrears; (iii) Ministry of Industries & Production will ensure that reduction in fertilizer prices due to levy of reduced Cess rate prospectively must pass-on the end consumer/farmers; and (iv) Gas Infrastructure Development Cess shall be used for the infrastructure development of gas projects as provided in Section 4 of Gas Infrastructure Development Cess Act, 2015.
https://fp.brecorder.com/2019/02/20190209445772/

BAYER TO CONTINUE SUPPORT HEALTHCARE, EDUCATION INITIATIVES IN PAKISTAN

RECORDER REPORT | FEB 9TH, 2019 | KARACHI

Upholding its CSR commitment, Bayer Pakistan has extended financial support to key education and health institutes for an adult women's literacy program and to improve access to quality healthcare for patients from under-served communities in the country. Bayer Pakistan has provided funds to The Citizens Foundation (TCF) to help run Aagahi Adult Literacy Centers, reaching out to 18,000 women across 68 cities and towns in Pakistan. Approximately 25% of the program will be operated by funding provided by Bayer.

Additionally, Bayer Pakistan is contributing to sponsor a consulting clinic in the upcoming expansion of The Indus Hospital, Korangi which provides absolutely free, quality treatment to millions of deserving patients.

Bayer has also supported The Kidney Centre (TKC) with funding for a state-of-the-art stationary X-Ray machine which is widely used in diagnostic procedures for countless patients. The company has also supported the Afzaal Memorial Thalassemia Foundation (AMTF) in purchasing life-saving medicines to support the treatment of children suffering from thalassemia; a common disease in Pakistan.

"Commitment to the societal development of the countries in which we operate is a cornerstone of Bayer's corporate policy," said Dr. Imran Ahmad Khan, MD and CEO Bayer Pakistan. "We recognize the importance of contributing to the communities we work with, and we believe that like most developing nations, the best way to contribute here in Pakistan is to help improve the educational and health facilities available to our population," he added. "This aligns perfectly with our purpose: Science for a better life."

https://fp.brecorder.com/2019/02/20190209445829/

ENGRO FERTILISERS' PROFIT SOARS 56%, AMOUNTS TO RS17.4B

By Our Correspondent Published: February 9, 2019

KARACHI: Engro Fertilisers' profit soared 56% to Rs17.4 billion in the year ended December 2018.

The firm had reported a profit of Rs11.15 billion in 2017, according to a notice sent to the Pakistan Stock Exchange (PSX) on Friday.

Earnings per share (EPS) of the company rose to Rs13.04 in 2018 against Rs8.36 in the preceding year.

The increase in earnings came in the wake of higher net sales, which widened from Rs77 billion in 2017 to Rs109 billion, an expansion of 42%.

"Growth of the company is organic and margins are better than last year," said BMA Research analyst Faizul Sultan. "Overall, the result is in line with market expectations."

However, he added that the dividend paid by the company was below expectations as the market had expected a payout of Rs14.

Along with better offtake, net sales of the company jumped mainly on the back of a hike in urea prices.

During the year, fertiliser companies fixed urea bag prices at Rs1,400 as the present government, in its first mini-budget, withdrew the cash subsidy of Rs100 per bag.

Subsequently, the demand for urea also climbed owing to demand-supply gap, which provided an opportunity to the companies to raise prices.

Currently, urea prices are touching Rs1,800 per bag in the market.

"The company also made a fortune in the last quarter due to Rabi season, in which wheat and sugar crops are sown," said Sherman Securities analyst Saqib Hussain.

In 2016, production of the sector advanced heavily, while domestic dispatches remained low, therefore, inventories of the companies piled up to 1.7 million tons in May 2017.

Resultantly, the fertiliser sector requested the government to permit its export.

On one hand, the government approved the export, and on the other hand, local demand also swelled during that period providing a golden opportunity to producers.

Due to increased sales, cost of sales of the company jumped to Rs74 billion from Rs54 billion in year 2017.

The subsidiary of Engro Corporation posted a gross profit of Rs35 billion compared to Rs23 billion in 2017.

Selling and distribution expenses of the entity elevated by Rs763 million in the period under review.

Finance cost of the fertiliser company declined 23% in the year 2018.

Meanwhile, Engro Foods Limited posted a profit of Rs63.7 million for year ending December 2018, down 83%, compared to a profit of Rs379.2 million in the in the preceding year.
The company posted EPS of Rs0.08 against Rs0.49 in 2017.
The company booked low profits due to higher taxes of Rs234 million, which the company paid against refund of Rs183 million last year, 2017.
The company's bottom-line of fourth quarter of 2018 was reported in the red zone with a loss of Rs449 million, incurring loss per share (LPS) Rs0.59 compared to a loss of Rs3 million reported during the same period of 2017, said JS Global analyst Amreen Soorani.
While fourth quarter sales witnessed 13% year on year growth, gross margins during the same period declined by 470 basis points year on year to 9%. This led to operating losses during the quarter. Moreover, 54% year on year rise in finance cost further burdened the bottom-line, resulting in loss before tax of Rs557million.
https://tribune.com.pk/story/1906943/2-engro-fertilisers-profit-soars-56-amounts-rs17-4b/

DRIP IRRIGATION PROMOTION: NESTLE PAKISTAN VOWS TO SAVE WATER

RECORDER REPORT | FEB 6TH, 2019 | LAHORE
All over the world, around 70% of water is used in agriculture sector. In Pakistan, that percentage stands at 90%, with 50% wastage due to poor irrigation methods. The water saving is possible by the installation of drip irrigation as opposed to flood irrigation which is the traditional way of irrigating fields in Pakistan. In order to save water in agriculture and improve productivity, Nestle Pakistan has fostered partnerships with the government and farmers to promote drip irrigation.
Nestle Waters Senior Vice President and Head of Technical, Peter Hagmann, inaugurated a site near Sheikhupura under Nestle Pakistan's Agricultural Efficiency Project the other day. The project has the potential to help save 54 million liters of water annually and a part of the company's "Caring for Water" initiative which undertakes collective approach to help address the water issue.
The installation has been carried out by Nestle Pakistan in collaboration with the Government of Punjab, covering 40% and 60% of the farmer's cost respectively. The Agricultural Efficiency Project was initiated in the year 2017 and has so far covered 109 acres of land in 2018 with an estimated 280 million litres of water saved.
At the inauguration ceremony, Peter Hagmann said, "Businesses in Pakistan need to realize the essence of being water conscious not only because of their survival but for the overall wellbeing of global ecosystems and economies. Nestlé Pakistan realizes the significance of taking a collective approach and working beyond the factory gates. With partners such as farmers, government, communities, academia and civil society, Nestle Pakistan is taking collective actions to promote responsible use of water."
Khurram Zia, Country Business Manager, Nestle Waters, while sharing his views said, "The Agricultural Efficiency Project has massive potential of saving water by taking a step out of conventional farming. Water is a shared resource requiring every stakeholder's ownership and participation to help tackle the issue. Nestle's vision towards water efficiency is aligned with Sustainable Development Goals (SDGs) 6 and 12: clean water and sanitation, responsible consumption and production. Therefore, the company is devoted towards helping address the issue by encouraging all the stakeholders to be mindful of the utilization of water resources."
https://fp.brecorder.com/2019/02/20190206445084/

NEWS COVERAGE PERIOD FROM JANUARY 28TH TO FEBRUARY 3RD 2019

BAYER PAKISTAN URGES GROWERS TO EQUIP WITH NECESSARY SKILLS

ZAHID BAIG | FEB 2ND, 2019 | LAHORE
Stressing the need for importance of knowledge sharing, Luis Camacho, Stewardship Lead for Asia/Africa Bayer Pakistan has urged the growers to equip themselves with necessary knowledge and skills to improve their productivity aimed at growing their business and increasing their livelihood. He was speaking at a "farmer meeting" recently

arranged by the Bayer Pakistan – Crop Science in Kasur to understand the challenges of the farmers and promote the adoption of modern technologies and farming practices.
Much of the agriculture landscape in Pakistan consists of small-hold farmers with limited access to requisite agronomic knowledge. The event allowed Bayer Pakistan – Crop Science to overcome the technological barriers and learning limitations by providing a platform where knowledge pertaining to the benefits of technology and modern farming practices could be shared with hundreds of farmers.
While interacting with farmers, Luis Camacho, Stewardship Lead for Asia/Africa Region at Bayer Crop Science, reinforced the importance of knowledge sharing. “For farmers to grow their businesses and improve their livelihoods, they need to be equipped with the necessary knowledge and skills to improve their productivity. Therefore, we work closely with small-hold farmers to develop holistic approaches to ensure food security, with a focus on knowledge transfer, partnerships and customized agronomic solutions”, he explained.
“In line with our commitment to bring the latest agriculture technologies to the farmers, we will be introducing biotech maize hybrids which are resistant to insect attack and provide better weed control, subsequently saving input costs for the farmer and significantly enhancing yields”, Camacho added.
This meeting followed the series of farmer-level events held under Bayer Pakistan – Crop Science’s Farmer Ambassador (or Numberdaar) programme across all major corn growing districts of Punjab. Launched in 2018, the programme recognizes prominent progressive farmers from each corn growing territory and encourages them to act as change agents for the proliferation of best farming practices amongst the broader farming community.
Rashid Ahmad, a progressive farmer from Kasur and a staunch advocate of Bayer Pakistan’s outreach initiatives believes that “the farming community needs to adopt modern agricultural practices to remain relevant in the sector.” He further added: “Bayer Pakistan continues to provide us with opportunities to learn about the latest trends, technologies and farming practices that can bolster our yields and profitability”.
Over 500 progressive farmers were nominated as Numberdaars from 14 districts of Punjab – Okara, Pakpattan, Sahiwal, Gujranwala, Gojra, Chiniot, Depalpur, Kasur, Basirpur, Burewala, Arifwala, Mian Channu, Chichawatni and Mailsi – with an expected outreach of 30,000 small-hold farmers across the target region. Bayer is a Life Science company with more than 150-year history.
https://fp.brecorder.com/2019/02/20190202444224/

FFC EARNS RS 14.44 BILLION NET PROFIT IN 2018

RECORDER REPORT | FEB 1ST, 2019 | ISLAMABAD
Fauji Fertilizer Company Limited (FFC) has announced financial results for the year 2018 with net profitably of Rs 14.44 billion translating into EPS of Rs 11.35 which was 35% higher than last year. The company also declared final dividend of Rs 3.90 per share for the quarter, with aggregate distribution of Rs8.85 per share for the year 2018.
According to a press release, the company attained second highest urea production of 2,522,000 tonnes, lower by only 1,000 tonnes compared to highest ever production of 2016.
The FFC also created a new benchmark in terms of highest ever revenue of Rs 108.36 billion (including subsidy) while crossing the Rs 100 billion threshold for the first time in the process.
The company further stated that income on investments and deposits were recorded at Rs 2.64 billion, whereas dividend income stood at Rs 1.25 billion. “Despite fluctuations and challenges in the market, the company has maintained its revenue growth while also continuing austerity drive to sustain profitability margins and explore new avenues to enhance the shareholders wealth,” the press release added.-PR
https://fp.brecorder.com/2019/02/20190201443917/

March 2019

NEWS COVERAGE PERIOD FROM MARCH 25TH TO MARCH 31ST 2019

CAREEM TO CONTINUE OPERATION AFTER ACQUISITION BY UBER

Ramsha Jahangir Updated March 27, 2019
KARACHI: American ride-hailing company Uber announced on Tuesday the acquisition of its largest rival, Careem, while still letting the latter operate as an independent brand under its current management.
According to a press release issued by Uber chief executive officer Dara Khosrowshahi, the company intends to operate Careem independently, under the leadership of its co-founder and current CEO Mudassir Sheikha.

About the decision to let Careem operate as an independent brand and separately, Mr Khosrowshahi said: "After careful consideration, we decided that this framework has the advantage of letting us build new products and try new ideas across not one, but two, strong brands, with strong operators within each."
American ride-hailing service announces buying Dubai-based company
Uber will acquire all of Careem's mobility, delivery and payments businesses across the greater Middle East region, ranging from Morocco to Pakistan, with major markets including Egypt, Jordan, Pakistan, Saudi Arabia and the United Arab Emirates.
Upon closing, Careem will become a wholly-owned subsidiary of Uber, preserving its brand. Pakistani entreprenuer Mudassir Sheikha will lead the Careem business, which will report to its own board made up of three representatives from Uber and two from Careem.
In an email to his employees, a copy of which is available with Dawn, Mr Khosrowshahi explained why the acquisition would not take away Careem's independence.
"We intend to operate Careem independently, under the leadership of co-founder and current CEO Mudassir Sheikha. I've gotten to know both co-founders, Mudassir and Magnus Olsson, and what they have built is truly extraordinary," he wrote, acknowledging that they were "first-class entrepreneurs" who had shared the platform vision and launched a wide range of products — from digital payments to food delivery— to serve consumers.
The Uber CEO pointed out that the acquisition was subject to regulatory approval in various countries, which was not expected to be acquired until 2020. About Uber's expanding business, he said five years since its launch in the Middle East, Pakistan was now one of the company's fastest-growing markets in the world and women were driving with Uber across Saudi Arabia.
The deal will see Uber pay $3.1 billion ($1.7bn in convertible notes and $1.4bn in cash).
Uber's data protection and user privacy policy have been widely criticised after the company suffered a massive data breach that exposed personal data from 57 million Uber accounts, including 600,000 drivers licence numbers in 2018. In 2018, hackers stole personal data of 14 million users from Careem as well. However, Dubai-based Careem, which boasts more than a million drivers and over 33m users across 120 cities in 15 countries, is known for customer satisfaction and willingness to work with governments.
Soon after the news of the acquisition was confirmed, Careem users expressed worry that the move was likely to affect customer experience in terms of privacy and safety — something Uber has been in hot water for.
"We will not compromise on the brand's identity, customer care policy or independence at any cost. Customer care is what brought Careem this far, and that will be our motivation ahead," Careem representatives told Dawn on condition of anonymity.
Published in Dawn, March 27th, 2019
https://www.dawn.com/news/1472134/careem-to-continue-operation-after-acquisition-by-uber

NEWS COVERAGE PERIOD FROM MARCH 18TH TO MARCH 24TH 2019

KHAIRPUR SUGAR MILLS LIMITED

RECORDER REPORT | MAR 20TH, 2019 | OVERIVEW
Khairpur Sugar Mills Limited (PSX: KPUS) has been in operation since 1973, as an unregistered proprietorship/partnership unit. It was incorporated on August 23, 1989 as a public limited company followed by an IPO on Pakistan Stock Exchange (then Karachi Stock Exchange) in 1992.
The company commenced its commercial operations as a PLC three years later with production (crushing) capacity of 4,000 tons of canes per day (TCD). Principal activity of the company is manufacturing and selling of sugar and its by-products such as molasses and bagasse. Registered office of the company is situated in DHA area of Karachi, whereas mills are located in Kot Diji tehsil of Khairpur district in Sindh province.
Khairpur Sugar Mills began operations under plant and machinery licensed by Fives Call Babcock (FCB), one of the most noted industrial groups in France. Fifteen years into operation, the company decided to expand its capacity by undertaking BMR activities that led to increase in production capacity to up to 7,000TCD; this up gradation was completed in 2011. Today, it is one of the largest sugar crushing units in the province of Sindh and the largest amongst listed firms in the sector.
Biogas project of the company recently commenced operations. Biogas consists of waste produced during crushing of sugarcane, which is then used to produce ethanol. This is a grid-connected development which is powered by biogas engines obtained from General Electric, USA.

The sugarcane biogas plant provides onsite source of power to help mill's industrial operations to meet production requirements. The biogas used to fuel the plant is extracted from spent wash, a by-product of the ethanol production operation that uses sugarcane molasses as raw material. The plant is expected to achieve about 20,000 tons in emission reductions, annually certified under Kyoto Protocol.

Sponsor group and pattern of shareholding

Khairpur Sugar Mills is owned by Jumani group of companies, which is a reputable name in the real estate and construction business in Karachi. Its flagship entity, Arisha Enterprises (Pvt.) Limited is considered a construction magnate. During the last decade, the group has also entered the hospitality business, managing hotels in state of Florida, USA.

Khairpur Sugar Mills has a very tightly held structure, with close to 80 percent disclosed shareholding resting with sponsor family. Out of this, 69 percent is held with sponsor directors belonging to the Jumani family, whereas 4 percent is held with a director's dependent. An additional 6 percent is held with Allah Warayo Jumani, member of sponsor family not present on the BoD.

Other significant shareholding is held by Bankers Equity Limited, an investment bank with long term shareholding across several manufacturing sectors. BEL was established in 1979 with shareholding of SBP and five major nationalised banks to accelerate the pace of industrial development and expansion of local capital markets in the country.

No other institutional shareholders had any significant holding in the company as at balance sheet date. It is not disclosed whether the remainder six percent shareholding is held with general public or other members of sponsor family in smaller blocks. Due to the limited free float, there has been no trading in the stock since January 2018.

During the year, price of sugarcane as set by provinces recorded no change over the previous year. The harvest season began (October 2017) with an opening stock of close to 2.5 million tons, highest ever in country history, and close to 46 percent of total domestic demand. Due to the high opening stock, Sindh government notified commencement of crushing season with a delay, beginning November 30th, 2018.

It should be recalled that while wholesale and retail prices of white sugar is not regulated, raw material prices are carefully controlled by the government through support price mechanism, which is notified by the provinces to support farming community.

At a time when price of white sugar has touched historic bottom (in real terms) in international market, indicative price of sugarcane is held high artificially that creates distortion in the market place. High support price encourages growers to increase sugarcane cultivation, which creates a supply glut in the market, even as demand for final product has been inching forward at snail's pace.

As a result, sugar mills have to rely on support from the government for dumping of excess supply in global commodity market. During MY18 alone, the subsidy cost the federal and provincial exchequers close to Rs24 billion in total.

As the country has recorded domestic production of sugar in excess of local demand for at least past seven years, seasonal increases in minimum support prices of sugarcane seem to have plateaued for at least past three crushing periods at Rs180 per maund (average for 3 crushing provinces).

Sugar mills from the province have eagerly contested the minimum price set by provincial departments in courts, petitioning that the price be lowered given the supply-demand dynamics of the crop. Upon court's intervention, millers made payment at Rs160 per maund to growers during MY17 season. As of March 2019, high court has asked the provincial government to review the price; however, for all intents and purposes, the crushing season has almost drawn to a close.

Due to the uncertainty on the support price for the past two seasons, sowing of sugarcane crop for the MY19 has finally lost the overdrive seen during past five years. With no further increase in sugarcane rate on the horizon for upcoming periods, it is expected that the crop is losing its momentum, with growers switching to alternate crops such as cotton.

Thus, white sugar rates are expected to stabilize in coming months, at least so far as the domestic market is concerned, as sugar production is expected to decline from historic level recorded in MY18.

Based on disclosures in Director's report, back of the envelope calculations suggest that the company began its marketing year with close to 30,000 tons of white sugar in inventory. However, anticipating substantive subsidy on export from the government to offload sugar surplus in the domestic market and support farmers; the company ramped up production which reached highest ever, closing at 85,625 tons.

While the ECC announced export quota for export of up to 2 million tons for the sector, the company was not able to fully take advantage of the same as competing mills were able to secure orders more quickly. Out of total sale of close to 90,000 tons of sugar during the year, only 30 percent or 25,948 tons was to export market. Remaining stock sold was absorbed by customers in the domestic market, at an estimated selling price of Rs50-52 per kilo.

The company received government support on volume exported of Rs10.7 per kg by the federal government, which was on first come first avail basis on total allowable quota. In addition, additional freight support was announced by Sindh government only for mills located in the province of up to Rs9.3 per kilo for up to 20,000 tons only per milling unit.

Thus, one reason for below industry average share of exports in total sales could be that once the Rs20 per kg freight support was exhausted, export was not viable any longer. Note that selling price of sugar exported during the year by the company is estimated at Rs37.5 per kg.

During the period under review, Khairpur Sugar Mills operated for a total of 148 days, up from 140 days of sugarcane crushing during last year's operation. While the company reached record levels of production, crushing volume declined by a nominal three percent over last year due to improved sucrose recovery, which increased by 53bps from last year and was 32basis points higher than national average.

Based on industry standard operating cycle of 150 days, crushing capacity stood at 1.05 million metric tons; however, capacity utilisation only stands at 79 percent, down from 81 percent last year due to lower crushing.

Ex-subsidy on exports, contribution margin remained very thin due to high cost of raw material consumed. On average, sugarcane constitutes 80 – 90 percent of production cost of final product. Thus, the company's gross profitability is adversely affected by high support price, especially since its top line is not adequately diversified in allied products.

At average sucrose recovery rate of 10 percent and minimum support price of Rs180 per 40 kg of sugarcane, raw material cost alone comes out at Rs45 per kg of sugar produced. Inclusive of manufacturing overheads ancillary to production process, average production cost hovers in the range of Rs50-55 per kg.

In contrast, average selling price in both domestic and exported market remain depressed, resulting in a barely positive gross margin of 1 percent.

However, top line grew significantly on the back of anticipation of government support on external front, which came in the form of Rs464 million in freight support. This is reflected in other income for the year, which takes EBIT margin to 6.4 percent, despite substantial year on year growth in distribution costs due to marketing for export orders.

However, cash flow position continues to be challenged as the government has released only 20 percent or Rs92 million out of total Rs464 million owed to the company in the form of subsidy.

The crushing season has begun with a delay of two months, in first week of December 2018. As notified support price in Sindh and Punjab have remained unchanged at Rs182 and Rs180 per 40 kg respectively, crop size is expected to be 25 percent lower than last year.

So far, the federal government has not announced any subsidy on export quota of 1.1 million tons, due to which export during 1QMY19 remained very low at just 70,614 tons. While, industry expects respite in export following announcement of subsidy by government of Punjab for Rs5 per kg of export. However, it remains to be seen whether Sindh government will follow suit and announce subsidy for mills located in the province, as the political party in power is beleaguered by allegations of unfairly supporting sugar mills.

https://fp.brecorder.com/2019/03/20190320456917/

FAUJI FERTILISER INCREASES UREA PRICES BY RS80 PER BAG

By Usman Hanif Published: March 20, 2019

KARACHI: On the back of expected increase in demand in the upcoming Kharif sowing season amid low inventory, Fauji Fertiliser Company has increased urea prices.

"As per our channel checks, Fauji Fertiliser Company has increased urea prices by Rs80 to Rs1,820 per bag," said AKD Securities. "The price increase comes on the back of expected pickup in demand in the upcoming Kharif season amid low inventory levels."

As per January 2019 data, there is only 70,000 tons in urea inventory, according to the brokerage house. Engro Fertilisers, Fatima Fertiliser and Agritech Limited are looking at market reaction to the price hike by the Fauji group before taking any decision, according to an industry official. Fauji Fertiliser increased the urea price by Rs80 to

Rs1,792, but the retail price in markets was Rs1,820 as distributors were taking advantage of the gap between supply and demand, according to Topline Securities' analyst Shankar Talreja.
The absence of sufficient urea supply in the market has broadened the gap between demand and supply as some plants were shut down in January and February for annual maintenance. "Tight supply has resulted in increase in urea prices," said AKD Securities' analyst Aila Naeem. "The demand and supply situation is in favour of fertiliser players," Naeem added. The company increased the price primarily due to inflationary pressure, Talreja pointed out, adding that the rupee depreciation and rise in prices of raw material had increased overall cost of the company.
The second reason for the price hike was the expected increase in gas prices from July 2019, he said. Gas infrastructure development cess (GIDC) had been an issue between the government and the industry, said the AKD Securities' analyst, adding that fertiliser players claimed that they had been absorbing 90% of GIDC impact.
The government has hinted at waiving 50% of the cess on the fertiliser industry on the condition that it will reduce fertiliser prices by Rs200 per bag.
Published in The Express Tribune, March 20th, 2019.
https://tribune.com.pk/story/1933009/2-fauji-fertiliser-increases-urea-prices-rs80-per-bag/

NEWS COVERAGE PERIOD FROM MARCH 11TH TO MARCH 17TH 2019

FMCG FIRMS WORKING WITH GOVT ON CUTTING COST

By Salman Siddiqui Published: March 11, 2019
KARACHI: The seven-month-old Pakistan Tehreek-e-Insaf (PTI) government is struggling to make Pakistan an export-based economy to achieve financial sovereignty and do away with the need for going back to the International Monetary Fund (IMF) after every four to five years for a bailout.
At the beginning of its long journey, the government has taken foreign companies, particularly fast moving consumer goods' (FMCGs) manufacturers and marketing firms, on board.
"We, the FMCGs, are closely working with the government on some very specific proposals for cost cutting in order to become viable exporters (besides serving the domestic market)," Procter & Gamble (P&G) Vice President and Country Manager for Pakistan Sami Ahmed told The Express Tribune.
They have held a series of meetings with Prime Minister Imran Khan, Finance Minister Asad Umar and Adviser to PM on Commerce Abdul Razak Dawood. "There exists a huge export potential in the short run," he said and did not rule out the possibility of entering the international arena in the next one to two years.
"Rationalising (reducing) duties on the import of raw material, particularly the ones which are not available in Pakistan, for manufacturing export products is one cost factor," he revealed, adding that they were discussing multiple cost factors with the government.
A representative of another FMCG manufacturing company pointed out that they had proposed a duty drawback facility for goods export and had remained engaged with the Ministry of Commerce on that cost-cutting factor.
Ahmed said P&G was already making some exports to Afghanistan. "We are exporting all the eight brands, being manufactured and marketed in Pakistan, in the category of home and personal care like detergents, soaps, shampoos, baby care and feminine products."
"All companies compete through cost management. As soon as Pakistan's cost competitiveness improves, the potential for export will grow," he said.
The potential export markets are the ones that are physically close to Pakistan. "We (the government and FMCG firms) are working on some very tangible proposals to achieve export competitiveness. So, this is not an unrealistic dream. This is not a dream in the air. Work with the government will continue," he said.
Over the years, the demand for FMCGs like packaged milk, home and personal care products like soaps, shampoos, creams and laundry detergents, and pharmaceutical products – has grown remarkably in the domestic economy and these goods are now dominating their respective sectors by serving a large part of the country's population.
For instance, around 80% of the branded milk market is in the hands of these FMCG manufacturers. They also control around 75% of the branded and packaged home and personal care market, two leading MNCs hold almost 75% of the branded ice cream market and the same is the case with carbonated beverages.
Their growing size has contributed to increase in imports of raw material and finished products, which is contrary to the government's slogan of making Pakistan an export-based economy which, at present, heavily depends on imports, said an informed source.

Considering that FMCG firms have global expertise, knowhow, a worldwide trade network of sister and parent companies, and the potential for exports, the government has taken them on board in the long journey of transforming Pakistan into an export-based economy, he said.
Earlier, the government took some concrete measures to boost textile exports by reviving the sick units, especially in Faisalabad.
Besides, it has also told global investors that it will only welcome new foreign investment in export industries and import-substituting sectors and is abolishing the policy of welcoming foreign investment in the sectors that cause an increase in imports.
Ahmed said P&G – which is a 180-year-old global company – began operations in Pakistan in 1991 with the marketing of two imported brands and today it was marketing eight brands.
It recently set up a shampoo manufacturing plant in Pakistan with an investment of $50 million. With this, the company has so far invested $150 million in establishing plants for manufacturing four brands including laundry detergents, soaps and shampoos out of the eight it is marketing.
“We are considering setting up plants for other brands as well…the consideration is for more than one brand,” he said.
“The setting up of new production plant(s) may coincide with the beginning of export of the four brands we are manufacturing in Pakistan,” he said.
P&G is meeting some two-thirds of the demand in the local market by manufacturing products in the country. “This is exactly in line with the government strategy of cutting imports through investment in import-substituting sectors,” he said.
“Pakistan is a land of opportunities. FMCGs are still scratching the surface (in the country). They are far, far away from reaching the saturation point. The growth in our sales is ahead of regional and global sister and parent companies.”
Ahmed called Pakistan a very important market for P&G for reasons like a huge young population and a large and growing population. “Urbanisation has remained an ongoing process; modern retail and super markets are also expanding.”
the writer is a staff correspondent
Published in The Express Tribune, March 11th, 2019.
https://tribune.com.pk/story/1926869/2-fmcg-firms-working-govt-cutting-cost/

NEWS COVERAGE PERIOD FROM FEBRUARY 25TH TO MARCH 3RD 2019

FAUJI FERTILIZER PROVIDES RELIEF TO FARMERS

RECORDER REPORT | FEB 28TH, 2019 | ISLAMABAD
Fauji Fertilizer Co Ltd takes the lead in 2019 to provide relief to the farming community by reducing price of DAP Fertilizer by Rs 100/- per bag. The higher price of DAP has affected the balanced use of fertilizer which has had a negative impact on quantity as well as quality of the produce. This price adjustment pledges their support to GOP in the development of Agriculture Sector by maintaining affordable fertilizer prices and promotion of balanced fertilizer use.
DAP is most widely used Phosphatic Fertilizer for plant nutrition. It is vital for the development of plant, particularly facilitates in improving size and weight of the grains.-PR
https://fp.brecorder.com/2019/02/20190228450586/

NESTLÉ PAKISTAN POSTS 2 PERCENT GROWTH IN SALES REVENUE

RECORDER REPORT | FEB 27TH, 2019 | KARACHI
Nestlé Pakistan posted yearly sales revenue of Rs 124.6 billion for 2018, an increase of about 2 percent compared to previous year despite increasingly difficult economic conditions. Export sales during the same period stood at Rs 2.3 billion. The annual results were announced following a Board of Directors’ meeting at the company’s head office.
Operating profit for the year is Rs 20.3 billion vs Rs 23.6 billion in 2017. During the year 2018, higher commodity and fuel prices coupled with devaluation of PKR impacted the operating profit margin of the Company. However, the focus of the company remained on cost efficiencies to offset the increasing commodity prices and forex impact.

The major new product launches during 2018 included: Nestlé Fruita Vitals Pet, Nestlé Milkpak 500ml, Nestlé Nido Organic, NAN 2 BIB, Nangrow 3 BIB, NAN 1 with HMO, Nestlé Cerelac Savoury Spinach & Pumpkin, Nestlé Lactogen 1.2 Kg (new SKU), NAN HA and Milo 125ml.
https://fp.brecorder.com/2019/02/20190227450330/

April 2019

NEWS COVERAGE PERIOD FROM APRIL 22ND TO APRIL 28TH 2019

FERTILISER INDUSTRY TO GET ANOTHER RS12B SUBSIDY

By Zafar Bhutta Published: April 27, 2019
ISLAMABAD: Fertiliser manufacturers are expected to receive another subsidy of Rs12 billion on gas supply for urea production, despite increase in prices of urea, which has hurt many farmers as their cost of inputs has gone up.
The government has already given Rs4 billion in subsidy on liquefied natural gas (LNG) supply to two fertiliser plants in an effort to provide urea to farmers at lower prices, but fertiliser manufacturers have increased prices.
In addition to the subsidy, the fertiliser industry has failed to pay Rs120 billion in gas infrastructure development cess (GIDC) to the government by obtaining stay orders from court. The Pakistan Tehreek-e-Insaf (PTI) government has also waived 50% of the outstanding GIDC.
The Economic Coordination Committee (ECC) of the cabinet, in a recent meeting, noted that fertiliser manufacturers increased urea prices unjustifiably, which pushed up the cost of production for the farmers. It noted that ultimately it would lead to a hike in prices of different crops in the country.
It was pointed out in the meeting that fertiliser was a deregulated commodity, therefore market forces were taking advantage of the policy.
The ECC noted that the government was providing subsidy on urea manufacturing to the fertiliser plants in the form of subsidised re-gasified LNG. Therefore, urea should have been made available in the market at reasonable prices, it said.
However, the ECC was of the view, the impact of subsidy had not been passed on to the consumers due to the increase in urea prices.
Earlier, the ECC in a meeting on February 19 directed the Ministry of Industries and Production to ensure that two key fertiliser plants continued to run till the end of October 2019 and submit a plan along with the cost of subsidy required to run the plants compared to the financial impact if urea was imported.
The Ministry of Industries told the ECC that in line with its directive, the Petroleum Division and Sui Northern Gas Pipelines Limited (SNGPL) were advised to restore gas supply to the two plants – Fatima Fertiliser and Agritech Limited – which had remained shut from February 14-25, 2019 due to a halt to gas supply.
“Gas supply has been restored since February 26, 2019 and both plants are running now,” it said.
Urea inventory was analysed in a meeting of the Fertiliser Review Committee, which noted that the agreed price of gas was Rs782 per million British thermal units (mmbtu) so the cost would be capped at that level by subsidising it and total subsidy was estimated at Rs11.9 billion.
It was calculated that the government at current market prices would have to provide a subsidy of Rs846 per bag if urea was imported from the Middle East. The subsidy would be Rs1,061 per bag in case of import from China.
The Ministry of Industries proposed that the two fertiliser plants connected to the SNGPL network should keep running on re-gasified LNG or locally produced natural gas till the end of October 2019.
The ministry also requested the ECC to allow the continuation of subsidy till October 31 and cap the price of gas supplied to these fertiliser plants at Rs782 per mmbtu. The ECC allowed continued supply of subsidised gas to the fertiliser plants.
https://tribune.com.pk/story/1960281/2-fertiliser-industry-get-another-rs12b-subsidy/

RECORD BREAKING HANDLING OF DAP FERTILIZER BY QSE

RECORDER REPORT | APR 26TH, 2019 | KARACHI
Quayside Services Enterprise (Stevedore) and Fatima Group team bilaterally have achieved the remarkable discharging rate of 11058 MT of DAP fertilizer in history of Karachi Port Trust (KPT) at East Wharf. The credit of this achievement goes to both teams of QSE & Fatima Group.
The performance of 24 hours of MV SPAR MIRA at bert no.10-il on 25-3-19 is as

Day Shift Discharge 5276 MT, Night Shift Discharge 5782 MT, Total 24 Hrs Disc. 11058 MT.
Its time of be proud for QSE Engineering Team who has developed the Electro Mechanical Begging Plant locally and get the historical target at Karachi Port trust (KPT).
It is also worth mentioning here that the QSE engineering team has developed the Electro Mechanical Bagging plant locally and get historical target at KPT. The DAP is imported from Morocco, China and Saudi Arabia to meet the local demand. More than 2 million MT of DAP was discharged during the year 2018. QSE team has worked hard and proved their capability to achieve the goal as team work.-PR
https://fp.brecorder.com/2019/04/20190426467393/

PTI GOVT MAY EXTEND DUTY, TAX RELIEF FOR MARITIME SECTOR

By Irshad Ansari Published: April 26, 2019
ISLAMABAD: The federal government is expected to extend tax and duty relief for the maritime industry by another 20 years in the upcoming 2019-20 federal budget.
Recommendation of the Ministry of Maritime Affairs is currently being reviewed by the Federal Board of Revenue (FBR) and a decision is awaited.
Officials of the maritime ministry point out that the Pakistan Merchant Policy 2001, which allowed exemption from taxes and duties and provided other benefits for the suppliers of goods coming through sea route, is going to expire in 2020 and the ministry has forwarded its recommendation for a 20-year extension of the policy until 2040 to the finance ministry.
However, the FBR and the finance ministry have yet to submit a reply, officials of the ministry said, adding that the federal government could save between $6 and $8 billion in the transportation of goods via sea. According to a summary sent by the maritime ministry, the request for extension in tax and duty exemptions under the Pakistan Merchant Policy 2001 is being made to promote the maritime industry.
The merchant policy sought to promote the maritime sector and extend the interest of the country, the summary stated, adding that imposition of taxes and duties on the maritime industry would adversely affect the sector as the volume of goods being transported through the sea route had tremendously increased over the years and amounted to billions of dollars.
According to Pakistan National Shipping Corporation (PNSC) senior officer Captain Anwar Shah, the merchant policy allowed considerable exemptions from taxes and duties on vessels, ships, floating crafts and survey ships after which each carrier paid one dollar per ton every year in tax with no other taxes. In addition, the policy also introduced a friendly fee structure for the registration of companies in the shipping industry, according to which vessels up to 100 gross tons paid a fee of $50 for registration while the fee for vessels above 5,000 gross tons was $1,000.
The policy also allowed joint-venture companies to take back any foreign exchange without any hurdle while more benefits were also being offered to international investors in the industry.
According to sources, the policy has become out-dated. A new policy was framed in 2006 but its notification could not be issued. There was a need to formulate a policy which was in line with modern requirements, sources said, adding that when the policy was first introduced there was no concept of container trading and LNG ships. In recent times, the transportation from the sea route has been revolutionised, necessitating the announcement of a new policy.
Published in The Express Tribune, April 26th, 2019.
https://tribune.com.pk/story/1959496/2-pti-govt-may-extend-duty-tax-relief-maritime-sector/

MEHRAN SUGAR MILLS LIMITED

RECORDER REPORT | APR 25TH, 2019 | OVERVIEW
Mehran Sugar Mills Limited (PSX: MRNS) is the flagship company of the Hasham group, and one of the oldest sugar mills in the country. Established in 1965, the company is mainly concentrated in sucrose production, with diversification into ethanol, power generation and farming.
The sugar mill is located in district Tando Allahyar, Sindh, whereas registered offices are located in Dolmen Executive Tower, Karachi.
Pattern of shareholding The pattern of shareholding reveals that the majority of MRNS shares are held with directors of the company. The largest percentage of shares is held with the sponsor directors of the company namely members of the Hasham family and their dependents, whose cumulative share stands at 77 percent of total shareholding.

The largest group of shareholders after members of the sponsor family is of general public, who together hold close to 22.1 percent of the shares. Largest shareholder is State Life Corporation with a shareholding of just one percent.
F & B Bulk Storage (Private) Limited and Bulk Management Pakistan (Pvt.) Limited are private non-shareholding group companies listed as associate entities based on common directors.
The foundations of the company were laid in 1930, Hajji Hasham and his sons set up a business in sugar commodity trading. Later in 1965, Mehran Sugar Mills was formed as a public limited company with an annual capacity of 1,500 TCD. The machinery at the time was procured from Mitsubishi Japan; and factory was setup in Tando Allahyar whose climate is considered very conducive for plantation of sugar cane. Total initial investment of over Rupees hundred million was made at the time. In 1968, shares of the company were listed on the KSE index (now PSX).
The capacity of the plant was increased to 3,500 TCD in 1978 leading to company's recognition among the top 25 KSE companies during 80s decade. Second milling unit was installed in 1994 and total crushing capacity was enhanced to 7,000 TCD. After several rounds of BMR during early 2000s, capacity was increased to 10,000 TCD by 2007, with final enhancement in 2015 to 11,000 TCD.
Production record While Mehran Sugar is a medium-sized player in the sector based on installed capacity, its sucrose recovery rate has remained one of the highest over the past six-year period, and remained consistently higher than industry average over the period under review. In MY18, its sucrose recovery was highest in the country. At 11.52 percent, this is almost one percentage points higher than the industry average, and 13bps higher than the Mirpurkhas Sugar Mill, which trailed at second place.
Higher sucrose recovery is not only a function of better plant practices and efficiency machinery, but owes mostly to healthy cane varieties, which the company encourages it, growers to plant every season.
Sector analysis – MY18 During the period under review, price of sugarcane as set by provinces recorded no change over the previous year. The harvest season began (October 2017) with an opening stock of close to 2.5 million tons, highest ever in country's history, and close to 46 percent of total domestic demand.
It should be recalled that while wholesale and retail prices of white sugar are not regulated, raw material prices are carefully controlled by the government through support price mechanism, which is notified by the provinces to support farming community.
At a time when price of white sugar has touched levels not seen since 2007 (in real terms) in international market, indicative price of sugarcane in the domestic market is held high artificially that creates distortion in the market place. High support price encourages growers to increase sugarcane cultivation, which creates a supply glut in the market, even as demand for final product has been inching forward at snail's pace.
As a result, sugar mills rely on support from the government for dumping of excess supply in global commodity market. During MY18 alone, cumulative cost of subsidy extended by federal and provincial governments cost public exchequer close to Rs24 billion.

As the country has recorded annual domestic production of sugar in excess of local demand for at least past seven marketing years, seasonal increases in minimum support prices of sugarcane seem to have plateaued for at least past three crushing periods at Rs180 per maund (average for 3 crushing provinces).
Lack of increases in support price in the foreseeable future has adversely affected the sowing of sugarcane crop for the MY19 kharif season. With no further increase in sugarcane rate on the horizon for upcoming periods, it is expected that the crop is losing its momentum, with growers switching to alternate crops such as cotton, and in many case, rice and maize.
In addition, water shortfall and limited rainfall during kharif sowing season in southern region has further dampened the sugarcane crop, which historically has had one-fourth share in total domestic output. This is expected to strongly impact total domestic white sugar output, as mills in Sindh have historically enjoyed a higher sucrose recovery level compared to rest of the country.
However, as the groundwater in Sindh is highly saline, during seasons of poor availability of canal water for irrigation, output in Sindh is more strongly affected compared to Punjab.
In summary, the gap between sugar production and domestic demand is expected to contract in the ongoing year, leading to stabilisation of white sugar price levels in the coming months, especially with the onset of summer and Ramadan season, when month-on-month demand for sugar peaks. This has already started showing its effects in March CPI numbers, when year on year prices increased by 19 percent to over Rs62 per kg.

Financial analysis Bumper crop and high opening stocks led to delayed start in sugarcane crushing season, which in Sindh province began at the close of November 2017. While crushing continued well into May 2018, its pace remained slow, with most units operating at less than full capacity.
As a result, efficient units such as Mehran recorded only a marginal increase in production, up by only three percent on a year on year basis to 120.2 million tons of sugar. However, as retail prices remained depressed, top line was constrained, recording a 13 percent year on year dip.
However, owing to selective buying, and high sucrose recovery, company managed to squeeze more out of less top line, with gross profit growing by 120 percent on a year on year basis. This was made possible as the company reduced operating hours, with total sugarcane also witnessing a modest reduction.
Nevertheless, concurrent increases in administrative and distribution cost eroded gains at gross level. Furthermore, as income from exports more than halved, gains were almost completely wiped out, with EBIT performance noting negligible change on horizontal basis.
Nevertheless, outstanding performance from the distillery JV – Unicol – added more than Rs340 million to the bottom line, allowing PBT margin to recover to close to 9 percent. Ex-Unicol, the company would have post-tax loss.
Company account also boasts of installation of a "state of the art" effluent treatment plant that commenced its operations this year after successful trial run in off-season. The company claims to have become fully compliant with regulatory environmental standards.
Future plans In its bid to diversify its revenue streams, the company has recently announced investment into the FMCG sector into a venture called Unifood Industries Limited. Plant and machinery of the project was imported during MY17 and the company began commercial operations during period under review.
UniFoods will focus on commercial cake and baking line allowing it to capitalise on the growing population of urban middle-income segment which boasts a pattern of high spending on consumption. UniFoods is a joint venture between 3 major players of Sindh's sugar sector: Faran Sugar, Habib Sugar, and Mehran Sugar Mills. Mehran Sugar has previously also invested in another joint venture for ethanol production called Unicol Limited, which was incorporated in 2003.
Mehran Sugar Mills has formed a subsidiary power gen company which is yet to commence its operations. The principal activity of the subsidiary company will be to build, operate and maintain a 26.5 MW high pressure co-generation bagasse-based power plant; however, its application for tariff structure is pending with NEPRA.
Industry outlook The crushing season in the country has begun with a delay of two months, in first week of December 2018. As notified support price in Sindh remained unchanged at Rs180 per 40 kg, crop size is expected to be 25 percent lower than last year.
So far, the federal government has not announced any subsidy on export quota of 1.1 million tons, due to which export for marketing year 2019 has remained very low at just 127,487 tons (till Feb-19). While, industry expects respite in export following announcement of subsidy by government of Punjab for Rs5 per kg of export. However, mills from Sindh such as Mehran Sugar cannot avail the same.
LSM data from PBS indicates that sugar production has recorded a year-on-year decline, owing to lower crop output in the kharif season ending November 2018. While full year sugar production could ultimately pick up owing to delayed start of crushing, chances are slim as provisional crop surveys indicate over 20 percent decline in sugarcane harvest in Sindh province alone. While the country will continue to witness a sugar glut, its extent will be limited, which has already begun to reflect itself in retail price of sugar. Market insiders hint that retail price may touch Rs70 per kg during Ramazan 2019, up from average Rs53 per kilo during last year.
https://fp.brecorder.com/2019/04/20190425467170/

ENGRO FOODS OPENS ITS DOORS TO PUNJAB PARLIAMENTARIANS

RECORDER REPORT | APR 23RD, 2019 | SAHIWAL
Engro Foods believes in winning trust through transparency and they opened the doors of their Sahiwal Plant and their supplier dairy farm in Sahiwal to the parliamentarians of Punjab Assembly. The delegation of parliamentarians who visited Engro Foods were Sadia Sohail Rana, Rafya Kamal, Nabila Hakim Ali from PTI, Rahila Khadim Hussain & Shameela Aslam from PML(N), Faiza Malik from PPP and Syed Hamid Falki, Director Parliamentary Affairs -Punjab Youth Council.

The purpose of this visit was to win trust through transparency by showing the entire process from grass to glass. Starting right from the animal welfare and best dairy farming practices employed at the farms supplying milk to Engro Foods, to milk quality checks at the milk collection centre and plant for processing of raw milk into finished products. The parliamentarians were introduced to the entire process that ensure a smooth running of Engro Foods operations.
The delegation was briefed and familiarized to the milk procurement channels employed by EFL and their efforts to revolutionize the dairy sector of Pakistan by empowering the farmers with best dairy farming practices.
During the field visit, the parliamentarians experienced first-hand the ways and practices employed at Engro Foods supply value chain. From visiting commercial dairy farm to milk collection centre and processing plant the entire process was regarded very informative as the parliamentarians showed deep interest.
On this occasion, Syed Saud Ahmed Pasha, Director for Agriculture Business of Engro Foods Limited stated, "EFL continuously works towards improvement of the dairy sector in Pakistan. With this visit we display complete transparency of our entire process. Having parliamentarians visit our dairy farm and plant, gives us a great platform to show how our products are processed and the practices we employ to provide safe and better nutrition to Pakistan. We have shared the initiatives we are working on to create sustainable livelihoods for farmers and more employment opportunities for the people of Pakistan through milk collection centres, distributors and allied services. All products of Engro foods are processed by employing best global practices of food safety & nutrition."-PR
https://fp.brecorder.com/2019/04/20190423466575/

OVER 20 MULTINATIONAL, LOCAL FIRMS KEEN TO INVEST IN GAS SECTOR: APCNGA

RECORDER REPORT | APR 23RD, 2019 | ISLAMABAD
Some multinational oil and gas companies like Petronas Global and Qatargas have shown interest in the oil and gas sector of Pakistan, the CNG association claimed on Monday. All Pakistan CNG Association (APCNGA) on Monday said over 20 multinational and local companies are keen to invest billions of dollars in the gas sector of Pakistan, which should be welcomed.
These companies are inclined to invest in the construction of new gas terminals, gas supply to consumers and laying down new gas pipelines, it said.
This will reduce the price of electricity and gas, improve the environment, end energy crisis and tame down circular debt, said central leader of the APCNGA Ghiyas Paracha.
The local and foreign investment in the gas sector will help the government save over one billion dollars in oil import bill, provide affordable gas and electricity to domestic, commercial and industrial consumers and ensure smooth supplies.
Paracha said that the investment will provide a new lease of life to the industrial, commercial and CNG sectors and job opportunities will increase while the government will earn handsome revenue.
It will provide relief to the consumers by reducing corruption while competition will benefit all stakeholders including consumers and gas distribution companies.
The working and profit of SSGC and SNGPL will improve, ports would be developed, the government would be able to cut subsidy in the energy sector and the constitutional issue of giving first preference to the province producing gas will be resolved.
The multinationals that are interested in investment in Pakistan's gas sector include ExxonMobil, Mitsubishi, Trafigura, Eni of Italy, Vito and Gunvor Group. The local companies include Associated Group, Sapphire Group, Energas, Halmore, Engro Energy and Bahria Foundation, he added.
The leader of the CNG sector said that some of these companies are already working in the country but they need the government's approval to expand their operations.
https://fp.brecorder.com/2019/04/20190423466604/

NEWS COVERAGE PERIOD FROM APRIL 15TH TO APRIL 21ST 2019

SENATE BODY TAKES NOTICE OF IMPACT OF WATER CHARGES ON BOTTLING FIRMS

RECORDER REPORT | APR 19TH, 2019 | ISLAMABAD

The Senate Standing Committee on Finance Wednesday took notice of the impact of the levy of 'water charges' on bottling companies. The provinces have decided to levy Re 1 per litre as rate on water extracted by the bottling companies. During the committee proceedings at the Parliament House, Senator Sherry Rehman informed that the two top beverage companies are suffering from the imposition of water charges, having fiscal impact of Rs 30 billion. The water charges have very serious revenue impact on two top international beverage companies. The big beverages companies including multinational companies are cutting their expenditures and even lying off people from jobs. The water charges be collected on industrial water usage but not from bottled water being sold by beverage companies, Senator Sherry Rehman added.
Referring to a leading international beverage company, Sherry Rehman said, "We will also take up the issue with the Board of Investment (BOI)."
Sherry Rehman said, "I am not pleading the case of the beverage industry but sharing facts about the impact of water charges on the bottling companies."
The officials of the Federal Board of Revenue (FBR) informed the committee that the levy Re 1 per litre as rate on water extracted by the bottling companies is not an FBR tax. This is a tax dealing with the provincial governments, which has nothing to do with the FBR.
The FBR is not charging this tax from bottling companies. However, the committee may involve Law and Justice Division for taking the matter with the apex court, the FBR official added.
Chairman committee Farooq H Naek referred to the suspension of withholding tax on mobile phones by the apex court. When the committee asked FBR to guide how to deal with the issue of this tax, the FBR officials said that the Law Division can take up the issue with the Supreme Court of Pakistan.
https://fp.brecorder.com/2019/04/20190419465743/

NEWS COVERAGE PERIOD FROM APRIL 1ST TO APRIL 7TH 2019

GHAWAR OILFIELD: ARAMCO'S ACE OF SPADES

Syed Rashid Husain Updated April 07, 2019
UNVEILING the shroud of secrecy, Aramco — the Saudi state oil company — has for the first time ever issued a bond prospectus, providing a rare glimpse into the finances of the kingdom's prized asset. The data was contained in a bond-offering document to potential investors as Aramco looked to raise about $10 billion from selling bonds to international investors to help finance its $69.1bn acquisition of Sabic, the Saudi industrial conglomerate.
The revelations made immediate headlines. Aramco is the world's most profitable company — screeching headlines said all around. It dwarfed all other businesses on the planet. As per Moody's Investors Service, Aramco profits in 2018 crossed the total, combined profits of Apple, Google and Exxon Mobil. In fact, Apple, with a profit of $59.5bn in 2018, stood a distant second to Aramco.
However, the biggest revelation in the document has been about Ghawar, the Saudi supergiant oil field. The 174-mile long Ghawar has been producing oil for the last almost 60 years, accounting 'for more than half of the total cumulative crude oil production in the kingdom,' the bond prospectus detailed.
This was in sharp contrast to the common belief. As reported by Javier Blas of Bloomberg, in 2017, the US Energy Information Administration, statistical arm of the US Department of Energy, listed Ghawar's production capacity at 5.8 million bpd, while Aramco in a presentation in Washington in 2004 also underlined the field was pumping more than 5m bpd.
But as per newly revealed details, Ghawar is producing considerably less. It can pump only 3.8m bpd. This was unexpected. "As Saudi's largest field, a surprisingly low production capacity figure from Ghawar is the stand-out of the report," Blas quoted Virendra Chauhan of Energy Aspects Ltd. as saying.
Aramco also disclosed reserves of its top-five fields, revealing that some of them have shorter life spans than previously thought. Ghawar, for example, has 48.2bn barrels of oil left which would last another 34 years at the maximum rate of production. Nonetheless, companies are often able to boost their reserves over time by deploying new techniques or technology.
In total, the kingdom has 226bn barrels of reserves, enough for another 52 years of production at the maximum capacity of 12 million barrels a day.
The Saudis also underlined their fields are ageing better than expected, with "low depletion rates of 1 per cent to 2pc per year," slower than the 5pc decline some analysts suspected, Blas, underlined.

Some analysts feel that by issuing the bonds, the oil kingdom is also testing market appetite for Aramco IPO, possibly the next year. Saudi Arabia has long insisted that Aramco would fetch the lofty valuation of $2 trillion. Markets are not too sure of it. Analysts are insisting given the current financials, the company is not expected to reach the $2tr valuation mark, as the Crown Prince Mohammad bin Salman (MBS) had claimed while launching his 'Vision 2030.'
Financial details revealed Aramco paid $58.2bn in dividends to the Saudi government last year and working back from that, Aramco valuation should be closer to $1.2tr if investors judge Aramco by the same metrics as other major oil companies, Blas said.
And there is a catch in this too. If investors demand a higher yield to compensate them for the risks involved with the government continuing to control a majority stake in the company, then the valuation may go even lower.
Saudi Arabia is, however, stuck to its original $2tr aspirations, even after some investors made it clear they didn't share that view. Aramco instead pushed back the timeline for its IPO to 2021, from 2018, and embarked on the acquisition of a majority stake in the Saudi industrial giant Sabic at a cost of $69.1bn.
Saudi Arabia has a few options to boost Aramco valuation before resuming efforts on the IPO. One way would be to cut the amount of tax the company pays. Aramco paid $102bn in income tax last year, almost double the dividend amount. However, a cut would reduce tax revenue at a time when the state is already struggling to cover its budget.
And that means, obtaining a valuation close to $2tr may still be difficult to achieve. In the given circumstances, for MBS to achieve his 'Vision 2030' may not be financially viable.
Published in Dawn, April 7th, 2019
https://www.dawn.com/news/1474471/ghawar-oilfield-aramcos-ace-of-spades

CRISIS-HIT TRACTOR INDUSTRY SHIFTS FOCUS TO EXPORTS

By Kashif Hussain Published: April 7, 2019
ISTANBUL: Pakistan's tractor manufacturing industry, which is facing a crisis-like situation in the country due to a slowdown in sales, has turned its focus towards exports in a bid to make up for the shortfall in the domestic market.
"Tractor manufacturing companies are eyeing markets of the Middle East and Africa and are striving to capitalise on the opportunities there," an industry player said while talking to The Express Tribune.
At the same time, the manufacturers of tractor parts are making efforts to step up export of their spare parts to countries of the European Union.
Besides other industries, the ongoing economic slowdown in Pakistan has impacted the tractor industry as well. Sales of new tractors are going down to the agriculture sector, which is reeling from a high cost of production.
According to statistics of the Pakistan Automotive Manufacturers Association, tractor sales went down 28% to 32,013 units in first eight months (Jul-Feb) of the current fiscal year compared to sales of 44,627 units in the same period of previous year.
The slowdown in sales has hurt both the manufacturers of tractors and their spare parts. In an attempt to scout for export markets, Millat Tractors and manufacturers of tractor parts and tyres participated in the Automechanica exhibition in Istanbul this week. They were very optimistic about finding avenues for export of tractors and their spare parts to the Middle East, Africa, eastern Europe and Turkey.
Talking to The Express Tribune, Millat Group of Companies Deputy General Manager Commercial Syed Aale Ali Zaidi revealed that his company turned to the export market four years ago in the wake of growing challenges faced by the tractor industry at home.
"Besides exporting tractors to African countries, Millat Tractors is supplying tractor engines and parts to Australia, Austria, Finland, Ireland and Britain," Zaidi said.
Last year, Millat Tractors sold around 42,000 units, of which about 5,000 were exported.
He pointed out that African nations were emerging as a big market for Pakistani tractors, particularly Tanzania, Zambia, Zimbabwe, Sudan and South Africa. He was of the view that Germany's Hannover fair and Turkey's Automechanica were important events for deepening relations with old buyers and looking for new importers.
He called the Automechanica fair a hub for goods buyers of Europe, Asia, the Middle East and Africa.
"The response of buyers is encouraging; importers of many countries have expressed interest in buying Pakistani tractors and their engines," he revealed.
Zaidi said Pakistan's market had been under pressure and in December and January Millat Tractors stopped production at its plant. However, he added that Adviser to Prime Minister on Commerce Abdul Razak Dawood was taking keen interest in developing the tractor industry and increasing its exports.

He emphasised that in order to compete with other tractor exporters, Pakistan's industry should embrace new technology and invest heavily in research and development work.

"The current Pakistan Tehreek-e-Insaf (PTI) government has assured the industry of a relief package; it also sought proposals from the industry, responding to which the industry particularly underlined the need for establishing a strong market intelligence system," he said.

According to Zaidi, Pakistani tractors can compete effectively with any other tractors from around the world because of their good quality and reasonable prices. "What the industry needs is just information about foreign markets and with its help, we can increase our exports."

In this regard, the tractor industry has suggested that the government should entrust Pakistani embassies and consulates abroad with the task of providing information about the demand and required quality of tractors in relevant foreign markets, particularly in those countries where the focus was mainly on the agriculture sector.

Foreign missions can provide information about the crops being cultivated in these countries, from where they are until now importing tractors and how the governments and banks there are providing support to the industry.

Published in The Express Tribune, April 7th, 2019.

https://tribune.com.pk/story/1945121/2-crisis-hit-tractor-industry-shifts-focus-exports/

SECP REGISTERS 1,401 NEW COMPANIES IN MARCH

The Newspaper's Staff Reporter April 06, 2019

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) registered 1,401 new companies in March up 22 per cent compared to March, 2018.

The increase in registration is mainly attributable to various reforms introduced by the regulator such as introduction of simplified combined process for name reservation and incorporation, reduction of incorporation fee, assistance provided by facilitation wings of company registration offices for incorporation and one window facility for company incorporation and national tax number generation among others, said the SECP press release.

Around 72pc of the companies were registered as private limited companies, 24pc as single member companies and 4pc as public unlisted companies, non-profit associations, foreign companies and limited liability partnerships (LLPs).

According to the press release, around 54 new companies received foreign investment from Australia, Canada, China, Finland, Germany, Italy, Japan, South Korea, Libya, Malaysia, the Netherlands, Nigeria, Poland, South Africa, Spain, UAE, and the US.

The trading sector took the lead with the incorporation of 202 companies, construction with 171, information technology with 151, services with 143, tourism with 141, food and beverages with 60, real estate development with 52, corporate agricultural farming with 51, education with 44, marketing and advertisement with 37, transport with 36, textile with 33, engineering with 32, pharmaceutical with 21, healthcare with 19, lodging and allied with 18, power generation, and chemical with 17 each, auto and allied with 16, fuel and energy with 15, communication with 14, mining and quarrying, and steel and allied with 13 each and 85 companies were registered in other sectors.

The highest numbers of companies, around 532, were registered in Islamabad, followed by 375 and 252 companies registered in Lahore and Karachi respectively. The CROs in Peshawar, Multan, Gilgit-Baltistan, Faisalabad, Quetta, and Sukkur registered 94, 59, 34, 28, 23 and four companies respectively. As a result, the number of total registered companies in the country has reached 97,916.

Published in Dawn, April 6th, 2019

https://www.dawn.com/news/1474244/secp-registers-1401-new-companies-in-march

May 2019

NEWS COVERAGE PERIOD FROM MAY 20TH TO MAY 26TH 2019

PTI GOVT ASKED TO REDUCE IMBALANCE IN GST ON FERTILISER

By Usman Hanif Published: May 26, 2019

KARACHI: The fertiliser industry has asked the government to reduce the imbalance between input and output general sales tax (GST) on urea and di-ammonium phosphate (DAP).

Urea is produced out of natural gas and when companies buy gas they pay two kinds of GST – 5% on feed gas and 17% on fuel gas. At present, the fertiliser companies are paying GST of Rs109 on the input of every bag of urea while

they collect only Rs35 from consumers, which results in an imbalance of Rs74. They say the price of a urea bag is Rs1,830, on which the companies only recover 2% while the rest is left to be financed by government subsidy.
“Companies always pass the GST on to consumers,” said Shankar Talreja, an analyst at Topline Research. “In the case of fertiliser, the government gives subsidy to fill the gap, but it has not been paying the difference, which has piled up to billions.” “The accumulation of refundable GST on urea has reached Rs21.18 billion,” said the Fertiliser Manufacturers of Pakistan Advisory Council (FMPAC).
“The settlement of outstanding tax refunds of the fertiliser industry should be expedited to address the cash flow challenges,” read the budget proposals prepared by the FMPAC. “The fertiliser sector should be placed in the list of top priority industries, alongside exporters, for receiving sales tax refund given its key role in developing the agricultural economy,” it suggested.
For di-ammonium phosphate (DAP), the local manufacturers are paying input GST of Rs209 per bag against Rs70 (2%) as output GST, which results in a mismatch of Rs139.
“For all fertiliser products, GST on all industrial inputs including (but not limited to) feed and fuel gas should be reduced to zero with no revenue loss to the government,” FMPAC demanded in the budget proposals.
Fertiliser manufacturers want to see a decrease in the gas infrastructure development cess (GIDC), the case for which has been filed in court.
Published in The Express Tribune, May 26th, 2019.
https://tribune.com.pk/story/1980386/2-pti-govt-asked-reduce-imbalance-gst-fertiliser/

NEWS COVERAGE PERIOD FROM MAY 13TH TO MAY 19TH 2019

CHINA WARNS US AGAINST HUAWEI BAN

AFP Updated May 17, 2019
BEIJING: China warned the United States on Thursday against further harming trade ties after President Donald Trump effectively barred Chinese telecom giant Huawei from the US market, escalating tensions between the world’s top economic powerhouses.
At the same time, Beijing’s diplomatic relations with Ottawa further soured as China formally arrested two Canadians on suspicion of snatching state secrets in a case seen as retaliation over Canada’s arrest of a Huawei executive on a US extradition request.
The spat over Huawei adds to the uncertainty over efforts to revive a deal that would end a bruising US-China trade war after the two sides exchanged fire with tariff hikes in recent days.
The Chinese commerce ministry said Thursday it had no information on a US plan to come to Beijing to continue talks, after US Treasury Secretary Steven Mnuchin said he would likely visit China in the near future.
“The US bullying and maximum pressure tactics have caused the China-US economic and trade talks to suffer a serious setback,” Ministry Spokesman Gao Feng told a weekly press briefing.
Trump stepped up the battle against Huawei on Wednesday when he signed an executive order prohibiting the purchase or use of equipment from companies that pose “an unacceptable risk to the national security of the US” or the safety of the American people.
While the White House insisted that no particular country or company was targeted, Huawei is likely to be hit by the move amid concerns that its equipment could be used by Chinese intelligence services.
The US Commerce Department followed up with a more direct hit on the tech giant, adding it to a blacklist that will make it much harder for the firm to use crucial US components in its array of phones, telecom gear, databases and other electronics.
“We urge the US to stop its incorrect actions … to avoid doing additional harm to China-US economic and trade relations,” Gao said.
The US Department of Commerce’s Bureau of Industry and Security (BIS) said it would add Huawei and its affiliates to its “entity list” over alleged Iran sanctions violations.
The listing requires US firms to get a license from BIS for the sale or transfer of American technology to a company or person on the list.
“A license may be denied if the sale or transfer would harm US national security or foreign policy interests,” a Commerce Department statement said.
“This will prevent American technology from being used by foreign-owned entities in ways that potentially undermine US national security or foreign policy interests,” Commerce Secretary Wilbur Ross said.

And US Senator Tom Cotton, from Trump's Republican Party, tweeted: "@Huawei 5G, RIP. Thanks for playing."
American officials have been trying to persuade allies not to allow China a role in building next-generation 5G mobile networks, warning that doing so would result in restrictions on sharing of information with the US.
Canada has also been dragged into the spat after arresting Huawei's Chief Financial Officer Meng Wanzhou in December on a US extradition warrant related to Iran sanctions violations.
Published in Dawn, May 17th, 2019
https://www.dawn.com/news/1482783/china-warns-us-against-huawei-ban

FERTILISER SECTOR SEEKS ZERO-RATING STATUS

The Newspaper's Staff Reporter May 15, 2019
ISLAMABAD: The Advisory Council of the Fertiliser Manufacturers of Pakistan has asked the government to settle subsidy claims worth Rs20.67 billion through allocations in the upcoming budget in order to resolve the cash flow issues faced by the sector.
In its proposals for the budget 2019-20, the council has proposed reduction of general sales tax (GST) on all industrial input including feed and fuel gas for all fertiliser products to zero per cent with no revenue loss to the government.
Moreover, GST on sulphur, used as a raw material input in production, Liquefied Natural Gas (LNG) and supply of re-gasified LNG should be reduced to zero per cent, the council proposed.
The council demanded that additional sales tax on import of DAP and other fertiliser by manufacturers should be abolished to improve availability and affordability of phosphatic fertiliser in the country.
The fertiliser council has also suggested revisions in the duty structure and sales tax rates of fertiliser micronutrients in order to align their rates with other fertiliser imports.
The fertiliser sector should be included in the list of top priority sectors alongside other export sectors so that manufacturers can benefit from sales tax refunds given their key role in developing the agricultural economy, the council demanded.
Moreover, it also asked the government to bring fertiliser imports by manufacturers under the normal tax regime in line with the Fertiliser Policy 2001.
It further proposed that the farmer education expenses should be treated as research and development expenses for taxation purposes and should attract tax credit and joint efforts on public-private partnership basis should be undertaken for farmers' education.
Moreover, active support from agriculture departments should be extended.
Published in Dawn, May 15th, 2019
https://www.dawn.com/news/1482389/fertiliser-sector-seeks-zero-rating-status

MONSANTO ORDERED TO PAY $2 BILLION IN LATEST ROUNDUP BLOW

RECORDER REPORT | MAY 15TH, 2019 | SAN FRANCISCO
In a third major legal blow to Bayer-owned Monsanto and its weedkiller Roundup, a jury in California has ordered the chemicals giant to pay more than $2 billion in damages to a couple that sued on grounds the product caused their cancer, lawyers said. The ruling on Monday was the latest in a series of court defeats for Monsanto over the glyphosate-based product, but the company insists the weedkiller is not linked to cancer.
The couple's legal team described the damages award as "historic," saying it totalled $2.055 billion (1.8 billion euros) after adding in slightly more than $55 million in compensatory damages. "The jury saw for themselves internal company documents demonstrating that, from day one, Monsanto has never had any interest in finding out whether Roundup is safe," said plaintiff's counsel Brent Wisner.
"Instead of investing in sound science, they invested millions in attacking science that threatened their business agenda." The setback sent Bayer's shares tumbling 2.55 percent to 55 euros in Frankfurt in mid-morning trading on Tuesday. The German chemicals giant has seen close to 45 percent of its market capitalisation evaporate since it bought Monsanto in June 2018 for $63 billion.
In a statement, Bayer said it was disappointed with the jury's decision and would appeal the verdict, which it argues was at odds with a recent US Environmental Protection Agency review of glyphosate-based weedkillers.
"The consensus among leading health regulators worldwide is that glyphosate-based products can be used safely and that glyphosate is not carcinogenic," Bayer said.

https://fp.brecorder.com/2019/05/20190515473704/

BAYER APOLOGISES FOR MONSANTO PR FIRM'S MEDIA LIST

RECORDER REPORT | MAY 13TH, 2019 | BERLIN

Germany's Bayer apologised Sunday after revelations in France that its subsidiary Monsanto had a PR agency collate lists of politicians, scientists and journalists and their views on pesticides and GM crops.

The German agro-chemicals and drugs giant, which finalised the acquisition of the US company Monsanto last year, said that "following an initial review, we understand that this initiative has raised concerns and criticism". "This is not the way Bayer seeks dialogue with society and stakeholders. We apologise for this behaviour," it said in a statement, adding that it had no indication that the lists had "violated any legal provisions".

French authorities have opened a preliminary enquiry into claims Monsanto had information illegally collected on the views and pliability of hundreds of high-profile figures and media outlets. Monsanto allegedly had public relations agency FleishmanHillard draw up files on their opinions on the controversial weedkiller glyphosate and on genetically modified crops.

Bayer said it had suspended cooperation with the external service provider for now. It also pledged to ask a law firm to evaluate the allegations, to fully inform all the persons involved, and to "fully support" the French public prosecutor's office. Paris judicial police has said it would carry out the probe following a complaint by the daily Le Monde and one of its journalists, whose names appear on the list, the Paris prosecutor's office said.

Two anti-pesticide NGOs – Foodwatch and Generations Futures – were also preparing to lodge legal complaints. The investigators will look into the possible "collection of personal information by fraudulent, unfair or illicit means". Information was collected on their views on pesticides and on Monsanto as well as their leisure pursuits, addresses and phone numbers, according to the France 2 public television. Glyphosate developer Monsanto was convicted in the United States in 2018 and 2019 of not taking necessary steps to warn of the potential risks of Roundup – their weedkiller containing the chemical, which two California juries found caused cancer in two users. Bayer announced last month that over 13,000 lawsuits related to the weedkiller had been launched in the US.

https://fp.brecorder.com/2019/05/20190513472923/

NEWS COVERAGE PERIOD FROM MAY 6T TO MAY 12TH 2019

RETHINKING: CORPORATE GOVERNANCE IN PAKISTAN

FARRUKH REHMAN | MAY 8TH, 2019 | ARTICLE

"Good corporate governance, it's about being proper and prosper" – Toba Beta. On 23 April 2019, the Securities and Exchange Commission of Pakistan has issued the draft Listed Companies (Code of Corporate Governance) Regulations, 2019. Once made effective from July 1, 2019, the new corporate governance regime would be applicable to public listed companies, replacing the extant Listed Companies (Code of Corporate Governance) Regulations, 2017. Under the new regime, the shift to the 'comply or explain' approach is rethinking of the corporate governance in Pakistan. Originally put forward by Cadbury Committee in the UK, the comply or explain approach underpins that companies either comply with the non-mandatory corporate governance requirements or explain why they have not. This approach is central element to the most of corporate governance regimes around the world. Few examples include the United Kingdom, Germany, Sweden, the Netherlands, Canada, Australia, Singapore, Hong Kong and Malaysia. More recently, Japan (in 2015) and Brazil (in 2016) also introduced corporate governance requirements under the "comply or explain" framework. The alignment of Pakistan corporate governance with progressive economies is a step forward in the right direction. Enabling a practical and flexible means to companies in ensuring effective governance, would directly ease the doing of business. It would be providing the companies the opportunity to learn and improve the governance parameters, while explaining their progress towards compliance of a provision. Further, the flexibility allows organizations to think out of box as an alternate course of action could be followed, while ensuring transparency.

The new governance framework would be more driven by principles than rules, therefore company's decision making process would be under the spotlight. It shall be the responsibility of boards to use 'comply or explain' principle wisely and transparently and of investors to assess alternative governance arrangements judiciously and thoughtfully. The OECD's 'Principles of Corporate Governance' based on which various jurisdictions have developed their corporate governance laws state that the legislative and regulatory elements of the corporate governance framework can usefully be complemented by 'soft' law elements based on the comply or explain principle. It is recognised that what works well in one company, for one investor or a particular stakeholder may not necessarily be generally applicable to corporations, investors and stakeholders that operate in another context and under different circumstances. As new experiences accrue and business circumstances change, the different provisions of the corporate governance framework should be reviewed by companies and, when necessary, adjusted.

In Pakistan, since the introduction of the corporate governance in 2002 and subsequent revisions in 2012 and 2017 the specific provisions were mandatorily required to be implemented with any exception reported as a 'non-compliance'. Resultantly, the corporate governance implementation and monitoring has been based on the "mandatory" approach. It was acknowledged that this approach was relevant in the early years of the evolution of the corporate governance in Pakistan, providing a direct and simpler pathway to building a governance culture that reflected compliance.

However, it had also been argued that under the mandatory corporate governance regime the costs of compliance may exceed benefits. With the underlying "One size fits all" approach, it lacks flexibility especially important and relevant for the small companies, foreign multinationals and non-regulated institutions. Further, the mandatory regulations may reduce the incentives for companies to list and participate in public markets.

The draft code outlines comply or explain approach except for certain requirements which are mentioned as "mandatory". The mandatory provisions include, simultaneous directorship in maximum seven companies, appointment of independent directors, inclusion of female director, maximum number of executive directors, formation of audit committee, appointment of auditors having registration with Audit Oversight Board, rotation of auditors for financial sector companies, publication of statement of compliance with the code and its review by the external auditors.

The notable non mandatory provisions in the draft code based on the 'comply or explain' principle include separation of the office of chairman and chief executive, annual evaluation of the board, its members and committees, directors training, placement of related party transactions with the audit committee, qualifications of chief financial officer, internal auditor and company secretary, internal audit structure and function, formation of Human Resource &Remuneration, Nominations and Risk Management committees, etc.

The draft code requires mandatory formation of audit committee, however, taking into account the practical aspects of listed company operations an alternate committee structure may be the formation of separate financial statements review committee, internal controls review committee and business & strategy review committee to provide focused functional attention to each of these matters.

The new reshaping governance framework is built on trust. The trust that companies would be committed to the best corporate governance practices and the trust that the regulators and other stakeholders would consider reasonable and justifiable explanations of companies as right course of action. However, consistent with the international practices on the comply or explain based governance approach, a guidance material for the companies, providing the tools and techniques in ensuring the compliance and guiding justifiable reasoning and explanation would be required.

The processes that characterize strong corporate governance systems also promote and ensure a law-compliant organisation and society. The linkage of rights and obligations, controls and oversight under the corporate governance also provide an avenue to the companies to develop and implement anti-corruption and law compliant corporate system. With this objective the corporate governance framework can require boards to develop a code of conduct for ensuring compliance with laws and regulations, including anti-corruption and bribery aspects. On a relevant note, the protection to whistleblowers through legislative measures is also required in Pakistan.

Globally there is increasing interest in sustainability issues and consequently, a growing number of calls for companies to address sustainability in their business policies and practices as well as to report on what and how well they are doing. Sustainability is not restricted to present. It is defined as an economic activity that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. With sustainability instruments and reportings common in most of the world's progressive economies, the corporate governance regulations of Pakistan can also include provision of sustainability reporting.

The relevance and importance of integrity, transparency and accountability can never be argued. Like always, and particularly with the reshaping corporate governance regime these elements would be key ingredients to a proper and prospering company and economy.

(The writer is the Chairman of Accounting Standards Board of the Institute of Chartered Accountants of Pakistan)

https://fp.brecorder.com/2019/05/20190508470605/

NEWS COVERAGE PERIOD FROM APRIL 29TH TO MAY 5TH 2019

US COMPANIES SPENT RS570M IN PAKISTAN ON SOCIAL INITIATIVES IN 2018

By Kashif Hussain Published: May 4, 2019

KARACHI: The American Business Council of Pakistan (ABCP) issued its first corporate social responsibility report (CSR) on American companies operating in Pakistan on Friday. According to the report, the foreign companies spent Rs570m on social initiatives in 2018 which impacted the lives of around 400,000 people in Pakistan.

Representatives of the companies attended the ceremony organised for the release of the report. Issues such as rehabilitation of persons with disability, environment preservation, education, women empowerment, employment opportunities and the provision of potable water in the country were discussed during the ceremony. Officials of the American Consulate also attended the ceremony.

United States Agency for International Development (USAID) Director Michael Hryshchyshyn said that ABCP's member companies were playing a significant role in strengthening trade ties as well as relations between the people of the two countries. He added that the purpose of having American companies in Pakistan was not just limited to profit generation but the companies aimed to give back to the community as well.

According to Hryshchyshyn, a new record of Pak-American trade was set in 2018 with activity amounting to $6.6 billion. "America is not just the biggest export market for Pakistan but also a source of investment," he said, adding that American companies had invested Rs1.5b in Pakistan in the past 10 years and the member companies of ABCP had paid taxes of over Rs1b in Pakistan in 2018.

Khurram Masood of the iCare Foundation said that the Foundation was working with 80 renowned welfare organisations and institutions to provide health, education, and employment facilities to 300,000 Pakistanis in 2018.

Claudia Manuel of Procter and Gamble (P&G) said that P&G was playing its part for the provision of clean drinking water and gender equality in Pakistan. The company had provided 6,000,000 litres of water which was enough for three months for the use of 5,700,000 people affected by natural disasters. Besides, the company provided education and technical training to 10,000 girls in katchi abadis [slums] of Sindh and provided resources and training for small scale businesses to 50 women in Sialkot.

Shumail Farhat of McDonald's said that the fast food franchise was complying with the idea of a healthy and balanced life and promoted activities relating to health and fitness, education, sports, arts and creative skills. He added that Karachi Unified Football Club, Special Olympics, Shaukat Khanum Memorial Cancer Hospital and Research Centre, SOS village, Darul Sakoon and Phool Patti were working alongside in this regard.

Other companies of the ABCP also spoke about their CSR activities and stressed on development areas in Pakistan that they were working on.

Published in The Express Tribune, May 4th, 2019.

https://tribune.com.pk/story/1965309/1-us-companies-spent-rs570m-pakistan-social-initiatives-2018/

ENGRO ENERGY, SIEMENS COLLABORATE IN UPGRADING OF POLYTECHNIC INSTITUTE IN MITHI

Mohammad Bilal Tahir May 2, 2019

KARACHI: Engro Energy Limited and Siemens have joined hands to upgrade and develop the Government Polytechnic Institute in Mithi, Tharparkar District.

This association will provide aspiring youth in Sindh a chance to gain access to vocational and technical trainings and enhance employability opportunities in the employment market.

A memorandum of understanding (MoU) in this regard has been signed by the CEO of Engro Energy Limited, Ahsan Zafar Syed and the Managing Director of Siemens Pakistan, Helmut Von Struve. Management of both Engro and Siemens believe that their collaboration will ensure better socio-economic opportunities for the youth in Sindh – specially Tharparkar – and result in sustainable improvement in the quality of life of these young people living in rural regions.

Earlier, Engro Energy has formed an Institute Management Committee at the Government Poly-Technique Institute in Mithi with a view to develop and train the local youth for upcoming industrial projects in the Thar region. Engro Energy in collaboration with other partners has been running the institute for almost a year now and currently the institute provides vocational courses to almost 500 students in different fields.

Under the arrangement with Siemens, Engro aims to enhance the capacity of the institute and deploy latest equipment and technology for providing teach-ware and curriculum for upgraded education facilities. Both the organisations will work for conveying suitable training concepts, knowledge and handling of newly provided equipment to the trainers and teachers.

The collaboration between Engro and Siemens will be for designing of course curriculum and syllabus for medium and long term (up to three years) programs in Vocational Education and Training, and Diploma Programs in Electrical and Mechanical Engineering, thereby enriching the respective curriculum by demand-driven industry-linked elements.

“We strongly believe in encouraging the development and education of local talent, preparing the brightest minds with the skills they need for Pakistan’s future,” said Helmut von Struve, Managing Director of Siemens in Pakistan. “Vocational training is an important part of our responsibility to society, and our ongoing commitment to supporting sustainable economic growth in Pakistan.”

Commenting at the ceremony, Ahsan Zafar Syed – Chief Executive Officer of Engro Energy said: “We, at Engro, believe in the philosophy of inclusive development whereby we strive to remain a force of good in the communities that host us. This association with Siemens today is testament to our motto of developing a prosperous and skilled Thar. With a majority youth-population, Tharparkar presents significant opportunity to develop a skilled and trained workforce which can improve socio-economic opportunities and living standards in the region.”

“The youth of Tharparkar and Sindh do not lack the talent, but the opportunities to hone them into a craft,” said Kashif Soomro, Director Human Resources at Engro Energy. “Over the past few years we have been consistently working to improve and enhance access to educational and learning opportunities for thousands of individuals from Thar and Sindh. The focus on technical and vocational training underscores this key focus area where we want to develop Thar as an integral cluster of skilled and highly trained manpower – thereby delivering on our promise of creating dividends for a wide sector of the community.”

The existing curriculum in Electrical and Mechanical will be improved coupled with upgrading syllabus of existing short courses, with varying duration of up to one year, such as welding, fabrication, instrumentation, mechanical, electrical, etc. in addition, the trained professionals of Siemens will help in imparting training to students as well as training faculty at the college besides Training the Trainers.

Siemens will assist in selection of technical staff and support in provision of High-end Electrical, Automation, Mechanical, Mechatronics Labs in addition to labs for short courses such as welding and fabrication.

https://www.brecorder.com/2019/05/02/494155/engro-energy-siemens-collaborate-in-upgrading-of-govt-polytechnic-institute-in-mithi/

$63 MILLION SNACK PLANT OPENS IN MULTAN: COST OF DOING BUSINESS TO BE SLASHED IN BUDGET: DAWOOD

ZAHID BAIG | MAY 3RD, 2019 | MULTAN

Prime Minister’s Advisor for Commerce, Textile, Industry, Production & Investment Abdul Razzak Dawood said here on Thursday that the government will bring down the cost of doing business by reducing duties on raw material & intermediary goods.

“We are already working to ensure ease of doing business and in a move to ensure fair return to farmers, business people and industries, are also bringing down the cost of doing business in the budget to be announced next month.’

Abdul Razzak Dawood was speaking at the opening ceremony of the brand new snack plant installed by the PepsiCo in Multan Industrial Estate. The new plant will produce and supply snacks such as Lay’s and Kurkure for Pakistan and its export markets.

This Greenfield project is a $63 million investment in Multan, creating 1,500 direct and indirect job opportunities for Pakistani citizens. Plant’s strategic location is in close proximity to PepsiCo’s agricultural partners.

This state-of-the-art plant that spreads over approximately 10 hectares is designed to drive efficiency and increase capacity for PepsiCo’s growing business by allowing faster, more streamlined access to agricultural produce and delivery of finished products to consumers.

Furqan Ahmed Syed, Vice President and General Manager, PepsiCo Pakistan and Afghanistan, Senior Officials of the Pakistan Government, PepsiCo and its partner suppliers, and other guests.

“We welcome the establishment of PepsiCo’s high-tech manufacturing facility in Multan. The investment is testament to the confidence in Pakistan and the advanced manufacturing sector,” said Razzak Dawood.

He also welcomed the announcement by the PepsiCo CEO for Asia, Middle East and North Africa Mike Spanos to invest $1 billion in Pakistan during the next five years. He said that the government loves to see more and more investment in the country and happily extend any support needed by the investors in this regard.
Applauding the company for its disclosure of exporting snacks from Pakistan, Razzak Dawood said that the present government also wanted to get away from trading and importing consumer goods. “We wanted that the investors should come to Pakistan, manufacture goods here for the local consumers as well as export products to other countries,” he added.
He reiterated that it is the duty of the government to ensure ease of doing business so the companies should grow. He said that the Prime Minister himself had said that the foreign investment would come only if the companies already working in Pakistan earn adequate profit. He also welcomed the Company’s initiative of hiring 20 percent females of its total strength.
Spanos said “This $63 million investment in Multan is testament to our commitment to Pakistan. As one of the nation’s leading food and beverage companies, PepsiCo works with 246 Pakistani farmers to purchase only locally-grown potatoes and corn for its products such as Lay’s and Kurkure.”
The facility was built in line with the criteria established by Leadership in Energy and Environmental Design (LEED), the world’s leading green building standard. It uses advanced technologies and processes to conserve natural resources and reduce operating costs.
https://fp.brecorder.com/2019/05/20190503469249/

MAPPING POLITICAL FOOTPRINT IN SUGAR INDUSTRY

BR Research May 2, 2019
Much is made in media of political barons dominating the sugar sector. And while those belonging to political families have an equal right to engage in commercial enterprise; claims of political ownership are often shrouded in mystery, and more often than not shunned.
Politicians also get off denying allegations easily because news in the media is often either based on rumours or dated information. After all, ownership in the sugar industry often changes hands very quietly, often times between politicians. But with a little bit of secondary research, it is not entirely impossible to measure the extent of political influence in the sector.
Turns out, of the 90 active members of Pakistan Sugar Millers Association (PSMA), a large number of units does belong to sponsor families/groups with a varying degree of political affiliations, past or present. These include, for example, current and past members of federal and provincial cabinets during the last twenty years, senators, and MLAs.
A note of clarification nevertheless is necessary. Of the 38 units identified as politically influential (PI), a degree of liberty has been exercised with respect to two groups of privately-owned entities. First, are the nine units alleged to be under the ownership of Omni group (by the JIT report), with beneficiary ownership resting with Zardari family; and second, Sarfaraz Khan family which has the largest market share in KP.
In the case of former, the JIT report, of course does not constitute a final verdict, and may be proven false in a court of law. Two mills belonging to private individuals under investigation with NAB have also been included by virtue of association, but have been highlighted accordingly. On the other hand, Abbas Sarfaraz group currently has no discernible political affiliation, but held portfolios in federal cabinet twice during the Musharraf era.
Thus, it is important to note that the classification as PI has elements of subjectivity, but one arbitrary yet useful rule of thumb may be to measure whether: a) sponsor group’s commercial interests are primarily concentrated in sugar sector and b) whether its related parties (such as sponsor directors or significant shareholders) have held any official position during the past twenty years. The definition, however, remains open to dispute.
Who has been excluded? Arguably, almost every industrialist family worth its salt exercises some degree of political influence in Pakistan. But, at least 30 units owned by 20 distinct sponsor families have no explicit official connections: these include, for example, Shezan, Dawood Habib, Crescent, Fatima, Deewan and Thal Industries, among others.
Thirteen mills have been excluded as their directors/significant shareholders were identified based on SECP documents, however, the declared related parties appeared oblique with no other known major commercial interests. This to say that if benaami ownership exists in sugar industry, chances are the accompanying table may not be

exhaustive. BR Research was unable to locate ownership information for additional 9 units despite best efforts. Thee nine control a cumulative share of 2.5 percent in total domestic production.
The findings? Put together, 38 PI units produced 46 percent of total domestic output of sugarcane-based sugar in outgoing marketing year 2017-18. Of these, the largest of course is JKT group, with 16 percent market share; but in its defence, the beneficial owner makes no effort to hide his commercial interests.
The PTI scion is closely followed by Omni group at 5 percent share; considering the group's judicial troubles recently, it remains to be seen whether it will continue to be the placeholder for runner-up position in coming years. Third on the list is erstwhile Ittefaq family, whose interests are further, fragmented between Haseeb Waqas, Abbas Sharif, and Nawaz/Shabaz branches of the family? Put together the family owns 6 units, with a puny market share of 3.5 percent.
Sugar industry may have its barons, but it is no giant compared to other productive sectors of the economy such as cement, real-estate or banking. In a market so fragmented, one wonders what do politicos have to gain from shrouding their (relatively) humble commercial interests in so much mystery. If political developments of the past two years are any guide, transparency has cost market leader very little. The truth, as they say, does set you free, at least in the sugar industry
https://www.brecorder.com/2019/05/02/494026/mapping-political-footprint-in-sugar-industry/

ACTIVISTS IN SHOCK OVER TOBACCO FIRM'S DONATION FOR DAMS FUND

Ikram Junaidi Updated May 01, 2019
ISLAMABAD: Health advocates on Tuesday were shocked after they came to know that Prime Minister Imran Khan not only held a meeting with the representative of an international tobacco company, but also received a cheque for Rs5 million from him as a donation for the construction of dams in the country.
It is a clear violation of Article 5.3 of the World Health Organisation's (WHO) Framework Conven-tion on Tobacco Control (FCTC) which says that government representatives cannot meet and receive funds from tobacco companies even under Corporate Social Res-ponsi-bility (CSR) activities as it is also a way of advertising, according to the country representative of the Tobacco Free Kids, Malik Imran.
The regional director of the British American Tobacco on Tuesday met Mr Khan at the PM Office and presented a cheque for Rs5m for the Diamer-Bhasha and Mohmand Dams Fund.
Talking to Dawn, Mr Imran said that there was a possibility that PM Khan might not be aware that being a signatory to the FCTC, Pakistan could not receive funds from tobacco companies, adding that it was the responsibility of the prime minister's team to inform him about it.
"It is strange that the amount has been given just a month before the announcement of the federal budget," he said.
Talking to Dawn, Coali-tion for Tobacco Control Pakis-tan's national coordinator Khurram Hashmi ex-press-ed his surprised that Mr Khan, who has been an anti-tobacco advocate for long and is running a cancer hospital, has received a donation from an organisation which is responsible for causing cancer.
"Special Assistant to the Prime Minister on National Health Services (NHS) Dr Zafar Mirza, who has recently held meetings with WHO officials, is a pioneer of the FCTC and worked a lot against tobacco," he said.
He suggested that the Ministry of NHS brief the premier over the issue and ensure that Mr Khan would never accept funds from the tobacco industry in future, he said.
Dr Mirza told Dawn that the issue came to his knowledge late in the evening after it was discussed on social media.
"Since the issue came to my knowledge, I have been trying to contact the prime minister, but he is not available because of his engagements," he said, adding that after discussion on the issue with Mr Khan an official statement would be issued.
He said as a government's representative he wanted to make it clear that both the prime minister and his party were anti-tobacco advocates.
It is worth mentioning that the government of Pakistan signed the FCTC in May 2004 and ratified it the same year.
The FCTC is the first international treaty to provide a framework (and attendant obligations) for tobacco regulations.
Published in Dawn, May 1st, 2019
https://www.dawn.com/news/1479457/activists-in-shock-over-tobacco-firms-donation-for-dams-fund

NESTLE PROFIT PLUNGES 33PC

Our Equities Correspondent Updated April 30, 2019

KARACHI: Nestle Pakistan's profit after tax (PAT) clocked in at Rs2.27 billion (earnings per share: Rs50.15) for 1QCY19, declining by 32.84pc year-on-year over PAT at Rs3.38bn and EPS at Rs74.57. Net sales stood down to Rs29.14bn, from Rs32.86bn.
Pakistan International Bulk Terminal Ltd (PIBTL) declared loss of Rs995.9m for 9MFY19 (LPS: Rs0.58) as against loss of Rs3.55bn (LPS: Rs2.34) in same period last year.
Turnover-net rose to Rs6.11bn, from Rs1.02bn. The results were hit by the exchange loss amounting to Rs1.20bn, down from Rs545m.
Cherat Cement reported PAT at Rs2.25bn (EPS: Rs12.74) for 9MFY19, up from Rs1.80bn and EPS at Rs10.16 in same months last year. Turnover stood about the same at Rs11.6bn and Rs11.15bn.
Directors stated that despite decline in cement despatches, turnover of the company remained at almost the same level as last year. However, increase in fuel prices and devaluation of the rupee led to an increase in the cost of production. While sales prices also rose during this period, they could not offset the increased cost of production leading to a decline in sales margin.
Net sales decreased to Rs5.73bn, from Rs8.65bn.
TRG Pakistan recorded consolidated net loss of Rs3.02bn with LPS at Rs1.66 for 9MFY19, as against Rs4.58bn and LPS at Rs3.66 in same period last year.
Nets sales soared 43.5pc to Rs51.3bn, from Rs35.8bn.
Crescent Steel bottom line turns red
Crescent Steel and Allied Products recorded total comprehensive loss for 9MFY19 at Rs349.9m and loss per share (LPS) Rs4.07, as against PAT of Rs61.6m and EPS Rs1.46 in corresponding period previous year.
Loads Ltd posted 9MFY19 PAT at Rs27.47 million, plunging from Rs200.42m during nine months of 2017-18. This translated into EPS of Rs0.2, down from Rs1.33.
Sales grew to Rs4.54bn, from Rs3.46bn. Earnings were hit by financial charges which shot up to Rs173.95m, from Rs58.05m while taxation rose to Rs103.12m, from Rs56.82m.
Soneri Bank recorded PAT of Rs723m for 1QCY19, jumping from Rs660m in same quarter last year. EPS improved to Rs0.6561, from Rs0.5987.
Meezan Bank to raise Tier-2 capital
Meezan Bank Ltd has approved to raise capital through issuance of Tier 2 Sukuk up to Rs6bn to the general public by way of public offering and/or to eligible institutional and other investors via private placement, the bank stated in a notice to the bourse.
Chinese group withdraws offer in FFL
Fauji Fertiliser Company, Fauji Fertiliser Bin Qasim and Fauji Foods Ltd (FFL) disclosed that on April 29, Inner Mongolia Yili Industrial Group Co published a notice to withdraw its intention to acquire up to 51pc shares and/or control of FFL, as the acquirer and sellers are currently unable to reach an agreement on the proposed sale and transfer of shares, as well as the time period to make an offer has lapsed.
Published in Dawn, April 30th, 2019
https://www.dawn.com/news/1479352/nestle-profit-plunges-33pc

CHINESE INDUSTRIAL GROUP WITHDRAWS INTENTION TO ACQUIRE FAUJI FOODS

By Our Correspondent Published: April 30, 2019
KARACHI: China's Inner Mongolia Yili Industrial Group, a state-owned company specialising in dairy products, has withdrawn its intention to acquire majority stake in Fauji Foods Limited, according to a notice sent by the company to the Pakistan Stock Exchange (PSX).
"We write to disclose that through its letter dated April 29, 2019, Citibank, as the manager to the offer for Inner Mongolia Yili Industrial Group ('Acquirer'), has informed us that the acquirer is withdrawing its intention to acquire up to 51% shares and/or control of Fauji Foods," read the notification.
The exact reason behind this development could not be ascertained, however, management of Fauji Foods stated that both parties failed to reach an agreement before the deadline. "The acquirer and the sellers are currently unable to reach an agreement on the proposed sale and transfer of shares and the time period to make the offer has lapsed," added the notification.

On July 31, 2018, Fauji Foods informed PSX that it had received an offer from Inner Mongolia Yili Group, the largest dairy producer of Asia and the eighth largest across the world, for 51% acquisition.
"The potential acquirer has expressed its intention to enter into negotiations or discussions with Fauji Fertiliser Bin Qasim Limited (FFBL) for the proposed acquisition of up to 51% of the voting shares and/or control in Fauji Foods Limited, from FFBL and other shareholders," according to the previous notice.
Published in The Express Tribune, April 30th, 2019.
https://tribune.com.pk/story/1962166/2-chinese-industrial-group-withdraws-intention-acquire-fauji-foods/

GOVERNMENT'S DECISION

MUSHTAQ GHUMMAN | APR 29TH, 2019 | ISLAMABAD
The fertilizer industry is reportedly trying to block government's decision regarding import of additional 100,000 tons of urea, giving the impression that the decision is anti industry. Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC) has conveyed its reservations on the ECC decision, in a letter on April 5,2019.
Ministry of Industries and Production convened a meeting on April 19, 2019 to review the price mechanism. The ECC on April 3, 2019 had directed the Ministry of Industries and Production to hold a meeting with the local fertilizer manufacturers to ascertain the reasons/ justification of price escalation of urea fertilizer and submit a report for the consideration of the ECC. The local industry which attended the meeting argues that it found some points were not highlighted during the presentation made by the FMPAC.
According to the Advisory Council the object of Fertilizer Policy 2001 is "ensuring reasonable prices of fertilizer to the farmers below import price". It was highlighted that domestic urea price has been less volatile verses international price as industry has always tried to protect the farmers and ensure stability in the market. Prices have been generally steady unless impacted by government policy (imposition of GIDC, revision of gas price and grant of subsidy). The object of Fertilizer Policy was to be met through concessionary gas price for feedstock by referencing it to Middle East. However, the gas price has almost doubled for domestic industry on imposition of GIDC and industry has not been able to fully pass the impact of GIDC due to price intervention by the government.
FMPAC further stated that the benefit of concessionary gas price has been passed on to the farmers by maintaining delta between local and international prices. It highlighted that the industry availed concession of Rs 132 billion in terms of gas price over the past 8 years, whereas it passed on benefit of Rs 527 billion (difference between international and local prices) to the farmers.
The fertilizer prices remain deregulated as per Fertilizer Policy 2001, while industry has allowed free market forces to prevail the government's interventions in terms of price capping has constrained the industry to pass on the impact of inflation/devaluation, being a norm in the industrial sector. Notwithstanding the disagreement of industry with the basis of calculation, even the rate of 9.4 % inflation as mentioned in the minutes (1830-405=1425 x 0.094 =133.95) justifies the recent price hike (Rs 90). Additionally, it was discussed that even on the most conservative basis, substantial part of the impact of inflation at average rate of 6 % taken for three years, has yet to be passed on in full.
Besides this, following point was highlighted: the decision to import 100,000 tons urea without deliberation by FRC, may be reconsidered in view of adequate supply situation in the coming months. The continuity of operation of SNGPL based plants may be ensured through payment of subsidy to SNG PL to avert any possibility of shortage of urea supply.
FPMAC submitted the following recommendations for consideration of ECC: (i) gas price may be reduced for fertilizer sector;(ii) reduction of GIDC may be processed expeditiously and ;(iii). The outstanding subsidy and tax refunds may be released to reduce cost of borrowing to the manufacturers, while addressing the imbalance between input and output taxes.
Meanwhile prices of phosphate fertilizer have started escalation with the replacement of Asad Umar, Finance Minister with Dr Hafeez Shaikh, Finance Advisor. We may face imposition of flat 17 per cent GST on all phosphate products which translates into DAP bag price of Rs 4,000 against current price of 3600 per bag, indicating an increase of Rs 400 per bag.
https://fp.brecorder.com/2019/04/20190429468059/

BAYER EARNINGS SLUMP AS MONSANTO LAWSUITS PILE UP

RECORDER REPORT | APR 29TH, 2019 | BERLIN

German chemicals giant Bayer said its first quarter net profit slumped by more than a third, as it booked a big charge amid a flood of lawsuits over its subsidiary Monsanto's Roundup weed killer. Hit by the legal entanglements and ongoing costs of integrating Monsanto, Bayer's first quarter earnings slumped 36 percent to 1.24 billion euros ($1.38 billion).

Bayer, which bought Monsanto for $63 billion in June last year, said it now faced lawsuits from 13,400 plaintiffs over the glyphosate weed killer in Roundup. It booked a charge of 51 million euros for "litigations and legal risks" in the first three months of 2019, up sharply from four million euros a year ago.

Of the looming Roundup lawsuits, Bayer stressed that it "continues to believe that it has meritorious defences and intends to defend itself vigorously in all of these lawsuits." Monsanto was ordered last month by a court to pay $80 million to an American retiree who blames his cancer on the weed killer.

The verdict was the second stinging defeat for the company in recent months, after it lost a case to a California school groundskeeper suffering from terminal non-Hodgkin's lymphoma. It was initially ordered to pay $289 million to the plaintiff in that case, before the damages were reduced to $78.5 million. Bayer is appealing both rulings.

A third trial is underway in Alameda County, while another four are scheduled in Missouri and Montana for 2019, Bayer said. Beyond the legal woes, the cost of acquiring Monsanto is still clearly seen on the balance sheets with 492 million euros being spent on "acquisition and integration costs" and a further 393 million euros on "restructuring".

In November, Bayer said it would slash 12,000 jobs in a restructuring drive after the takeover of Monsanto. Despite the heavy costs, Bayer says it is "aiming" for an increase in overall earnings before exceptional charges such as litigation costs for 2019 to "approximately 12.2 billion euros".

Last month Bayer's CEO Werner Baumann stuck to his guns, insisting the huge Monsanto takeover was a "good idea", despite the huge legal costs piling up over its Roundup weed killer. "The Monsanto acquisition was and is a good idea," Werner Baumann told newspaper Frankfurter Allgemeine Sonntagszeitung, when asked if he might have changed his mind about buying the US group.

https://fp.brecorder.com/2019/04/20190429468181/

JUNE 2019

NEWS COVERAGE PERIOD FROM MAY 27TH TO JUN 2ND 2019

SEEDS VALUE CHAIN PROJECT: ENGRO FERTILIZERS, ENGRO FOUNDATION GET AWARD FOR PAVE

RECORDER REPORT | MAY 29TH, 2019 | KARACHI

Engro Fertilizers Limited and Engro Foundation received an international award for their Partnerships and Value Expansion (PAVE) in Seeds Value Chain project at the Asia Responsible Enterprise Awards (AREA) 2019 in Taipei, Taiwan on May 24, 2019.

Co-funded by Engro Fertilizers Limited and the Department of Foreign Aid and Trade (DFAT), Government of Australia, PAVE aims to build capacities of smallholder farmers to become high-skilled seed multipliers and become part of seed supply chain, as well as using certified seed in their regular cropping to earn higher incomes.

The project has trained more than 4,000 smallholder farmers so far, including 600 women, on quality certified seed use over two years. Additionally, the project has developed approximately 290 enterprising smallholder farmers, 124 among whom are women, to produce their own quality farm-saved seed for further exchange, distribution and selling among the fellow farmers in nearby villages.

Sharing his thoughts on this achievement, Nadir Salar Qureshi, CEO of Engro Fertilizers, said that Engro Fertilizers goal is to promote food security in Pakistan by empowering smallholder farmers to implement sound agricultural practices, and to equip them to overcome barriers of entry in the marketplace and PAVE is a much-needed initiative in this direction.

"AREA 2019 recognizes some of the most impressive business practices in the region, and we are humbled to be named alongside some very laudable sustainability initiatives", he added.

PAVE successfully completed its first year of operations in March 2019 and is running under the leadership of Engro Fertilizers' Crop Sciences Division in partnership with Engro Foundation and Mennonite Economic Development Associates (MEDA), Canada – an implementing partner in the project.

https://fp.brecorder.com/2019/05/20190529481997/

UNITY FOODS TO INVEST RS367 MILLION TO ACQUIRE SUNRIDGE FOODS

By Usman Hanif Published: May 28, 2019
KARACHI: Considering the growing demand for whole wheat flour, Unity Foods has announced it will invest Rs367 million for acquiring major share in Sunridge Foods.
The company will acquire 69% shares of Sunridge Foods (Private) Limited, the only company, which is using the modern Swiss technology, 'PESA Mill'. The latest technology produces 100% whole wheat flour and for this Sunridge Foods has a certification from Pakistan Standards and Quality Control Authority (PSQCA).
With approximately 124-kilogramme per capita consumption, wheat is a dietary staple in Pakistan.
With increasing awareness about food, consumers are demanding more healthy products. Doctors suggest whole grain over refined flour as the latter spikes sugar in blood, said an industry source on condition of anonymity.
"We are pleased to announce that in pursuance of its commitment to expand and diversity of its operations, the management of the company has decided to proceed with the acquisition of 69% shares of Sunridge Foods," stated the company notice to the Pakistan Stock Exchange (PSX).
The agro-based company will invest Rs367 million against the consideration of 36.65 million shares of Sunridge Foods at Rs10 per share, which constitutes 69% of the paid-up capital of the company.
Unity Foods is financing the acquisition from its own internally generated funds. Sunridge Foods has a capacity to produce 36,000 metric tons of wheat flour per year. Its plant is located at Port Qasim and has an established nationwide distribution network, according to Unity Foods Company Secretary Syed Muhammad Tariq Nabeel Jafri.
Apart from this, last week, Unity Foods witnessed massive activity in share trading after a piece of news surfaced that Wilmar, a Singapore-based Asia's leading agribusiness group, acquired a 5.73% economic interest in Unity Foods, a market expert revealed.
"It shows the promising outlook of the sector in which Unity Foods is operating, they have successfully attracted foreign investment in their business," said the market source. "They can also gain synergies from international operation experience and presence of Wilmar."
Published in The Express Tribune, May 28th, 2019.
https://tribune.com.pk/story/1981590/2-unity-foods-invest-rs367-million-acquire-sunridge-foods/

NEWS COVERAGE PERIOD FROM JUNE 3RD TO JUNE 9TH 2019

PENDING TAX REFUNDS OF MULTINATIONALS SWELL TO RS64 BILLION

Javed Mirza June 9, 2019
KARACHI: Outstanding tax refunds of multinationals have piled up to Rs64 billion, impeding corporate business activities in Pakistan with the taxation policy focused only on organised and documented sector, the head of their representative body said.
"It is unfortunate that tax refunds of OICCI's (Overseas Investors Chamber of Commerce and Industry) members are piling up despite regular follow-ups and currently Rs64 billion are the outstanding tax refunds of our members," Shazia Syed, president of OICCI said in an interview. "We believe that the tax system needs to be simplified and made business friendly."
OICCI draws on a diverse membership both in terms of sector and geography with the current 189 members representing 35 different countries and 14 different sectors of trade and industry.
Syed underlined the need to remove delay and procedural hassles in processing of outstanding refunds.
"Pending tax refunds should be cleared within next six months and subsequent tax refunds should be cleared within 45 days," she said. "Inter-adjustment of Income tax and sales tax refunds should be made part of the law."
Criticising the government's reliance on withholding tax regime, Syed said there are more than 150 categories of withholding taxes/rates, while companies have to make more than 150 yearly payments and file returns in respect of income tax, sales tax and social security.
"There should be maximum five rates for all withholding taxes and the differentiation should be based on filer and non-filer only," she added. "There needs to be more coordination between federal and provincial legislations to synchronise sales tax rates and harmonise policies across all jurisdiction and sectors. The federal WWF (workers welfare fund) and WPPF (workers' profit participation fund) law should be updated based on the recent provincial enactments and current minimum wage levels."

OICCI president advocated the creation of regionally competitive effective tax rates, as such all sales tax rates should be reduced to 13 percent, and “jurisdiction be clarified based on origination or destination for services”.
“OICCI has proposed to align effective corporate income tax rate with average tax rate in Asia as well as align tax rates for banking sector with other sectors,” she said. “We believe that digital transformation is essential for our society to prosper as well as for the economy to make quick gains and become a leading contributor to global trade”.
On broadening of tax base, OICCI chief said legislation should be designed to ensure that all income earners pay taxes equitably, including on income from agriculture related activities and all kinds of government and banks’ saving schemes.
Syed further said illicit trade is hurting local businesses and the government should review and revamp the Afghan Transit Trade agreement (ATT), introduce tighter penalties for illicit trade and review custom valuations.
On a question, Syed said OICCI continues to encourage government to improve overall business climate. “However, there is a lot to be done and all the stakeholders should be taken onboard for consensus and smooth implementation.”
OICCI president said the country is a land of opportunities and bound to grow rapidly as Asia grows in attracting investment and trade.
“This is the time to invest in Pakistan and the government should cater for local and regional business opportunities,” she said.
Syed said women represent half of the working age population in Pakistan, but they make only a quarter of the workforce. Pakistan stands at 148 out of 149 countries in the Global Gender Gap index of the World Economic Forum. “Our ranking has been the same for the past seven years.”
https://www.thenews.com.pk/print/482049-pending-tax-refunds-of-multinationals-swell-to-rs64-billion

COCA-COLA THREATENS TO WITHDRAW $200 MILLION PLANNED INVESTMENT

MUSHTAQ GHUMMAN | JUN 5TH, 2019 | ISLAMABAD
M/s Coca-Cola Beverages Pakistan Limited (CCI Pakistan) has reportedly threatened to withdraw its new investment of $ 200 million planned in three years, saying that business environment is beginning to look bleak and uncertain, well-informed sources in Prime Minister”s Office told Business Recorder.
This has been conveyed by Ahmet Kursad Ertin, General Manager, Coca-Cola Beverages Pakistan Limited, in a letter to Prime Minister Imran Khan. The CCI met with Prime Minister in November 2018 and shared its new investment plan with him. CCI Pakistan is one of the most compliant companies operating in Pakistan and has already invested upwards of $ 500 million since 2008.
The Coca-Cola team held a meeting with the Ministry of Finance during which it was unveiled that the following measures are being introduced in the upcoming budget proposals: (i) increase in the FED on CSDs to 12 per cent; (ii) health levy of Rs 1 per 250 ml of sugar sweetened beverage; and (iii) new FED on 10 per cent on juices.
The company says that these proposals for new taxation are inconsistent with the messaging it received from senior members of the government recently. In specific reference to the health levy, the company is assured that the discussion was off the table and that the industry would be given the opportunity to invest and grow.
“With regards to our future plans in the region, we have reiterated our commitment to bring more investment to the country based on reassurances given by the government, however, in the light of recent developments, the business environment is beginning to look bleak and uncertain,” Artin added.
Expressing deep concern regarding recent proposals for new taxes on his company, he said that imposition of these taxes will not only halt the company”s planned investment in the country but will also make its existing business unsustainable, thus resulting in the closure of its plants and a consequent loss of hundreds of jobs.
The overall tax rate for carbonated soft drinks in Pakistan is one of the highest in the region. The industry has no further capacity to absorb any increased costs. Given the price sensitive nature of the industry, a price increase will most certainly lead to a decline in our sales thus resulting in reduced tax revenue collected by the government.
“The existing tax rate of 28.5 per cent (11.5 percent FED and 17 per cent sales tax) coupled with steep rise in inflation, has already had a negative impact on our sales and revenue.
A water charge of Rs 1 per litre of water extracted has already been introduced by the Supreme Court which has eroded our profitability to an alarming level…if the proposed health levy along with increase in FED is passed, the burden of revised 40 per cent tax regime will seriously challenge our sustainability as a business,” he continued.

General Manager CCI Pakistan further stated that taxation regime being proposed for the beverage industry will be counterproductive to the government"s agenda of increasing revenue in both the short-term and long-term.
Coca-Cola Beverages Pakistan Limited has requested the Prime Minister to reconsider the proposed taxes as fate of the beverage industry depends on his decision.
https://fp.brecorder.com/2019/06/20190605483799/

NEWS COVERAGE PERIOD FROM JUNE 24th TO 30ty JUNE 2019

PENDING SUBSIDY PAYMENTS: GOVERNMENT OWES OVER RS 44 BILLION TO FERTILIZER INDUSTRY

ZAHEER ABBASI JUN 28TH, 2019 ISLAMABAD
The government owes over Rs 44 billion to the fertilizer industry on account of pending subsidy payments-Rs 20 billion, and refunds, Rs 24 billion, claims fertilizer industry. According to a brief of Fertilizer Manufactures of Pakistan Advisory Council on Taxation on Fertilizers, submitted to the National Assembly Special Committee on Agriculture Products, Pakistan is self-sufficient in urea production, thus saving approximately US $ 1.75 billon forex every year.
The domestic fertilizer prices have been lower than international market thus benefiting the consumers. The industry has passed on Rs 527 billion benefit to the farmers in terms of lower prices against gas subsidy of Rs 121 billion received during the last 9 years. The gas price for fertilizer industry in Pakistan is almost double the international industry price. The government owes over Rs 44 billion to industry on account of pending subsidy payments (Rs 20 billion) and tax refunds (Rs 24 billion), thus adding to financial costs. The industry is one of the highest taxpayers and paid Rs 45 billion taxes in 2018, while making profit of Rs 46 billion.
The current mismatch of sales tax on urea production/sales revealed that gas (feed stock) @ 5 percent is Rs 28 per bag; gas (fuel) @ 17 percent, Rs 42 per bag; other inputs @ 17 percent, Rs 35 per bag; total GST paid on production supply chain, Rs 110 per bag; output at GST collected at 2% Rs 35 per bag; and refund/adjustable Rs75 per bag.
The total impact is refundable of Rs 7-8 billion per annum, in case of plants running on LNG/RLNG, refund is even higher @ Rs146 per bag (Rs 2-3 billion per annum). The government was requested to reduce sales tax on gas to zero percent to address the mismatch input and output.
The mismatch of input/output GST on DAP and others products revealed that the phos Acid @ 5 percent, Rs 94 per bag; feed gas @ 5 percent, Rs 09 per kg; others including power and steam @17 percent, Rs 107 per bag; input sales tax paid during the production, Rs 210 per bag; output GST collected at 2 percent, Rs 62 per bag; and refund per bag, Rs 148.
The government was requested that input GST on phos acid and phosphate rock be reduced to zero percent.
The government was also urged that minimum VAT @ 3 percent on import of raw material and fertilizers, in addition to 2 percent sales tax in current Finance Bill, is unlikely to be adjusted against output GST @ 2 percent on selling price of fertilizes; therefore, it will negatively impact the affordability of fertilizers to the farmers. The government was requested that exclusion may be granted from VAT in the interests of farmers.
https://fp.brecorder.com/2019/06/20190628492319/

JULY 2019

NEWS COVERAGE PERIOD FROM JULY 8TH TO JULY 14TH 2019

THREE LOCAL FIRMS TO INVEST IN AUSTRALIAN MILL

By usman hanif Jul.09,2019

KARACHI: Three Pakistani companies are going to invest in the 123-year-old Australian sugar mill – ISIS Central Sugar Mill Company Limited (ICSM).
Thal Industries Corporation, Almoiz Industries and Naubahar Botteling Company are going to invest AUD35 million in ICSM, according to a notice sent to the Pakistan Stock Exchange (PSX) on Monday.
"The board of directors of Thal Industries has resolved to enter along with Almoiz Industries Limited associated company and Naubahar Botteling Company associated company into the Implementation and Subscription Deed and Deed Poll in connection with investment acquisition of ordinary shares up to 55% of overall stake worth AUD35 million in ISIS Central Sugar Mill Company, subject to applicable statutory and regulatory approvals." the notice stated.
ICSM is situated at Bundaberg region of Queensland, the second largest and third most populous state of Australia, situated in the north-east of the country. The installed crushing capacity of the company is around 10,000 tons of sugarcane per day, which produces raw sugar, molasses and electricity.

“In the last 20 years, the sugar industry has thrived in Pakistan and the country has now 70 to 75 sugar mills,” said Sindh Abadgar Board Senior Vice President Mahmood Nawaz Shah.

https://tribune.com.pk/story/2008994/2-three-local-firms-invest-australian-mill/?amp=1

ENGRO FOODS IS NOW FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED

Posted on July 9, 2019 UTC

KARACHI: Engro Foods Limited, is now known as FrieslandCampina Engro Pakistan Limited (FCEPL). The corporate identity change has followed through after obtaining the requisite approvals from SECP and the Boards of Royal FrieslandCampina and Engro Corporation Limited. FrieslandCampina has been a champion of safe dairy nutrition in many countries across Asia, Africa, Europe and this step strengthens its commitment to Pakistan.
FrieslandCampina is one of the largest dairy cooperatives in the world, owned by over 18,000 farmers. It enjoys a dairy heritage and R&D expertise of 148 years. It operates in 34 countries around the world offering millions of consumers with dairy products that are rich in valuable nutrients. FrieslandCampina brands reach more than 100 countries globally.
Pakistan is the fourth largest producer and consumer of milk globally. The population has crossed 200 million in 2019 and the nutritional needs are constantly evolving. FrieslandCampina Engro Pakistan Limited (FCEPL) is committed to providing safe and better nutrition to its consumers and customers, which is critical to counter the alarming rate of malnutrition and stunting crisis in Pakistan.
Being a company owned by dairy farmers FCEPL is determined to realise a good living for Pakistani dairy farmers and provide them with sustainable livelihoods through training on best international dairy farming practices resulting in an increasing yield per cow.
FCEPL believes sustainable dairy is the way to the future, which means achieving growth while reducing the carbon footprint through sustainable supply and production chains. As a result, there will be cost reduction in the use of energy for sustainable production of dairy products.
On the occasion, Mr. Ali Ahmed Khan, Managing Director, FCEPL, said “Pakistan is changing as a nation and it is our aim to revolutionize the dairy sector, change consumer behaviours and become the undisputed leader of the dairy industry. We are driven with living the values of our purpose. This is just the beginning; our journey will be filled with many challenges and many successes. With the help of the Government of Pakistan, our regulatory bodies, our consumers & customers, FrieslandCampina Engro Pakistan will play a pivotal role in building Pakistan stronger as a nation”.

https://www.biztoday.news/2019/07/09/engro-foods-is-now-frieslandcampina-engro-pakistan-limited/

ENGRO FOODS NOW BECOMES FCEPL

RECORDER REPORT JUL 10TH, 2019 KARACHI
Engro Foods Limited, is now known as FrieslandCampina Engro Pakistan Limited (FCEPL). The corporate identity change has followed through after obtaining the requisite approvals from SECP and the Boards of Royal Friesland Campina and Engro Corporation Limited. FrieslandCampina has been a champion of safe dairy nutrition in many countries across Asia, Africa, Europe and this step strengthensits commitment to Pakistan.
Friesland Campina is one of the largest dairy cooperatives in the world, owned by over 18,000 farmers. It enjoys a dairy heritage and R&D expertise of 148 years. It operates in 34countriesaround the world offering millions of consumers with dairy products that are rich in valuable nutrients. Friesland Campina brands reach more than 100 countries globally.-PR
https://fp.brecorder.com/2019/07/20190710496018/

NEWS COVERAGE PERIOD FROM JULY 15th TO JULY 21st 2019

FERTILIZER INDUSTRY DISALLOWED TO RAISE UREA PRICES

MUSHTAQ GHUMMAN JUL 17TH, 2019 ISLAMABAD

Prime Mini-ster"s Advisor on Commerce, Textile, Industries and Production and Investment, Abdul Razak Dawood has reportedly disallowed local fertilizer industry to increase urea prices as he failed to convince the Prime Minister on this issue, well informed sources told Business Recorder. On Tuesday, fertilizer industry and the Ministry of Industries and Production led by Abdul Razak Dawood held two meetings that remained inconclusive. Ministry of Industries and Production argues that fertilizer has been given financial benefit of Rs 202.5 per MMTBU by lowering the rate of Gas Infrastructure Development Cess (GIDC) which should be taken into account while calculating new price of urea fertilizer; it also argues that the urea price which is Rs 1830 per bag, should only be increased to Rs 1838 i.e. Rs 8 per bag only.

Earlier, both the MoI&P and fertilizer industry agreed on increase of urea price by Rs 100 per bag subject to the approval of Prime Minister, as Minister in-Charge Industries and Production. However, Abdul Razak Dawood failed to convince the PM on the grounds that any increase in urea prices will be used for political point scoring by the opposition.

The Federal Government has reportedly linked settlement of GIDC with fertilizer sector on forensic audit of GIDC collection made under the end product cost structure of the sector. One of the representatives of fertilizer industry told Business Recorder that it would announce its future line of action on Wednesday (today) after sorting out details with the Petroleum Division on GIDC.

Meanwhile, the Ministry of Industries and Production has submitted a summary to the ECC to fix price of imported urea. On April 3, 2019, the ECC approved the import of 0.1 million tons of urea. In order to fix the price of imported urea, a meeting was convened on June 13, 2019 under the chairmanship of Secretary Industries and Production with Agriculture Departments of Punjab, Sindh and National Fertilizer Marketing Limited (NFML).

Trading Corporation of Pakistan (TCP) has initiated urea procurement process in line with ECC"s decision. TCP has reported that cost of per 50 kg bag excluding NFML charges stand at Rs 2218.96. Pakistan Bureau of Statistics (PBS) has reported that average price of 50 kg bag Sona urea bag for the week ending on July 4, 2019 was Rs 1966 whereas price of other urea brands was Rs 1901. The subsidy impact is to be borne by GoP with existing NFML handling charge rate at Rs 50/ bag.

In view of domestic urea prices, Ministry of industries and Production has proposed that Dealer Transfer Margin (DTM) of Rs 50 kg imported urea be fixed at Rs 1800 by NFML which is Rs 166 less than the prevailing average market price for Sona urea i.e. Rs 1966 per 50 kg bag. The difference in urea import price and suggested Dealer Transfer Price (DTP) for NFML dealers has been estimated at Rs 937.92.

NFML has been directed to fix retail price with minimum dealer margin for sale to farmers and ensure that maximum benefit of subsidy in terms of price differential is passed on to the farmers. NFML has also directed to ensure enforcement through coordination with provincial governments.

Meanwhile, the Adviser to Prime Minister on Commerce, Textile, Industries & Production and Investment, Abdul Razak Dawood chaired a meeting of the Fertilizer Review Committee (FRC) to deliberate on the current state of demand and supply of fertilizer in the market to avoid any increase in price by the fertilizer industry. It was attended by the representatives of all the relevant public and private stakeholders including Fauji Fertilizer Company Limited (FFC), and Fertilizer Manufacturers Association of Pakistan (FMPAC).

The meeting discussed the various policy options to provide relief to the farmers by ensuring availability of agriculture inputs including fertilizers at affordable prices in order to boost the production of the agri crops. The Adviser also appreciated the resolve and cooperation demonstrated by the fertilizer industry in order to ensure the provision of relief to the farmers. The Adviser reiterated that current government was cognizant to the issues being faced by the farmers and committed to address the same on priority basis. The agriculture sector is playing significant role in the economy of country and provides employment to more than half of the populations, he added.

Representatives of fertilizer industry raised their concerns regarding the proposed amendments in the Gas Infrastructure Development Cess (GIDC) Act, 2015 and its implementation. The Adviser assured them that the matter would be taken up with Ministry of Petroleum & Natural Resources to find viable solution. Moreover, he urged the public and private sector to enhance mutual cooperation to resolve the issues to achieve the envisioned economic goals of incumbent government.

https://fp.brecorder.com/2019/07/20190717498000/

ENVIRONMENT EXCELLENCE AWARD FOR HALEEB FOODS

RECORDER REPORT JUL 19TH, 2019 LAHORE

Haleeb Foods one of the leading food and Beverages Company of Pakistan won prestigious accolade in the food category at the 16th Annual Environment Excellence Awards for being committed to be at the forefront of the environmental protection in Pakistan.

This award distinguishes the high quality standards and vision of the company towards the environmental protection initiatives taken at two plants in Bhai Pheru and Rahim Yar khan. Expressing his thoughts on this milestone Memosh Khawaja-CEO Haleeb Foods stated that; "This prestigious award has recognized the resourceful social interventions of Haleeb Foods. We are thankful to NFEH for appreciating our endeavors and inspiring us to continue investing in the Planet. Haleeb Foods aims to empower the nation and ensure sustainable progress. Being pioneers in the dairy industry - Haleeb Foods is proud to take up this role in the nation-building of Pakistan."

The National Forum for Environment & Health reviewed the company's environment protection practices and procedures. After their assessment and thorough examination, Haleeb Foods was chosen winner of this award for meeting local and international standards of Environment Protection and Health Practices. The governing-body of the NFEH and the panel of distinguished judges appreciated Haleeb Foods progressive vision being implemented through contributions for Environment. The grand ceremony in Karachi was attended by a large number of prominent personalities belonging to the corporate sector, Social-Development sector, NGOs and prominent media houses.

https://fp.brecorder.com/2019/07/20190719498717/

AUGUST 2019

NEWS COVERAGE PERIOD FROM AUGUST 05TH TO 11TH 2019

CORPORATE RESULT: FRIESLANDCAMPINA ENGRO RECORDS RS238.8M LOSS

By Our Correspondent Published: August 7, 2019

KARACHI: FrieslandCampina Engro Pakistan registered a loss in the half year ended June 30, 2019 due to a notable surge in cost of sales and finance cost amid hike in key interest rate, rupee depreciation and higher inflation.

The dairy foods marketing firm booked a loss of Rs238.79 million in Jan-Jun 2019 compared to profit of Rs511.29 million in the same period of previous year.

Accordingly, it recorded loss per share of Rs0.31 in the half year under review compared to earnings per share of Rs0.67 in the corresponding period of last year, the company reported in a notification to the Pakistan Stock Exchange (PSX) on Tuesday.

The company’s share price inched up Rs0.07 to Rs52.33 with trading in 12,000 shares at the PSX. Net sales of the company surged 22% to Rs18.96 billion in Jan-Jun 2019 compared to Rs15.34 billion in the same period of previous year.

The growth, however, failed to translate into net profit as increased cost of sales offset the revenue growth.

Cost of sales rose 28% to Rs15.63 billion compared to Rs12.21 billion last year. It slightly pulled the gross profit down to Rs3.05 billion compared to Rs3.13 billion last year. Besides, finance cost increased 78% to Rs550.92 million compared to Rs308.60 million.

Other income shrank to Rs251.97 million compared to Rs304.68 million. The company paid tax-on-loss of Rs151.91 million during the six months under review compared to tax refund-on-profit of Rs983.17 million in the same period of previous year.

Alone in the second quarter ended June 30, 2019, the company booked a loss of Rs322.43 million (loss per share of Rs0.42) compared to profit of Rs209.97 million (earnings per share of Rs0.27) in the same quarter last year.

Topline Securities said in post-result comments that the company achieved gross margins of 15% in 2Q2019, down five percentage points. “This was mainly due to inflationary pressure and higher imported raw material cost on the back of rupee depreciation (14% in 2Q2019),” the brokerage house said.

Financial charges were up 81% owing to increase in the key interest rate. “Finance cost increased amidst rise in short-term borrowings,” it said.

“We flag rising competition, decline in processed milk consumption, any unanticipated regulatory changes and volatility in international raw milk prices as key risks for FrieslandCampina Engro Pakistan,” it said.

Engro Polymer and Chemicals Limited’s (EPCL) profit dropped 44.5% to Rs1.54 billion in the half year ended June 30, 2019 because of higher cost of sales and finance.

The profit stood at Rs2.78 billion in the same period of last year, according to a notification sent to the PSX.

Earnings per share came in at Rs1.70 for Jan-Jun 2019 compared to Rs3.98 in the same period of last year.

Net sales rose almost 9% to Rs18.60 billion. Cost of sales increased 12% to Rs14.59 billion whereas finance cost soared 144% to Rs727.58 million.

EPCL’s share price dropped Rs0.34 to Rs25.33 with trading in 622,500 shares at the PSX.
https://tribune.com.pk/story/2029726/corporate-result-frieslandcampina-engro-records-rs238-8m-loss/

‘CORPORATE SECTOR BEING FACILITATED’

APP August 09, 2019

ISLAMABAD: Prime Minister Imran Khan on Thursday said the government was committed to facilitating corporate sector in order to attract local and foreign investment.
In a meeting with Procter and Gamble Global Vice Chairman Jon R Moellor at the PM Office, he said special incentives were being given to companies for locally made products for the purpose of exports.
He said Pakistan’s big market with cheap labour and business-friendly environment offered immense potential for growth of corporate sector and urged the investors to benefit from it.
Telenor in a press release on Thursday said that it’s gearing towards making the network 5G ready.
The company said in a statement added: “All required equipment is ready for launch and has been tested. We now need the spectrum to launch.”

https://www.dawn.com/news/1498910/corporate-sector-being-facilitated

NEWS COVERAGE PERIOD FROM AUGUST 19TH TO 25TH 2019

ENGRO EARNINGS JUMP 51PC

Our Equities Correspondent Updated August 21, 2019
KARACHI: Engro Corporation Ltd declared profit-after-tax of Rs2.9 billion for the 2QCY19, translating into earnings per share of Rs4.97, up 51 per cent year-on-year.
The 1HCY19 profitability stood at Rs6.9bn or EPS of Rs11.93, up 13pc YoY.
Along with the results, the company announced cash dividend at Rs8 per share, taking cumulative dividend for 1H2019 to Rs15 per share.
Allied Bank Limited announced 1HCY19 profit-after-tax (PAT) at Rs6.2bn (EPS: Rs5.45), declining 14pc from PAT at Rs7.2bn and EPS at Rs6.33 YoY.
The bank also announced a dividend of Rs2 per share leading to total payout of Rs4 per share for 1HCY19.
For 2QCY19, the company reported EPS of Rs2.75, up 2pc on Quarter-on-Quarter but down 7pc on YoY.
https://www.dawn.com/news/1500752/engro-earnings-jump-51pc

NEWS COVERAGE PERIOD FROM AUGUST 26TH TO Sep 1ST 2019

FOODPANDA OPENS IN SIALKOT

RECORDER REPORT AUG 28TH, 2019 ISLAMABAD

foodpanda, the on-demand international food delivery service, has expanded its operations in Sialkot by opening up the possibility of ordering a world of exciting food flavours from its distinctive pink colour application on Tuesday. According to an announcement of the company here on Tuesday, people from restaurant industry, the media, food & lifestyle bloggers and top customers of foodpanda, all overjoyed, came together to celebrate foodpanda's official launch in the city.

The residents of Sailkot will now be able to order a variety of food from over 200 restaurant partners, right to their homes, offices and even outdoor hotspots, increasing convenience for users and providing restaurant partners with a new avenue to reach customers. With the vision to deliver good food to people's every day, Sialkot the industrial hub and a major city to enjoy the renowned service standards offered by foodpanda following Karachi, Lahore and Islamabad.

"We are very excited to expand our service to Sialkot and deliver good food right to our customers' doorstep, especially with our continuous up gradation in our app and website. This is the perfect city for us to continue doing what we do best and we look forward to partnering with more restaurants on foodpanda," said Nauman Sikandar Mirza, CEO, foodpanda Pakistan. The chief guest, Syed Bilal Hyder, Commissioner Sialkot expressed that the city of Sialkot welcomes foodpanda with lots of enthusiasm as it will add another feature to our already globally linked city. Speaking at the occasion, guest of honour, Sialkot Chamber of Commerce (SCCI) SVP Waqas Akram stated, "With the entry of foodpana in Sialkot, it will become easier for our businesses to cater to our international visitors with much ease and efficiency now." Among the guests, SCCI vice president Amir Hameed Bhatti and deputy director (Operations) Punjab Food Authority Sialkot Zahid Kamran also graced the occasion.

https://fp.brecorder.com/2019/08/20190828512591/

FOUNDER GROUP MAKES CLEAN SWEEP IN REAP MC ELECTIONS

RECORDER REPORT AUG 29TH, 2019 LAHORE

The Founder Group made a clean sweep by securing all the Corporate and Associate class seats in elections 2019-20 for the Management Committee of the Rice Exporters Association of Pakistan (REAP). According to details, Wednesday was the last date for receipt of nomination papers on vacant seats of Corporate and Associate class in North and South Zones for annual elections of the Associations. As no one else filed their nomination papers except candidates of the founders' group, all were declared elected unopposed for a term of two years i.e., 2019-21.

Those elected in Corporate class (North Zone) are Shahjahan Malik, Khalid Mahmood, Ahsan Saeed and Fahad Jahangir. Ashfaq Ali Khan was declared elected unopposed in Associate class under the leadership of Shahzad Ali Malik, Group leader of North Zone. Similarly, Mohammad Asif Polani, Subhan Khalil Malik, Faisal Masood Chaudhry, Gurmukh Das (Corporate Class) and Sheeraz Ahmad Sheikh (Associate class) were elected unopposed from the South Zone under the leadership of Abdur Rahim Janoo, group leader South Zone.

Sitting REAP Chairman Safder Hussain Mehkri, Senior Vice Chairman Ali Hussam Asghar, Shahzad Ali Malik and Pir Nazim Hussain Shah congratulated all the elected Managing Committee members and expressed the hope that they would continue serving for the strengthening of the national economy through enhanced rice exports.

Elections for the post of Chairman, Senior Vice Chairman and Vice-Chairman are due next month. The group also nominated Shahjahan Malik as the new chairman for the next year.

In a ceremony at the REAP headquarter, nominated chairman Shahjahan Malik said that no stone will be left unturned to take the rice exports from the current level of US 2 billion dollars to US 5 billion dollars in next five years.

For this purpose, he said that he along with his other colleagues will make efforts for upgrading the rice value chain in the country.

Outgoing Senior Vice Chairman Ali Hussam Asghar threw light on the efforts done by the current body for increasing rice exports and resolving the issues being faced by the rice exporters.

https://fp.brecorder.com/2019/08/20190829512872/

PTI GOVT ISSUES ORDINANCE TO WAIVE OVER RS300B GIDC DUES

By Shahbaz Rana Published: August 30, 2019

ISLAMABAD: The Pakistan Tehreek-e-Insaf (PTI) government has waived Rs208 billion worth of liabilities of a few industrialists in addition to writing off late payment surcharge for the past seven years through a presidential ordinance, bringing into dispute its claim of a clean government.

President Arif Alvi on Tuesday promulgated the Gas Infrastructure Development Cess (Amendment) Ordinance 2019 to waive half of the outstanding liabilities of fertiliser, textile, power generation and compressed natural gas (CNG) sectors. The ordinance was published in the official gazette on Wednesday.

Through the presidential ordinance, the government also reduced GIDC rates by up to 75%, which would push down prices of gas and fertiliser for the end-consumers.

The life span of a presidential ordinance is four months, which can be extended for another four months. During this period, the ordinance has to be passed by both houses of parliament or else it will lapse.

According to the Petroleum Division statistics submitted in the National Assembly, as of the end of December 2018, the total principal liabilities of these sectors stood at Rs416.3 billion and half of those were written off by the government.

Cumulative GIDC collection since 2012 stood at Rs701.5 billion till the end of December 2018, of which only Rs285 billion had been deposited.

The government also waived the late payment surcharge, which was supposed to be paid at the rate of 4% plus three-month Karachi Interbank Offered Rate (Kibor). Three-month Kibor currently stands at 13.7%, which means the government has written off 17.4% mark-up, which brings the total to over Rs300 billion.

The ordinance did not address the issue of how to refund 50% GIDC to those companies that timely discharged their legal obligations and paid the entire amount of GIDC.

The PTI came to power on the slogan of introducing a fair and transparent system where the rich and poor will be treated equally. Contrary to that, it has written off over Rs300 billion in favour of the rich but has burdened ordinary people, irrespective of their bearing capacity, with heavy taxes.

The liabilities have been written off on the condition that these companies will withdraw their cases against the GIDC levy.

The amount waived in favour of the industrialists, mainly Karachi-based, was more than the total loans written off from 1971 to 2009 that stood at Rs256 billion. GIDC had been imposed in 2011-12 that immediately became controversial after the industrialists took the government to court.

However, after the Pakistan Muslim League-Nawaz (PML-N) government addressed legal deficiencies through an Act of parliament in 2015, there were strong chances for the government to win these cases.

Under provisions of sub-section 3 of Section 3 of the 2015 Act, the defaulters, both gas consumers and gas companies, were liable to pay mark-up at the rate of 4% plus three-month Kibor with effect from July 2015. Now, the mark-up will be applicable from July 2019 – a gift for the industrialists.

Through the presidential order, the government also allowed the CNG sector to again avail the scheme and pay only half of the outstanding cess levied for the period May 2015 to December 2018.

Similarly, according to sub-section 6 of Section 3 of the ordinance, the fertiliser sector (including feed and fuel), captive power, industry, K-Electric, generation companies and independent power producers shall pay half of the outstanding cess levied or charged up to December 2018.

These sectors have also been allowed to offset their GIDC dues against their sales tax refunds and subsidy claims under the Drawback of Local Taxes and Levies (DLTL) scheme with the FBR. This means the government will not receive even half of the remaining amount in cash.

These industrialists have been allowed to make payments in two instalments – first within one month of signing an agreement and second within three months of the agreement.

The delay in signing the agreement with the gas companies would provide further excuse to these industrialists to delay the payments.

Half a dozen fertiliser companies have been given the benefit of Rs69 billion, which they had collected from the poor farmers but refused to deposit in national coffers. Total outstanding amount against them was Rs138 billion as of the end of December 2018.

Total dues against the textile sector were Rs42.5 billion, of which about Rs21.2 billion was waived. Liabilities of captive power plants stood at Rs91.4 billion and half of it was waived. The CNG sector owed Rs80.1 billion, of which Rs40 billion was written off.

Liabilities of the IPPs amounted to Rs7.1 billion and Rs3.6 billion was waived. Outstanding principal dues against K-Electric and Genco stood at Rs57.4 billion and Rs28.7 billion was written off.

The government has completely waived GIDC of Rs300 per mmbtu on feed gas for new fertiliser plants. Rates for feed gas for old plants were cut by half to Rs150 per mmbtu and for fertiliser fuel to Rs75 – also a 50% reduction.

The GIDC rate for the CNG Region-I has been halved to Rs131.2 per mmbtu and to Rs100 for the Region-II.

Similarly, rates for the IPPs, K-Electric and Genco were reduced by half to Rs50 per mmbtu and for the captive power plants and erstwhile zero-rated industry to Rs50 from Rs200 per mmbtu.

https://tribune.com.pk/story/2045181/2-ordinance-issued-waive-rs300b-gidc-dues/

SEPTEMBER 2019

NEWS COVERAGE PERIOD FROM SEP 2nd TO 8th 2019

OUTCRY CAUSES GOVT RETHINK OF GAS CESS RELIEF

Khaleeq Kiani Updated September 04, 2019

ISLAMABAD: Amid growing criticism over a lucrative amnesty being extended to fertiliser plants, power plants and other businesses before audit, the federal cabinet on Tuesday directed the law ministry to examine how another amendment could be made to a recently introduced Gas Infrastructure Development Cess (GIDC) Amendment Ordinance, 2019.

The government has come under pressure in recent days for allowing 50 per cent discount on around Rs420bn GIDC, payable by fertiliser plants, power plants, general industry and CNG sector without a pre-audit.

The cabinet directed the law ministry to consider the amendment to the ordinance to ensure forensic audit before extending the lucrative Rs210bn amnesty to the big businesses.

On Tuesday, key cabinet members held separate briefings for different sections of media besides those for the cabinet to what was described as a way to counter “a targeted and planned campaign” against the leadership that brought to an end corruption and nepotism and introduced meritocracy in the country.

“The prime minister expressed displeasure over this,” said Special Assistant to the PM on Information Dr Firdous Ashiq Awan while briefing the media persons about the cabinet meeting.

This was the fourth news conference in as many days by Energy Minister Omar Ayub Khan and Special Assistant to the Prime Minister on Petroleum Nadeem Babar on the issue since the GIDC amendment ordinance had been introduced last week.

Asked about parliamentary cover to the ordinance, Mr Babar said the transaction could be completed within the legal life of the ordinance.

Dr Awan was of the opinion that the energy minister and the special aide to the premier on petroleum had briefed journalists on the issue on Monday too but the message had not reached the people with the vigour it required, as the controversy had not ended in social media and electronic media.
On PM’s directive, two separate briefing sessions were arranged for the media.
Mr Ayub said the cabinet had detailed discussions on the GIDC issue and various questions being raised in the media. He said the cabinet noted that even though forensic audit was not mentioned in the ordinance because it was a sector specific issue, the previous cabinet meeting had linked the settlement of GIDC with fertiliser industry to forensic audit of accounts of the fertiliser companies.
The prime minister after detailed discussions on the matter ordered the law minister to examine how another amendment could be inserted in the GIDC Amendment Ordinance 2019 to ensure forensic audit. He said it was incorrect to suggest that the GIDC amnesty came about all of a sudden, because it had been initiated by former finance minister Asad Umar eight to nine months ago and ministries of finance, petroleum, industries and production and law had been involved in the finalisation of a summary that was discussed threadbare last week by the federal cabinet.
Mr Babar, in response to a question, said it was also incorrect to suggest that the PM had been misled on the issue, explaining that he himself had conducted two briefings for the prime minister on the subject in recent days.
The PTI government promulgated a presidential ordinance on Aug 27 for out-of-court settlement of Rs420bn GIDC dispute with the industry. The ordinance allowed the industry, fertilizer sector and CNG sector to pay 50pc of their outstanding bills within 90 days in advance and secure 50pc discount on future bills provided they withdraw their court cases.
The PM’s aide said the government was expecting net receipts of Rs150-Rs160bn under the proposed amnesty provided all the stakeholders availed the government offer.
The minister said the 50pc discount offered to the industry through the ordinance was not something new, as the previous government had struck a deal with the CNG industry on the same lines in March 2018.
Asked as to why the rulers claiming to be fair and transparent were following the path of those who they often called corrupt, Mr Babar said the government would have never opted this if there were no multiple stay orders in high courts for years and no final decision in sight.
Also, he said, the government had received only 15pc of the billed amounts with the remaining 85pc being stuck in courts. Reminded that last fiscal year, the government collected Rs25bn (25pc) of budgeted target of Rs100bn, Mr Babar said some amounts must have been carried forward from the previous fiscal year, otherwise actual receipts to the governments remained 16pc to 18pc.
Mr Ayub chipped in that the motivational factor behind reduced GIDC facility was to reduce the burden of inflationary pressure to reduce the prices of fertilizer.
“The impact of increase in gas price is being offset by reduction in GIDC rate on fertilizer,” he said.
In response to a question about conflict of interest, Mr Babar claimed he had set up two power plants in the private sector and one of them had been sold years ago while he had reduced his stakes in Orient Power to about 25pc that had made an overpayment of Rs28 million to the SNGPL before 2011.
Dr Awan said the cabinet condemned the continuation of curfew in India-held Kashmir for over 30 days and decided to exploit all international forums to highlight the sufferings of the Kashmiris. The cabinet also decided to continue with the weekly initiative to show solidarity with the people of Kashmir.
She said the cabinet was also given a briefing on the issue of waste management in Karachi and told that 500 million gallons of sewage was going into the sea on a daily basis. Hospital waste, too, was also draining into the sea.
She said it was decided that all the provincial chief secretaries would hold consultation for solution to safe disposal of waste. The cabinet also decided to introduce real estate regulatory authority in consultation with the provinces to control ill-planned and mushroom growth of housing societies across the country.
While considering the regularization of 666 contract teachers and creation of more posts in the education department, the cabinet directed the federal ministries and departments to compile detail of the employees on a contract basis and those on a daily wage basis so that a uniform regularization policy was formulated to avoid discrimination.
https://www.dawn.com/news/1503358

FERTILISER INDUSTRY SEEKS GOVERNMENT’S SUPPORT FOR UREA EXPORT

RECORDER REPORT SEP 5TH, 2019 KARACHI
Fertilizer industry seeking government's support for exploring urea export avenues in the international market to earn much needed precious foreign exchange for the country. Industry sources said that fertilizer sector with its multi billion dollars investments over the past decades is well poised to export value added urea. However, it is imperative for the government to encourage the fertilizer industry to compete in the international market and generate foreign exchange for the country through exports.
The country's total urea production capacity is approximately 7 million metric ton out of which 6.3 million metric ton

is based on Fertilizer Policy 2001 gas and imported LNG, while 0.7 million metric tons is based on Petroleum Policy 2012, the pricing of which is 56 percent higher than the Fertilizer Policy 2001 rates. The domestic urea industry production, under Fertilizer Policy 2001, is sufficient to meet the local demand of 5.9 million metric tons annually. Currently, the international urea price is approximately $290 per metric tons and if country decides to export 0.7 million tons of urea based on petroleum policy 2012, Pakistan can earn approximately $ 200 million annually. Earlier in 2017 and 2018, Pakistan had exported some 650,000 metric tons urea and earned foreign exchange amounted to $ 160 million for the country.

Industry sources said that the government should push and support the fertilizer sector for exploring avenues of exporting urea in the international market to earn much needed precious foreign exchange for the country. They informed that since March this year all fertilizer plants are getting required gas, of which the carryover stocks for August 2019 were 330,000 metric tons including 100,000 tons of recently imported commodity.

This improved gas supply presents an opportunity for the government to consider the export of urea manufactured on Petroleum Policy 2012 as this will not only bring demand supply balance in the local market but also help to reduce the trade deficit of the country.

The Fertilizer Policy introduced in 2001, was designed to improve farmer economics by ensuring that the local fertilizer prices were lower than imported fertilizers. While, the policy demands that fertilizer industry operates under this pricing regime, certain manufactures in the industry are receiving part of their gas requirement at Petroleum Policy 2012, the pricing of which is 56 percent higher than the Fertilizer Policy rates.

https://fp.brecorder.com/2019/09/20190905515535/

NEWS COVERAGE PERIOD FROM SEP 16th TO 22nd 2019

FFC PARTNERS WITH SYNGENTA FOR COMBINED EFFORTS TOWARDS FOOD SECURITY

RECORDER REPORT SEP 22ND, 2019 KARACHI

Fauji Fertilizer Company (FFC) - Pakistan's leading fertilizer manufacturer is working towards ensuring Food Security in the country, which at present is affecting over 80 million populace. FFC through its non-profit organization - Sona Welfare Foundation (SWF) has initiated "Sona Centre" programme, which is assisting small and medium farmers as well as population at large through multifaceted community centres, extending advance, sustainable and climate smart agriculture among local farmers across Pakistan.

FFC's 1st Sona Centre is already operational at Ahmedpur Lama, Rahim Yar Khan which is working to empower the vulnerable segments and farmers in general through micro financing, healthcare, education, poverty alleviation measures and women emancipation.

Syngenta, Pakistan's most reputed crop protection brand with international footprints has joined hands with SWF-FFC in this vision through an MOU signed between the two parties at FFC Head Office, Rawalpindi.

CE & MD FFC, Lieutenant General Tariq Khan (Retd) and MD Syngenta, Kazim Hasnain were present during the signing of the MOU. Both FFC and Syngenta will supplement each other in capacity building and empowerment of farmers using the joint platform of Sona Centres.-PR

https://fp.brecorder.com/2019/09/20190922519918/

OCTOBER 2019

NEWS COVERAGE PERIOD FROM OCTOBER 7th TO 13th 2019

UNILEVER VOWS TO SLASH USE OF PLASTIC

AP Updated October 08,

THE HAGUE: Consumer products giant Unilever, whose brands include Dove soaps and Lipton teas, said on Monday it aims to halve its use of non-recycled plastics by 2025.

The move, which appears crafted to resonate with younger, more environmentally aware consumers, will require a “fundamental rethink” in the company’s packaging policies, said CEO Alan Jope.

Unilever aims to achieve the goal by reducing its use of all plastics by 100,000 metric tonnes and using more recycled plastic.

The multinational previously pledged to make all its plastic packaging reusable, recyclable or compostable by 2025 and to use at least 25 per cent recycled plastic in packaging by that year.
The company also said on Monday it aims to collect and process more plastic packaging than it sells by 2025.
“Plastic has its place, but that place is not in the environment,” Jope said. “We can only eliminate plastic waste by acting fast and taking radical action at all points in the plastic cycle.”
He said meeting the new targets will require “new and innovative packaging materials” and a rapid increase in packaging that can be reused or refilled.
Unilever has already started selling products including toothbrushes made of bamboo, and cardboard deodorant sticks and refillable toothpaste tablets.
Even so, the Anglo-Dutch company says it produces some 700,000 metric tonnes of plastic packaging annually.
Experts at analytics firm GlobalData say that surveys show young consumers are influenced by environmental considerations when they buy something, so Unilever’s move may be good for the its business, too.
“Unilever’s decision to cut its plastic production may seem like a contrived attempt to connect with a younger generation. However, it is a necessary move for a brand trying to maintain its relevance and reputation,” said Carmen Bryan, an analyst for the analytics firm GlobalData.
Elvira Jimenez, a plastics campaigner with Greenpeace, welcomed the announcement, “in the sense that they are the first ones that are actually acknowledging that there has to be a reduction.” However, she said the environmental organisation would like to see Unilever shift its focus even further toward packaging and products that can be reused or refilled.
Experts say that some 9 million tonnes (8m metric tonnes) of plastic waste, including plastic bottles, bags, toys and other items, flow annually into the world’s oceans.
https://www.dawn.com/news/1509629

GOVERNOR INAUGURATES NESTLÉ PLANT AT SHEIKHUPURA

RECORDER REPORT October 09, 2019
LAHORE: Punjab Governor Chaudhry Muhammad Sarwar on Tuesday inaugurated a state-of-the-art manufacturing plant ‘Nestle Fruita Vitals’ at Nestlé Pakistan’s Sheikhupura factory established with an investment of $22 million and the production capacity of 24,000 units per hour.
While speaking at the occasion, Chaudhry Mohammad Sarwar said, “We aim to create conditions in which foreign companies are attracted towards making new investments. At present, the government is making concerted efforts to revive the nation’s economy.”
https://epaper.brecorder.com/2019/10/09/16-page/804724-news.html

NEWS COVERAGE PERIOD FROM OCTOBER 14th TO 20th 2019

CORPORATE RESULTS: ENGRO FERTILISERS' PROFIT FALLS 34.7% TO RS3.3B

By Our Correspondent Published: October 19, 2019
KARACHI: Engro Fertilisers’ profit declined 34.7% to Rs3.3 billion in the quarter ended September 30, 2019 mainly on the back of a spike in finance cost.
The company had reported a profit of Rs5.1 billion in the corresponding period of previous year, according to a notice sent to the Pakistan Stock Exchange on Friday.
The company’s earnings per share (EPS) fell to Rs2.49 in the Jul-Sept 2019 quarter compared to Rs3.82 in the corresponding period of last year.
“The company stated in its briefing that volumetric sales decreased during this quarter,” said Topline Securities’ analyst Sunny Kumar. “Higher gas cost was the main reason behind the decline in profit during the quarter.”
In July, gas prices were hiked for the fertiliser manufacturers but the company did not pass the impact on to consumers expecting the government to withdraw the gas infrastructure development cess (GIDC), he said.
The government announced the withdrawal of the cess but it backtracked on the decision following a massive public backlash. During the Jul-Sept quarter, the company recorded turnover of Rs27.1 billion against Rs28.1 billion in the same quarter of 2018.

Cost of sales of the fertiliser manufacturer remained almost unchanged at Rs18.3 billion. Gross profit fell to Rs8.8 billion in the quarter against Rs9.9 billion in the same quarter of 2018.
The company saw its finance cost surge to Rs1.2 billion in the Jul-Sept quarter compared to Rs534 million last year. Finance cost of Engro Fertilisers increased because the State Bank of Pakistan hiked the benchmark interest rate to 13.25%. The company had previously made foreign borrowing which enhanced manifold following rupee devaluation against the US dollar coupled with the hike in interest rate.
"The company recorded a 32% rise in freight cost due to the laws recently introduced by the government," said Kumar.
Engro Fertilisers reported a profit of Rs10.5 billion for nine months ended September 30, 2019, down 14.3% compared to Rs12.3 billion in the corresponding period of previous year. It recorded earnings per share of Rs7.87 in Jan-Sept 2019 against Rs9.17 in the corresponding period of previous year.
https://tribune.com.pk/story/2082750/2-corporate-results-engro-fertilisers-profit-falls-34-7-rs3-3b/

FRIESLANDCAMPINA ENGRO POSTS LOSS OF RS808.8M

By Our Correspondent Published: October 19, 2019
KARACHI: Frieslandcampina Engro Pakistan (formerly known as Engro Foods) has announced a loss of Rs808.8 million for nine months ended September 30, 2019 due to lower-than-expected gross margins.
The company had reported a profit of Rs513.2 million in the same period of the previous year, according to a notice sent to the Pakistan Stock Exchange on Friday.
Loss per share of the company stood at Rs1.05 in Jan-Sept 2019 compared to earnings per share of Rs0.67 in the same period of the previous year.
Net sales recorded a growth of 19.9% to Rs28.7 billion in the period under review compared to Rs23.9 billion in the corresponding period of the previous year.
"We attribute higher volumetric sales and increase in prices to partial pass-on of rupee devaluation that has led to revenue accretion," said Topline Securities' analyst Sunny Kumar.
However, gross profit declined 12.12% to Rs3.88 billion mainly due to higher imported raw material cost amidst rupee devaluation, the analyst said.
Share price of Frieslandcampina Engro Pakistan went down Rs3.52 or 4.99% to Rs67.02 with trading in 398,500 shares at the PSX.
On the other hand, distribution expenses dipped 4.09% to Rs3.06 billion owing to lower marketing expenses. "This was due to a higher base effect when the company was aggressive in media campaigns to re-position Olper's and Tarang brands."
Finance cost jumped a massive 83.9% to Rs866.9 million due to an increase in policy rates. Other income dipped 16% to Rs332.9 million in the period under review.
"We flag rising competition, the decline in processed milk consumption, any unanticipated regulatory changes and volatility in international raw milk prices as key risks for the company," Kumar added.
The company recorded a loss of Rs569.97 million in the quarter ended September 30, 2019 compared to a profit of Rs1.89 million in the same period of the previous year. It reported loss per share of Rs0.74 in the quarter.
https://tribune.com.pk/story/2082731/2-frieslandcampina-engro-posts-loss-rs808-8m/

NEWS COVERAGE PERIOD FROM OCTOBER 21st TO 27th 2019

ENGRO CORPORATION PROFITS JUMP

Our Equities Correspondent October 25, 2019
KARACHI: Engro Corporation posted 9MCY19 consolidated profit after tax (PAT) at Rs21.89 billion, jumping by 22.6 per cent over Rs17.85bn in same period last year.
Profit attributable to owners was recorded at Rs13.03bn and earnings per share (EPS) at Rs22.61, up 31pc, from Rs9.95bn and EPS at Rs17.27 same period last year.
For 3QCY19, the company earned PAT of Rs6.15bn, translating into EPS of Rs10.67. This represented growth of 59pc over PAT at Rs3.86bn and EPS Rs6.69 in the same quarter of 2018.
Along with the results, Engro announced a cash dividend at Rs8 per share which was in addition to Rs15 already paid earlier.
Maple Leaf Cement Ltd recorded first quarter's consolidated loss of Rs982 million and loss per share at Rs1.65.

This was down from PAT at Rs587m and EPS Rs0.99 in same quarter last year. Finance cost clocked in at Rs800m, which was higher than expectations.
Sales grew 26pc to Rs7.15bn, from Rs5.65bn but the gross margin declined sharply. Analysts said that high freight cost was the main culprit behind depressed gross margins after company supplied to far flung areas to ramp up utilisation and keep the market share high.
BankIslami posted PAT of Rs973m for nine months ending Sept 30, which is 8.8 times better over last year's earnings of Rs99m in same period last year, said a press release.
Moreover, the bank has also announced issuance of right shares amounting to Rs1bn which will further fortify its net worth and capital adequacy.
Bank Al Habib declared 9MCY19 PAT at Rs7.005bn, surging by 175pc over Rs2.544bn.
This translated into EPS of Rs6.3 during the period versus Rs2.29 in 9MCY18.
Coca-Cola Export Corporation Pakistan (CECP) on Thursday announced appointment of Fahad Ashraf as its new general manager for Pakistan and Afghanistan region, said a press release.
https://www.dawn.com/news/1512805/engro-corporation-profits-jump

SECP PRIORITISES CORPORATE REFORMS IN KP, BALOCHISTAN

Israr Khan October 27, 2019
ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has prioritised implementation of corporate reforms in Khyber Pakhtunkhwa and Balochistan for the next year, it said on Saturday.
The SECP Commissioner for Corporatisation and Compliance Department Shaukat Hussain said the commission remains committed to pursue its agenda for ease of doing business.
"Finalisation of subordinate legislation under corporate rehabilitation and corporate restructuring laws, operationalisation of secured transaction registry and extension of one-stop-shop facility to KP and Balochistan is among top priority areas for the next year," Hussain said in a statement.
The SECP termed the measures taken to shorten time in starting business, protect minority investors and resolve insolvency as the pulling factors in improving country's overall Doing Business ranking.
The SECP said it undertook some vital reforms in these areas.
"Out of total 10 areas covered in the WB (World Bank) report, the success of reforms drive by the SECP for ease of doing business is reflected in three indicators, i.e. starting a business, protecting minority investors and resolving insolvency, where Pakistan ranked 72, 28 and 58 respectively," the commission said.
Pakistan has improved its position by 28 points from 136 to 108 in the World Bank's rankings on ease of doing business for 2020.
"The improvement is an unprecedented in the history of Pakistan," it said.
With reforms acknowledged in six areas i.e. starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders, Pakistan is ranked a number one reformer in South Asia and scored 6th position among top 10 reformers globally.
The doing business report benchmarks business regulation in 190 countries.
Out of six reform areas acknowledged in 2020 report, the biggest jump of 58 points was recorded in starting a business position from 130 to 72.
Expansion of online one-stop-shop facility through SECP's
eServices to different federal and provincial agencies reduced number of procedures required to set up a business from 10 to 5.
"Now an entrepreneur can get registration with six agencies and labour department and excise and taxation department of Punjab and Sindh by submitting a single online application through SECP eServices," the SECP said.
Last year, Pakistan improved its position significantly in two areas: starting a business (142 to 130) and resolving insolvency (from 82 to 53) due to reforms introduced by the SECP.
The World Economic Forum's Global Competitiveness Report 2019 also recognised the SECP's efforts for ease of doing business.
"While overall ranking on Global Competitiveness Index dropped slightly, indicators relating to SECP show significant improvement," the SECP said. In business dynamics, Pakistan improved by 15 points due to reduction in cost and time to start business and improvement in insolvency regulatory framework. Score in strength of auditing and reporting standards, sub-indicator of institutions, also improved from 3.9 to 4.

https://www.thenews.com.pk/print/546694-secp-prioritises-corporate-reforms-in-kp-balochistan

NEWS COVERAGE PERIOD FROM OCTOBER 28th TO 03rd 2019

FAUJI FERTILISER'S PROFIT JUMPS 32% TO RS13.2B

By Our Correspondent Published: October 29, 2019

KARACHI: Fauji Fertiliser Company reported an after-tax profit Rs13.2 billion in the nine months ended September 30, 2019, up 32% following improved earnings in the previous quarters.

The company had reported a profit of Rs10 billion in the same period of the previous year, according to a company notice sent to the Pakistan Stock Exchange on Monday.

Earnings per share (EPS) clocked-in at Rs10.39 against Rs7.88 in the same period of last year.

The company also announced an interim cash dividend of Rs2.20 per share taking the nine-month payout to Rs7.55 per share.

"During the period, the company produced 1,861 thousand tonnes of Sona Urea whereas offtake was recorded at 1,773 thousand tonnes with total sales revenue of Rs73.02 billion for the nine-month period," according to a company press release.

On the other hand, Fauji Fertiliser Company reported a 14% decrease in its after-tax profit for the quarter.

The company reported earnings of Rs4.6 billion in the quarter under review compared to Rs5.4 billion in the same period of the previous year. EPS of the fertiliser manufacturer stood at Rs3.62 in the quarter against Rs4.27 in the same period of the previous year.

"The fertiliser company's sales dropped 3% year-on-year during the third quarter of 2019 mainly due to 6% and 38% year-on-year decline in urea and DAP offtake, respectively," said Arif Habib Limited analyst Tahir Abbas.

Gross margins during the period clocked-in at 25.7%, down six percentage points year-on-year and eight percentage points quarter-on-quarter on account of higher gas prices, he added.

The company did not pass the impact of gas price hike on to the end consumer of urea for the first two months of the third quarter of 2019.

"Financial charges rose by 28% year-on-year due to high working capital requirement along with rising interest rates during the period," Abbas remarked.

In the quarter, other income surged 2.3 times to Rs1.5 billion on account of higher profit on cash and cash equivalents.

The company booked effective taxation at 32% during the quarter against 36% in the same period of 2018.

Published in The Express Tribune, October 29th, 2019.

https://tribune.com.pk/story/2088952/2-fauji-fertilisers-profit-jumps-32-rs13-2b/

FIRM INTERESTED TO BUY STAKE IN FAUJI MEAT

Our Equities Correspondent Updated October 30, 2019

KARACHI: Fauji Fertiliser Bin Qasim Limited (FFBL) has been approached by a potential acquirer that has expressed its intention to enter into negotiations with the company for the acquisition of majority voting shares in Fauji Meat Limited (FML), the company informed the PSX in a material disclosure statement on Tuesday.

FFBL holds 83 per cent stake in the FML while the remaining 17pc is with Fauji Foundation.

The FML holds assets worth Rs8.2 billion, of which Rs6.6bn is plant and machinery while the value of the subsidiary in FFBL's book is Rs3.7bn. It will be sometime before the due diligence is conducted and the sale price worked out.

The Foundation Securities in its report on the event stated that FML owns the largest and most technologically-advanced slaughtering plant, having capacity of 200 tonnes of meat (170 tonnes beef and 30 tonnes mutton) in both frozen and chilled categories.

Indus Motor Company Limited (INDU) announced its 1QFY20 results reporting profit-after-tax at Rs1.319bn and EPS at Rs16.78, down 62pc over the net earnings in the same quarter last year.

Along with the results, the company announced an interim cash dividend at Rs7 per share.

The company's net sales dropped, which the analysts said was expected due to YoY plunge in volumes. Furthermore, gross margins contracted on the back of continued repercussions of the devalued rupee which caused a huge rise in the imported raw material costs.

The National Bank of Pakistan earned PAT of Rs16.3 billion for the nine months ending Sept 30 – up 2.41pc, translating into EPS of Rs7.8.

In same period last year, earnings worth Rs16.246bn and EPS of Rs7.59 were reported.

The reduced profitability is mainly attributed to higher taxation charge of 44pc. Net interest income closed at Rs53.9bn, non-mark-up income at Rs25.6bn, up by 23.7pc and 13.7pc, respectively. With an increase of 26.2pc, the bank's profit before taxation amounted to Rs29.2bn, from Rs23.1bn.
Nishat Mills Limited (NML) reported consolidated financial results for 1QFY20, recording an earnings per share (EPS) of Rs4.67 against EPS of Rs4.37 earned in the same period last year.
Earnings were up 7pc year-on-year due to increase in revenue and improvement in gross profit margin.
The company's top line grew by 9pc YoY to Rs15.9bn in 1QFY20 over the net sales at Rs14.5bn in the same quarter last year attributed mainly to the depreciation of rupee against the dollar.
Standard Chartered Bank (Pakistan) Ltd on Tuesday declared 9MCY19 profit after tax at Rs11.4 billion (earnings per share: Rs2.95).
This represented a jump of 46.7 per cent over Rs7.77bn and EPS of Rs2.01 in same period last year.
A strong growth of 56pc to 19.8bn in before-tax profit and revenue increase of 41pcwere the major drivers of the increased profitability.
Operating expenses continue to be well managed through operational efficiencies and disciplined spending with a decrease of 5pc from comparative period last year.
Nestlé Pakistan Ltd announced financial results for the third quarter ending Sep 30 reporting net profit of Rs5.4bn, up 36.7pc compared to same period last year.
The company's top line clocked in at Rs87bn for the nine months under review.
Published in Dawn, October 30th, 2019
https://www.dawn.com/news/1513735

NOVEMBER 2019

NEWS COVERAGE PERIOD FROM NOV 04 TO 10, 2019

191 PAKISTANI BILLIONAIRES GIVEN TAX RELIEF OF RS61.4B

By Shahbaz Rana Published: November 8, 2019
ISLAMABAD: Governments of Prime Minister Imran Khan and former premier Shahid Khaqan Abbasi gave Rs61.4 billion in tax relief to just 191 billionaires, who had been caught owning offshore assets but were bailed out through two tax amnesty schemes.
The Federal Board of Revenue (FBR) on Thursday shared financial details with the National Assembly Standing Committee on Finance of people whose data was exchanged by the Organisation for Economic Cooperation and Development (OECD).
The FBR did not disclose the identity of these people as both the Pakistan Tehreek-e-Insaf (PTI) and the Pakistan Muslim League-Nawaz (PML-N) tax amnesty schemes provided legal cover to keep names secret of the beneficiaries.
Among the beneficiaries were a few politicians but these were not public office holders, according to a briefing given by Mohammad Ashfaq, Director General of Directorate of International Taxes of the FBR.
The committee took a follow-up briefing from the FBR about the recovery status and actions taken in offshore asset cases, referred to it by the OECD. In September last year, the OECD had shared information about over 152,000 bank accounts owned by 57,450 Pakistani nationals, having $7.5 billion in bank deposits.
Out of these, the committee had focused on 325 cases involving $5.5 billion worth of assets.
Out of these, 191 persons availed the 2018 and 2019 tax amnesty schemes and declared Rs94.2 billion worth of assets by paying only Rs4.6 billion in taxes, disclosed Mohammad Ashfaq.
These 191 people paid on average 4.9% of the value of assets in taxes, showed Ashfaq's presentation.
FBR Chairman Shabbar Zaidi could have recovered 70% of the assets including penalties but the FBR settled it at 2-4%, remarked Asad Umar, former finance minister of the PTI government and chairman of the standing committee.
"This tells why all political parties love to give tax amnesty schemes and also shows the elite capture of Pakistan's economy and politics," said Umar who was initially against the tax amnesty scheme offered by the PTI government after coming to power.
Umar said the huge benefits availed by the elite through the last two tax amnesty schemes also explained why these people always presented the tax amnesty schemes as a solution to the problem of economic downturn.
Ashfaq has also written a research paper on the tax amnesty schemes and their adverse implications for the revenues. He was of the opinion that the elite has captured Pakistan's economy with the help of influential groups.

The Income Tax Ordinance 2001 says on a concealed asset, the FBR will charge a maximum income tax of 35% along with 100% penalty, bringing the total tax liability to 70%.
The total tax relief that these billionaires secured from the governments of Shahid Khaqan Abbasi and Imran Khan amounted to Rs61.4 billion at 70% tax liabilities.
As many as 135 persons, named in the OECD database, availed the 2018 tax amnesty scheme of the PML-N and declared Rs62.4 billion in assets. They paid Rs2.9 billion in taxes.
However, their actual liabilities without the tax amnesty could have been Rs43.7 billion, getting a relief of Rs40.8 billion from the last government.
About 56 people, whose data was shared by the OECD, availed the PTI's tax amnesty scheme and declared Rs31.8 billion worth of assets, showed the FBR presentation. They paid only Rs1.7 billion in taxes and got a relief of Rs20.6 billion.
Members of the standing committee noted that these people had taken money abroad through money laundering and by evading taxes. Zaidi contested the viewpoint, saying that the $7.5 billion were not transferred abroad through illegal means.
"The money went out through legal channels under the Foreign Currency Accounts Ordinance of 2001 that allows dollar buying from the market and their remittance abroad through bank accounts," said Zaidi.
"No individual can buy assets abroad without obtaining permission," said Umar. "I am not talking about your former clients," he said referring to Zaidi's firm AF Ferguson, which had facilitated the placement of funds abroad with the help of legal lacunas.
Umar said the central bank's position on remitting money abroad without seeking permission was different from what the FBR historically said. He emphasised that there was a need to shut this door by ending ambiguity.
Of the remaining cases, Ashfaq told the standing committee that the FBR assessed 115 cases, raised Rs4-billion demand against them and recovered Rs1 billion.
The total tax collection in 325 cases against $5.5 billion worth of foreign assets caught by the OECD web was only Rs5.6 billion or 0.64% of the traced assets.
This was what the PTI had fought for, commented PML-N MNA Sheikh Qaiser Ahmad on the recovery of only Rs5.6 billion in taxes.
"The FBR's performance was not satisfactory even after receiving data from the OECD," said Umar in his concluding remarks.
About 19 out of 325 cases had still remained pending with the FBR, said Ashfaq. The FBR had committed to the NA panel three months ago that it would complete proceedings in all the pending cases by October 31.
https://tribune.com.pk/story/2095602/2-191-pakistani-billionaires-given-tax-relief-rs61-4b/

NEWS COVERAGE PERIOD FROM NOV 11 TO 17, 2019

SINDH, PUNJAB AND KP: FBR UNEARTHS MASSIVE TAX EVASION BY SUGAR MILLS

By MUHAMMAD ALI on November 12, 2019
The Federal Board of Revenue (FBR) has identified massive tax evasion by sugar mills, operating in Sindh, Punjab and KP through under-reporting of stocks and fake sales. Therefore, it has been decided to carry out investigative audit of sugar manufacturers located in three provinces by special audit panels.
According to sources, the decision was taken in the light of the report on sugar sector analysis compiled by FBR, which observed huge tax evasion in sugar sector.
They said that the stock taking carried out by the FBR and the cane commissioners of three provinces had a difference of 641,000 metric tons which showed that the sugar mills were under-reporting their stocks to evade taxes.
They said that the local supplies during the tax period of July, 2019 decreased by 255 percent due to enhancement in tax rate (from 8% in June 2019 to 17% in July 2019). However, sugar mills have manipulated the sales data by declaring maximum disposal of sugar stocks in the tax period of June, 2019 at tax rate of 8%.
Furthermore sources said that the stocks of sugar mills till June, 2018 were 3,147,000 metric ton where as closing stock of the year ended on June 2019 was only 2,230,778 metric ton, depicting 29 percent less as compared to the preceding year, which the sources termed it as unusual and abnormal business practice.

Following the said reason, the manufacturers have declared higher quantity of sugar in the month of June 2019 to avoid paying sales tax at higher rate, sources said and added that tax evasion by the sugar manufacturers was generally based on these factors – undocumented raw material (cane) purchases, under-reporting production by showing less recovery of sugar and sales to fake buyers, sugar by-products such as baggasse, molasses and generation of electricity is also misreported by many sugar mills and different expenses leading to claims of huge input, which does not commensurate with the production results of the sugar mills.

Keeping the said in view, the board has decided to conduct investigative audit of sugar manufacturers by special audit panels constituted under section 32(A) of the Act, sources said and added that if the commission had information or sufficient evidence that such registered person was involved in tax evasion then he may authorize an IR office to conduct an inquiry or investigation under section 38 of the Act.

The board under section 32A may appoint as many special audit panels as may be necessary, comprising two or more members from the Inland Revenue and chartered accountants to conduct audit of a registered person and the scope of such audit shall be determined by the board or the commissioner Inland Revenue on a case-to-case basis.

Sources said that panel would prepare daily report of crushing, sugar production and number of bags etc and send to Pakistan Sugar Mills Association, FBR, Chief Commissioner Inland Revenue and would also compile total production of sugar and by-product at the end of the season with adequate information of opening and closing stocks. They said FBR had also directed tax offices to give their input within three days after consulting big four chartered accountant firms to initiate the investigation of sugar sector on the said guidelines.

https://www.brecorder.com/2019/11/12/543480/sindh-punjab-and-kp-fbr-unearths-massive-tax-evasion-by-sugar-mills/

FBR DECIDES TO INITIATE PANEL AUDIT OF SUGAR INDUSTRY

By RECORDER REPORT on November 13, 2019

The Federal Board of Revenue (FBR) Tuesday clarified that the FBR has decided to initiate panel audit of sugar industry under section 32A of the of the Sales Tax Act,1990 to improve tax compliance and ensure transparency in reporting mechanism.

According to the FBR, this clarification is being issued in response to a reported news in respect of monitoring exercise being conducted by FBR at various sugar mills across Pakistan. The impression transpiring from the news item leads to some misconception of tax evasion/fraudulent activities by some sugar mills.

It is clarified that investigative audit has nothing to do with any tax evasion unearthed in sugar industry, FBR said.

It is further clarified that FBR has decided to initiate panel audit of sugar industry under section 32A of the of the Sales Tax Act,1990 in order to improve tax compliance and ensure transparency in reporting mechanism.

The FBR believes in improving compliance through educating, facilitating and transparent and fair application of law, FBR added.

https://www.brecorder.com/2019/11/13/543799/fbr-decides-to-initiate-panel-audit-of-sugar-industry/

COTTAGE INDUSTRY: PUNJAB TO START SOFT LOAN PROGRAMME

By MUHAMMAD SALEEM on November 13, 2019

With an allocation of Rs 300 million, the Punjab government has decided to start a loan programme on soft terms and conditions for the promotion of cottage industry in the province. A loan worth Rs 300,000 will be given along with the return period of three years and three months grace period.

Similarly, loan scheme worth Rs 6 billion will be started for small and medium-sized enterprises (SMEs). Under this scheme, loan amount up to Rs three million will be extended with a grace period of six months. Under the loan markup support programme, the existing SMEs will also get loans on soft terms and Rs 3 billion will be allocated for this scheme.

In this regard, a meeting was held under the chairmanship of Chief Minister Sardar Usman Buzdar at his office here on Tuesday in which briefing was given about these programmes.

Addressing the meeting, the chief minister said that soft loans programmes will help promote the industrial sector, and especially the industries facing paucity of resources, will be benefited by it. The youth will also learn new skills to get job opportunities.

The chief minister directed that the loans disbursement process should be made transparent as well as speedy.

Industries Minister Mian Aslam Iqbal, administrative secretaries, MD PSIC and others attended the meeting.

Moreover, the Punjab CM, while expressing concern over artificial price-hike especially unnecessary increase in the prices of vegetables, has directed the Price-Control Task Force to take effective measures for stabilizing the prices of food items.

Sardar Usman said that vegetables will be available at government rates at agri fair-price shops of model bazaars. The decision has been made to expand the scope of model bazaars to the level of tehsil and the chief minister directed to submit a plan in this regard.

The CM said that Provincial Price-Control Authority will be established on the pattern of Punjab Food Authority and the required mechanism should be given final shape at the earliest.

He asked the line departments to play their role in this regard while district administration should also ensure strict monitoring of items' rates.

He said price-control magistrates should proactively perform and rate lists should be conspicuously displayed at all the shops.

Moreover, the CM said that human beings are continuously facing pain and misery in Indian-Occupied Kashmir for the last 100 days and this curfew is the worst violation of human rights as well as an ugly example of barbarity.

He asked the international community to pressurize India to end curfew in Occupied Kashmir as India has been unsuccessful to subjugate the Kashmiris by depriving them of all the basic necessities of life.

He said that Kashmiris courage and passion is high and strong despite the cruelties of Indian occupied army and continued curfew. India cannot suppress the indigenous freedom movement of the Kashmiris through continued barbarity and cruelties, he added.

https://www.brecorder.com/2019/11/13/543789/cottage-industry-punjab-to-start-soft-loan-programme/

NEWS COVERAGE PERIOD FROM NOV 18 TO 24, 2019

ENGRO DONATES CROP PROTECTION TO CENTRE FOR COMBATING LOCUST ATTACK

By RECORDER REPORT on November 22, 2019

To combat the recent locust attack and counter the threat to the agricultural sector in Sindh and Punjab, Engro Fertilizers Ltd donated 6.7 tons of crop protection, worth Rs4.6 million, to the Federal government.

Due to change of weather and recent spell of rains, the onslaught of desert locust swarms has hit rural and urban areas of Sindh and Punjab, damaging the agricultural produce in the region. In line with its vision to uplift the agricultural sector of Pakistan, Engro Fertilizers, which specializes in crop protection products and practices, provided 13,430 packs containing 6.7 tons of La Noda – Cyhalothrin free of charge to the Ministry of National Food Security & Research in the greater interest of the agriculture sector of the country. Sufficient for 13,430 acres of agricultural land, this is the single largest contribution by a company to counter the recent locust attack.

“We understand that the locust attack is very alarming and a grave threat to our farmers and the food security of Pakistan. Engro Fertilizers has always been at the forefront in fulfilling our commitment towards Pakistan's development and we will continue to stand with the government. We are confident that our crop protection product will support the government to effectively overcome the locust attack."-PR

https://www.brecorder.com/2019/11/22/546576/engro-donates-crop-protection-to-centre-for-combating-locust-attack/

NEWS COVERAGE PERIOD FROM NOV 25 TO DEC 01, 2019

‘HIGHER’ UREA PRICES: ANOTHER ‘MATCH’ LIKELY BETWEEN RAZAK, FERTILIZER INDUSTRY TOMORROW

By MUSHTAQ GHUMMAN on November 25, 2019

Another ‘match' is expected between Prime Minister's Adviser on Commerce, Industries and Production and Investment Abdul Razak Dawood and the powerful domestic fertilizer industry on “higher" urea prices at a meeting of Fertilizer Review Committee (FRC) on Tuesday (tomorrow).

The prime minister and his cabinet members are deeply concerned about the prevalent urea price in the country but Ministry of Industries and Production, which has big say in price fixation, reportedly bowed down before fertilizer sector.

Recently, farmers of Punjab held a protest demonstration in Lahore, severely criticising the government for not extending any relief to them as prices of inputs have soared.

September 18, 2019, fertilizer industry out rightly refused to withdraw increase in urea price by over Rs 200 per bag, citing scrapping of GIDC Ordinance 2019 due to pressure from different stakeholders.

The local fertilizer industry has increased urea price by Rs 200 per bag taking the price to Rs 2040 per bag, after the U-turn on GIDC Ordinance by the government.

The Supreme Court is conducting hearing on the GIDC case. This issue was taken up at the cabinet level where Abdul Razak Dawood was directed to hold a meeting with the fertilizer industry and bring the price of urea to Rs 1810 per bag.

Urea prices during January 2019 were reported at Rs 1800 per 50-kg bag and an increasing trend was observed throughout the year. In July 2019, the price of urea was reported at Rs 1916 per bag and continued increasing up to Rs 2040 during October, 2019. This implied urea price rose by Rs 230 per bag during the last nine months apparently in connivance with the government's stakeholders at federal and provincial level.

According to the government calculations, the cost of producing urea per bag has been calculated at Rs 1496 including impact of GIDC of Rs 405 and if the amount of GIDC is excluded, the cost of urea is Rs 1091 per bag. However, the cost of FFC is Rs 31 per bag higher than other manufacturers.

The sources said, fertilizer industry was not paying the GIDC collection to the government due to litigation but collecting from farmers.

This issue of increase in urea prices has also been raised in the federal cabinet in recent meetings.

The reasons behind the increase were cited as increase in gas prices, inflation and withdrawal of GIDC Ordinance.

Gas forms the basic raw material for fertilizer manufacturing process and is consumed as fuel (20 percent) and feedstock (80 percent). The recent price revision (twice) led to higher cost of production, ultimately impacting on the end user (the farmers).

Fertilizer industry maintains that the price revision was driven by the quest for higher revenue targets without much deliberation in relation to its impact on end users (the farm community). The fertilizer industry believes that the impact on farmers can be minimized through reduction of gas price for fertilizer industry in the following manner: (i) the gas price increase should be minimal for feedstock, as its impact is four times more on the farmers and is further aggravated due to multifold financial load on old plants, since new plants are operating at a fixed price; and (ii) gas price slab (fuel) for fertilizer industry may be specified separately from other industrial sectors.

The sources said, Ministry of Industries and Production would endeavour today to convince the fertilizer sector to slash urea price at least by Rs 100 per bag and bring it to Rs 1940 per bag as the government is under immense pressure from farmers to reduce their input costs.

https://www.brecorder.com/2019/11/25/547371/higher-urea-prices-another-match-likely-between-razak-fertilizer-industry-tomorrow/

DECEMBER 2019

NEWS COVERAGE PERIOD FROM DECEMBER 02 TO 08, 2019

PM’S CLEAN AND GREEN PAKISTAN INITIATIVE: PEPSICO TO PROVIDE SAFE WATER TO 140,000 PEOPLE BY 2021

By RECORDER REPORT on December 7, 2019

Under the Clean and Green Pakistan Initiative launched by Prime Minister Imran Khan, PepsiCo is working to provide safe water to 140,000 people in the country by 2021 and a rehabilitated water filtration facility has been inaugurated on Friday.

Mian Muhammad Aslam Iqbal, Minister of Industries, Commerce and Investment Punjab, inaugurated a rehabilitated water filtration facility in Lahore.

According to an announcement of a leading beverage company here on Friday, the refurbishment was facilitated by the international non-governmental organization, WaterAid, with the financial support from global food and beverage company, PepsiCo. It is expected that 3,500 people from the Millat colony, Lahore will directly benefit from the new facility; an additional 5,000 people from the Gaus ul Alam colony in the Gulberg area of Lahore will also be benefited.

This is the first project implementation under PepsiCo's commitment to the Clean and Green Pakistan Initiative launched by the Prime Minister of Pakistan late last year. To support the ‘access to safe water' pillar of the Clean and Green Pakistan Initiative, PepsiCo is working to provide safe water to 140,000 people in the country by 2021.

Speaking at the inauguration Minister of Industries, Commerce and Investment Punjab Mian Muhammad Aslam Iqbal said, “Water is essential for human survival and cannot be replaced. I appreciate this collaboration between PepsiCo and WaterAid in supporting the Punjab Government in ensuring access to safe water to marginalized communities in Lahore."

Furqan Ahmed Syed, CEO PepsiCo Pakistan and Afghanistan said that access to safe water has remained a challenge for Pakistan. With our partners WaterAid, we are on a mission to enable access to safe water for underserved communities in Karachi, Lahore and Islamabad. This is in line with our global commitment to provide access to safe water to 22 million people by 2025.

Siddiq Khan, Country Representative, WaterAid Pakistan commented, “WaterAid Pakistan is committed to supporting Clean and Green Pakistan Initiative by the Government of Pakistan and are happy that through this collaboration we were able to reach vulnerable populations residing in the urban areas. PepsiCo and WaterAid Pakistan will continue to take initiative to provide access to safe water as part of the Clean Green Pakistan Initiative."

Increasing access to safe water for vulnerable individuals is one of the most urgent challenges the world faces. Addressing this challenge has long been a priority for PepsiCo. Through partnerships funded by The PepsiCo Foundation, the company's philanthropic arm, it has provided more than 22 million people in underserved communities around the world access to safe water since 2006. In the last year alone, PepsiCo and its partners expanded access for more than 6 million people, indicating the company is on track to exceed its goal to support a total of 25 million people with safe water access by 2025.

https://www.brecorder.com/2019/12/07/551170/pms-clean-and-green-pakistan-initiative-pepsico-to-provide-safe-water-to-140000-people-by-2021/

NEWS COVERAGE PERIOD FROM DECEMBER 09 TO 15, 2019

CORPORATE SECTOR URGED TO FOLLOW ‘OICCI WOMEN’ INITIATIVE

By RECORDER REPORT on December 11, 2019

The Overseas Investors Chamber of Commerce and Industry (OICCI) and its member companies are role models for empowering women at the workplace and the corporate sector across Pakistan should follow the ‘OICCI Women' initiative to foster economic growth of the country.

These views were expressed by Sindh Governor Imran Ismail, while commending the efforts of foreign investors at the OICCI Women Empowerment Awards 2019, held here Tuesday.

The Sindh Governor who was the chief guest at the event observed that “women constitute a large ratio of population in Pakistan. In past few years, women have been getting higher education and subsequently employment in the business sector. Similarly, women are also the main consumers in a number of niche businesses. It is imperative to give women equal employment opportunity and congenial working environment for the economy to grow."

He added that ‘OICCI Women' is a great platform to join, create a movement for women empowerment and acknowledge the efforts of prominent performers at the awards ceremony like OICCI has been doing for past couple of years.

The ceremony was attended by a large number of CEOs, HR executives and corporate professionals from different OICCI member companies, as well as diplomats and other distinguished guests.

OICCI President Shazia Syed said that OICCI has been advocating for women empowerment for past 2 years and it is the second edition of the awards this year. It is time to acknowledge the efforts of OICCI members and give awards to the outstanding performers.

She said, “empowerment of women and gender equality are essential tools to achieve sustainable development. Therefore, it is important to bring women into the mainstream so that they participate fully in all sectors, to build strong economies and improve the quality of life for women, men, families and communities."

She shared the statistics that in OICCI member companies the percentage of women employees is little over 13 percent which she opined ‘is below par'. Similarly, there are about 11.7 percent of women in top leadership; 11.9 percent in middle management; 12.2 percent in junior management and 12.1 percent in non-management cadre amongst OICCI member companies. “These numbers need to improve further by the collective efforts of all members as there is a long way to go," Shazia Syed added.

The awards were judged by an independent jury who vetted the performance of companies from different angles and awarded the best performers overall and in seven separate categories. Three companies emerged victorious across all the categories and won top three positions for the main “OICCI Women Empowerment Award 2019." P&G and Telenor were declared the first and second runner-up while Unilever won the top position and became ‘Champion of 2019.'

Special Recognition Awards were given in seven categories. Reckitt Benckiser won in the ‘Leadership & Strategy' category; Sanofi Aventis in ‘Gender Balance Workforce'; Nestle in ‘Work Life Integration'; GlaxoSmithKline in ‘Women Leaders Development'; Philip Morris “Growth in Number of Women in Top Leadership"; Total Parco “Notable Growth in Women Empowerment" and Pak Brunei Investment bagged the ‘Top Performer Amongst Small-sized Companies' Award.

The representatives of the winning companies shared their best practices with the audience and pledged to broaden their horizon in the area of women empowerment as there is still a long way to go. The OICCI Managing Committee congratulated the winners and hoped to see ‘OICCI Women' initiative becoming an inspiration for all organizations across the country as well as in other walks of life.

https://www.brecorder.com/2019/12/11/552191/corporate-sector-urged-to-follow-oicci-women-initiative/

NEWS COVERAGE PERIOD FROM DECEMBER 16 TO 22, 2019

FERTILISER IMPORTS DOWN BY 25.60PC IN 4 MONTHS

December 16, 2019

ISLAMABAD: The fertilizers manufactured imports into the country during first four months of current financial year decreased by 25.60 percent as compared the imports of the corresponding period of last year.

During the period from Jul-October, 2019, about 889,395 metric tons of fertilizers worth $320.149 million imported to fulfill the domestic requirements as compared the imports of 995,549 metric tons valuing $430.323 million of same period last year, according the data of Pakistan Bureau of Statistics.

Meanwhile, the imports of agriculture machinery and implements into the country during the period under review reduced by 25.07 percent as compared the corresponding period of last year as agriculture machinery and other implements worth $34.732 million imported as compared the imports of $ 46.342 million of same period of last year.

In last four months, the imports of agriculture chemicals also decreased by 17.20 percent as it was recorded at $2.56 billion as compared the imports of $3.092 billion of the same period last year.

During the period under review, the imports of plastic materials and medicinal products registered decrease of 15.87 percent and 0.06 percent respectively as about 500,271metric tons of plastic material valuing $619.786 million imported as compared the imports of 7,956 metric tons costing $382.369 million of the same period last year.—APP

https://epaper.brecorder.com/2019/12/16/1-page/815305-news.html

THAR: POTENTIAL FOR NEW POWER, FUEL, UREA PROJECTS

By SYED AKHTAR ALI Published: December 16, 2019

ISLAMABAD: Thar coal has been in the limelight these days. The Sindh government is in negotiations for a large project on Thar coal with 1,320-megawatt power generation capacity and production of associated energy products like gasoline and diesel.

While there is nothing new about electricity from Thar coal as one project is already in production and several others are at various stages of implementation, projects of fuel and fertiliser production are new and a welcome development. Apart from the Oracle project, Chinese companies are on trips to Karachi and Islamabad to explore and discuss such projects.

Fertiliser production with the help of Thar coal and gasification thereof is being debated for a long time in Pakistan. There are, in fact, a variety of products including gasoline, diesel, gas and different chemicals that can be produced out of coal.

Syngas is produced by burning coal under high pressure and temperature with low oxygen. There are then two routes – one is Fischer-Tropsch process under which syngas is converted into gasoline and diesel, and the other is a more versatile methanol route in which syngas is converted into methanol and then there are wider possibilities of producing gasoline, diesel and chemicals including plastics base material.

There has been, however, considerable scepticism about the suitability of lignite for gasification. It has been successfully proved in China and the US that lignite (Thar coal type) can be gasified and subsequently converted into various products such as fertiliser, gasoline, diesel and chemical products.

In case of urea, fertiliser plants are located far away from Thar coal fields as the closest are 400 km away on Sindh and Punjab borders. Either syngas has to be transported there, which is not easy, or fertiliser plants may have to be shifted from their present locations to Thar or coal may have to be transported to the fertiliser plants at their existing locations in Sindh.

The latter may be a costly operation adding $20 per ton to the coal cost, which is already high under the current production scheme in Thar. However, new urea fertiliser plants can be installed without such problems.

Negotiations are going on for producing diesel from Thar coal. China has been producing diesel from coal since 2008. Financial Times reports production cost of converting coal into diesel in China at $446 per ton as opposed to the spot diesel price of $578 per ton, which shows a 23% cost advantage.

Reportedly, Sasol (South Africa) is producing even at a lower cost. According to a Chinese publication, coal to diesel is feasible at $50 per barrel of crude oil prices. Current Brent crude price is $64 per barrel.

About 3.5 tons of coal (sub-bituminous probably) is required to produce one ton of diesel. Thar coal CV is on the average half that of normal coal.

Pakistan's annual diesel demand is 7.2 million tons. There should be good chances for developing a feasible project for producing one to two million tons of diesel per year, meeting 20% of the annual requirement. By comparison, a 200,000-barrel-per-day oil refinery produces five million tons of diesel.

Methanol can also be the initial product at the Thar site, having physical and technical feasibility whereas economic feasibility calculations are awaited. China is the largest consumer of methanol globally, consuming seven million tons annually. China is a net importer despite a considerable local production.

Thus, there is scope for designing an export-based methanol project on Thar coal. Other products such as urea, gasoline and diesel may be added later. Methanol can be converted into gasoline as well under an ExxonMobil MTG process.

Simply speaking, methanol (CH3OH) is a colourless liquid form of methane (natural gas). It is the simplest form of industrial alcohol being used both as fuel and chemical input.

Methanol has many applications. It is safer than liquefied petroleum gas (LPG) gasoline and diesel. Its risk rating is 15 vs 36 for LPG. Its (M15) emissions are also lower than RON-95 gasoline. Methanol is non-pressurised unlike LPG.

It can be mixed into LPG with a 20% share to make LPG cheaper. It can replace LPG altogether, or to the extent LPG is imported. More than 500,000 tons of LPG is imported annually.

Methanol can also be mixed with gasoline as an octane enhancer in place of injurious metallic compounds based on manganese. Methanol can be added to gasoline in the proportion of 12% to be marketed as M15 gasoline. Methanol can replace diesel in modified truck engines.

Another application is in marine transportation, where methanol can replace dirty furnace oil. In China, all such applications are being utilised. India and Egypt have launched projects for M15 gasoline and LPG mixing. Methanol is cheaper than LPG and gasoline. The current spot price of methanol is $1.03 per gallon vs $1.65 per gallon for gasoline at the New York Mercantile Exchange. Diesel is priced at $586 per ton vs methanol at $342 per ton.

However, it has to be noted that one litre of methanol is thermally equivalent to 0.65 litre of gasoline. It can be manufactured from a wide variety of raw material like biomass, natural gas, oil, coal and various wastes.

In Pakistan's case, it would save foreign exchange, if nothing else – if local methanol production is even equal to gasoline or diesel prices. Comparative cost calculations are to be done.

Synthetic natural gas (SNG) appears to be a possible option due to the location and transportation issues. It is, as the name implies, is natural gas but is produced synthetically as opposed to being dug out from gas fields. It is methane (CH_4) as opposed to syngas (a mixture of CO, H_2, CH and others).
Chinese are facing similar problems with their coal and lignite resources buried in the Mongolia desert. A number of SNG projects have been implemented and more are in the process.
Following production possibilities may be considered: methanol 1.4 million tons per annum, SNG 600 million cubic feet per day (mmcfd), urea one million tons per annum and diesel one to two million tons per annum.
Individually, these quantities may not be very high but when combined this may become quite a large volume. The integrated power and petroleum/chemical products production may offer many opportunities of cost reduction, especially, through the utilisation of waste heat, improving yield and thermal efficiency.
However, the capital expenditure requirements would be high. Individual coal projects of 1,320MW have a capital expenditure of $2 billion each.
These are capital and technology-intensive projects having longer gestation periods. Many companies may not be interested. Such projects may only be financed through Chinese cooperation under CPEC or otherwise.
There is no free lunch. Investors expect good return. It has to make economic sense for the recipient as well. It is hoped that competitive, fair and mutually beneficial project schemes will be worked out eventually.
Fortunately, for traded goods like methanol, gasoline and diesel there are known international prices around which agreements are possible. Even gas has become tradable in the form of LNG.
The weighted average import price of LNG in Pakistan is estimated at $7.5 per mmbtu and local gas at around $6 per mmbtu. Concluding, there is a need for developing some kind of a policy. However, it is good to see interest and activity. Let this does not wane away.
The writer is former member energy of the Planning Commission
Published in The Express Tribune, December 16th, 2019.
https://tribune.com.pk/story/2118452/2-thar-potential-new-power-fuel-urea-projects/

GOVT CONCERNED ABOUT RISING DAP, UREA PRICES

The Newspaper's Reporter December 17, 2019
ISLAMABAD: While reviewing fertiliser situation for rabi season, the Ministry of National Food Security and Research on Monday expressed its concerns over the gradual increase in DAP prices despite declining trend on the international market.
A meeting chaired by Minister for National Food Security Makhdoom Khusro Bakhtyar also discussed the cost of domestic urea and profiteering by manufacturing companies.
It was pointed out that the Gas Infrastructure Development Cess collected from farmers by these companies was not being deposited to the national exchequer.
The National Assembly Special Committee on Agricultural Products has assigned a task of evaluation of profit margin of various fertiliser products, especially urea and DAP. It was agreed that the Competition Commission of Pakistan will present its findings on the profit margin of various fertiliser products at its next meeting.
Following a detailed presentation by the National Fertiliser Development Centre (NFDC), the meeting expressed satisfaction over available urea and DAP stocks for rabi season 2019-20.
On the proposal of the food minister, the cabinet committee on fertiliser is constituted under the chairmanship of the planning minister, which will also look into the high profitability and high prices of both urea and DAP.
Published in Dawn, December 17th, 2019
https://www.dawn.com/news/1522673/govt-concerned-about-rising-dap-urea-prices

PEPSICO HIGHLIGHTS SUSTAINABILITY EFFORTS IN FOUR KEY AREAS

RECORDER REPORT December 17, 2019
ISLAMABAD: A leading beverage company on Monday informed experts/social enterprises, creative businesses about its sustainability efforts in four key areas i.e. next generation agriculture practices, access to safe water, women empowerment and youth employment

In this regard, PepsiCo organized an event titled "With Purpose" on Monday. The event showcased PepsiCo's persistent efforts in the said key areas. The evening also served as a platform for 4 brilliant young speakers to share their vision of purpose and social impact.
Najeeha Farooq, Co-Founder Roshni Rides, spoke about her journey of setting up a professional, comfortable and reliable transport solution for women and children. Rizq a social enterprise committed to ending huger in Pakistan was represented by one of it's co-founders Musa Aamir, Musa spoke candidly about the challenges and triumphs that come with running a non-profit.
Faiza Saleem, one of the first female standup comedians in Pakistan added some insightful humor to the mix about breakings myths in a male dominated genre. The fourth speaker was Annum Tariq, a graduate of the PepsiCo – Amal leadership programme. Her talk was about the struggles fresh graduates go through in finding a job and how the youth programme helped her in gaining an edge with prospective employers.
The event focused on the four pillars of PepsiCo's "Winning with Purpose" Agenda in Pakistan. Installations demonstrating PepsiCo's impact in each area were appreciated by the attendees. In water, PepsiCo has partnered with Water Aid to provide access to safe water to 150,000 people in Lahore, Karachi and Islamabad. The first rehabilitated filtration plant under this initiative was inaugurated in Lahore last month. This intervention feeds in to PepsiCo's global goal of providing access to safe water to 25 million people by 2025.
PepsiCo is leading the Next Generation Agriculture Practices in Pakistan by helping its farmers adopt high efficiency irrigation systems, educating them on alternatives to stubble burning, encouraging peer to peer learning and water conservation. Since 2017, PepsiCo has helped its farmers reduce water consumption by 2.6 billion liters.
PepsiCo is commitment to Women Empowerment. Women make up 20 percent of the company's frontline workforce. The company has onsite day-care facilities, offers mentorship programmes for women and offers opportunities for location fee roles and career growth across different functions.
On the occasion, Furqan Ahmed Syed, CEO for PepsiCo Pakistan and Afghanistan shared PepsiCo's agenda of Winning with Purpose and acknowledged colleagues and partners and individuals outside of the organization who have championed and advocated the With Purpose Agenda.
https://epaper.brecorder.com/2019/12/17/7-page/815492-news.html

'GAS PRICE RISE MAY AFFECT UREA RATE BY RS600 PER BAG'

The Newspaper's Staff Reporter December 18, 2019
LAHORE: An increase of 135 per cent in gas prices for urea manufacturers as recommended by the Oil and Gas Regulatory Authority (Ogra) may push urea price by Rs600 per bag.
"If the government raised the gas price by Rs300 per mmbtu for the fertiliser companies, they will be constrained to increase their product price as well to sustain," a urea firm executive told Dawn on Tuesday.
"The government is making the right and tough call to ensure that we don't have another circular debt crisis in the gas sector, but the increased gas tariffs will push inflation rate and force us to increase our prices as well," he added.
He added that the proposed pace of the increase in gas tariffs was not sustainable." With the demand for other phosphorous-based fertilisers largely catered to by local players, any increase in gas prices would also lead to prices of DAP and other fertilisers to rise as well."
The executive said the government should pass on such increases at an appropriate pace and while implementing these changes institute adequate monitoring mechanisms to ensure that the traders did not end up making it an excuse to make exorbitant increases in the prices of daily consumables.
"Subsidy for the small farmers should be introduced concurrently to ensure that the impact of these increases is absorbed by them easily."
Published in Dawn, December 18th, 2019
https://www.dawn.com/news/1522955/gas-price-rise-may-affect-urea-rate-by-rs600-per-bag

GINNERIES RECEIVE 7.86M BALES ACROSS COUNTRY

December 19, 2019
MULTAN: Seed cotton (Phutti) equivalent to 7.86 million bales reached ginneries across Pakistan till Dec 15 registering 21.09 percent shortfall compared to corresponding period of the last year. Out of total arrivals, over 7.54 million bales had undergone the ginning process, according to a fortnightly report released to media by the Pakistan Cotton Ginners Association (PCGA) here on Wednesday. The arrivals in Punjab were recorded at 4.46 million bales

and over 3.39 million bales in Sindh. Total sold out bales were recorded at over 6.58 million bales, including 6.53 million bales bought by textile mills and another 52,160 bales by exporters. Over 1.27 million bales were still lying with the ginneries as unsold stock. Sanghar District of Sindh continued to remain on top with cotton arrival figures of over 1.1 million bales. The report does not include cotton arrival figures from districts of Kasur and Sargodha.
Fortnightly flow or the arrival of cotton in terms of bales at ginning factories in the first fortnight of Dec 2019 was recorded at 413,659 bales.—APP
https://epaper.brecorder.com/2019/12/19/21-page/815920-news.html

HIKE IN GAS TARIFFS LIKELY TO TRIGGER JUMP IN UREA PRICES

By Usman Hanif Published: December 19, 2019
KARACHI: The Oil and Gas Regulatory Authority (Ogra) has sought a nearly 214% hike in gas prices, which may lead to an increase in urea prices by a whopping Rs600-700 per bag.
Ogra has sent a summary to the federal government, which, if approved, would come into effect from January 2020.
The price of gas, which is used as feedstock for fertiliser, would increase 136% from Rs300 per million British thermal units (mmbtu) to Rs707 per mmbtu while the price of gas used as fuel by the fertiliser industry would become costlier by 32%, going up from Rs1,022 to Rs1,345.
If the prime minister approves the proposal, it would push up urea prices by Rs730 per bag but, according to market sources, the premier may not approve the exact proposal.
"This will be the second gas price hike during FY20 by the Pakistan Tehreek-e-Insaf (PTI) government, reflecting an aggressive approach to bridge the revenue shortfall for both SSGC and SNGPL, under the IMF programme," according to a report of Taurus Securities.
"If notified, the hike is likely to impact the entire economy including households and industries, severely. Resultantly, we may even witness increase in headline inflation. Our current CPI forecast for FY20 stands at 11%."
"Ogra's recommendation is foreseen to augment the burden on all the industrial sectors and consumers of the country," said a fertiliser industry source on condition of anonymity. This increase varies from one sector to another and goes up multiple times for certain segments.
"It is strange that on the one hand the government is asking the industry to reduce urea prices to support farmers and on the other hand it is going to take this harsh step," remarked Sherman Securities' research analyst Saqib Hussain.
"Although this step is clearly a continuation of the right efforts to resolve the circular debt problem in the gas sector, it is a bit hasty measure," he said.
The gas sector has accumulated circular debt of Rs181 billion.
Gas prices are supposed to be revised every six months, said Hussain. "However, the previous government held up the prices for about three years, which created the balloon of circular debt."
"The government is making the right and tough calls to ensure that we don't have another circular debt crisis," said the industry source. Having said this, the proposed pace of increase is not sustainable and would create massive inflation across the board.
As an example, the cost of roti (bread) may double or even triple and the CNG cost may go up by Rs24 per kg. In line with past practices, this increase in the gas cost would be passed on by the fertiliser industry and would lead to an increase in urea prices by Rs600-700 per bag.
With demand for other phosphorous-based fertilisers largely catered to by the local players, any increase in gas prices would cause a surge in prices of DAP and other fertilisers as well, he said.
Published in The Express Tribune, December 19th, 2019.
https://tribune.com.pk/story/2120704/hike-gas-tariffs-likely-trigger-jump-urea-prices/

FERTILISER DEMAND-SUPPLY SITUATION REVIEWED

By Our Correspondent Published: December 21, 2019
ISLAMABAD: Federal Minister for Planning, Development and Special Initiatives Asad Umar chaired a meeting on Friday to review the demand and supply situation of fertiliser in the country.
The meeting was informed that sufficient stocks of urea and di-ammonium phosphate (DAP) were available and there was no shortage of commodities in the market.

It was noted that fake news was being spread regarding the likelihood of increase in urea prices. It was observed that there was no reason for any hike in prices and the speculation was being made by vested interests.

Ministry, fertiliser industry discuss urea price reduction

The minister stated that the government was planning to take measures to further reduce fertiliser prices in the days to come.

Umar gave directives that all the relevant departments should keep a close watch on the demand and supply situation and the prices of products to prevent price manipulation.

It was reported earlier that the Oil and Gas Regulatory Authority (Ogra) was seeking a nearly 214% hike in gas prices.

In this regard, the regulator has sent a summary to the federal government which, if approved, will come into effect from January 2020.

According to a fertiliser industry official, if the recommendation is approved, it will increase the burden on all industrial sectors and consumers of the country. The proposed hike in gas prices may even trigger an increase in urea prices.

If the prime minister approves the proposal, it will push up urea prices by Rs600-700 per bag, according to market sources.

"With demand for phosphorous-based fertilisers largely catered to by the local players, any increase in gas prices will cause a surge in prices of DAP and other fertilisers as well," said the industry official.

Published in The Express Tribune, December 21st, 2019.

https://tribune.com.pk/story/2122137/2-fertiliser-demand-supply-situation-reviewed/

UAF SIGNS MOU WITH ENGRO FERTILIZERS

By RECORDER REPORT on December 22, 2019

The University of Agriculture, Faisalabad and Engro Fertilizers Limited inked a Memorandum of Understanding to collaborate in the development of "Integrated E-learning system for Agricultural Technology Transfer by using Hybrid approach"- a project being funded by HEC through its Technology Development Fund (TDF).

They MoU was duly singed by UAF Vice Chancellor Dr Muhammad Ashraf and Engro Fertilizer Chief Commercial Officer Amir Iqbal.

It was also agreed upon to conduct joint field trials to develop agronomic recommendations and to further use that information in developing informative literature and videos for the farmers. They will also jointly organize workshops, seminars, tra

https://www.brecorder.com/2019/12/22/555415/uaf-signs-mou-with-engro-fertilizers/

NEWS COVERAGE PERIOD FROM DECEMBER 23 TO 29, 2019

UREA MAKERS WARN GAS TARIFF HIKE TO HIT AGRI SECTOR

Kalbe Ali Updated December 24, 2019

ISLAMABAD: The fertiliser sector has asked the government to reconsider proposed increase in gas prices, maintaining that it would raise urea rates and negatively impact food security of the country.

In a letter to the Ministry of Industries, the fertiliser manufacturers said the latest gas price determination by the Oil and Gas Regulatory Authority (Ogra) on Dec 10 suggested an increase in fertiliser feedstock price by more than 236 per cent, raising it from Rs300 per mmBtu to over Rs706 per mmBtu.

While fuel price increase has also been suggested, however the price impact on urea would be around Rs600 per bag of 50 kg. This means that the new price would be Rs2,600 per bag.

Such a decision would be harmful to the agriculture sector which in turn could harm the overall economy of the country, the letter said.

The fertiliser manufacturers said the government has raised the raw material cost as gas component of urea produced has gone up historically high from roughly 30pc to 55pc.

The letter noted that the gas price hike — if materialised — would further escalate to 85pc of the total urea bag price.

The proposed increase will push up the fertiliser price to Rs2,600 per 50kg bag

The impact of fertiliser use on the yield of major crops such as wheat and rice in country has been up to 250pc and 160pc respectively in the last fifty years.

As per the system, Ogra carries out natural gas price determination for the two gas utility companies including the Sui Southern Gas Company Ltd (SSGCL) and Sui Northern Gas Pipelines Ltd (SNGPL).
However, the government can advise Ogra of any concessions or special price regimes to specific sectors.
Suggesting a way out of the situation, fertiliser companies said limited price may be increased for gas utilised as fuel by the fertiliser plants and no increase may be made in the feedstock prices.
It added that such a move would result in minimal increase in fertiliser prices and promote healthy competition among the manufacturers since it would not give windfall profits to new fertiliser plants that enjoy a fixed dollarised feed price for 10 years.
The fertiliser companies have also asked the ministry to take up the matter related to Gas Infrastructure Develo-pment Cess (GIDC), claiming that fertiliser sector has been subjected to the highest rate of Rs300 per mmBtu GIDC on the feedstock and Rs150 mmBtu for fuel gas.
"To improve farm economics, the government should implement the already agreed formula of reduction in feedstock and fuel GIDC to 50pc. This too would be a win-win solution for all the stakeholders," the letter added.
The letter refers to fertiliser plants based on Mari Petroleum Company Limited (MPCL) that have spent billions of rupees on developing their gas infrastructure just to sustain the current production levels whereas the gas utility companies should have borne the bill for such infrastructure development.
Published in Dawn, December 24th, 2019
https://www.dawn.com/news/1524107

FERTILIZER INDUSTRY: GAS PRICE PARITY WITH INTERNATIONAL RATES UNDER STUDY

By MUSHTAQ GHUMMAN on December 28, 2019
The government is working on a new proposal aimed at bringing gas prices for fertilizer industry at par with international gas prices and paying subsidy directly to farmers, sources close to the Prime Minister Advisor on Commerce, Industries and Production and Investment, told Business Recorder.
This proposal purportedly tailored by Minister for Planning, Development and Special Initiatives, Asad Umar, who worked as CEO Engro Corporation before joining active politics, has been shared with domestic fertilizer industry for their feedback prior to finalizing the proposal.
Citing public perception, Ministry of Industries and Production has accused local fertilizer industry of making windfall gains, asking them to bring down prices on their own. However, such accusations have been refuted by the Fauji Fertilizer Company (FFC).
The Competition Commission of Pakistan (CCP) which had imposed a fine on two fertilizer plants in the past, has started internal work on cost audit of fertilizer industry, meant to force the industry to reduce prices of urea or at least to not ask for further increase under the garb of increase in natural gas prices starting from January 1, 2020.
"Bring domestic fertilizer prices to urea import parity. Additional revenue generated can be used to provide direct subsidy to farmers to keep prices for farmers at current levels which will remove any efficiency in subsidy transfer from manufacturers to farmers," the sources quoted the concept paper of Planning Minister, Asad Umar.
Though the concept paper is yet to be analysed, the proposal put forward by Asad Umer will lead to difference between the price of old and new plants to the tune of Rs 1,200 per bag as of now, said an insider on condition of anonymity.
The new proposal, according to him, denied a level playing field to the entire industry and a windfall is foreseen in case of at least two groups who will earn over Rs 260 billion in case the proposed policy is implemented, because the plants of these groups are operating on the 2001 policy which would enable them to make Rs 1,200-1,400 per bag profit.
"This will cause serious market distortion, with so much less leverage for new plants and will provide undue benefit to the old plants and at the cost of loss to the exchequer," he added.
Analysts argue that the proposal is a knee jerk one and a highly discriminatory solution, which will lead to hefty subsidy by the government to that fertilizer industrial units operating under gas price protection of fertilizer policy 2001.
"This will amount to huge gap between cost of production of old and new plants to the tune of over Rs 1,000 per bag. Such a wide difference may lead to serious market distortions and shutting down of plants set up before 2001," analysts added.

There is also a perception that the proposal to directly transfer subsidy to farmers, may not reach the poor ones at the time of purchase of urea, in view of the fact that the database of farmers is based on land ownership, and does not include the Muzaras or lease farmers.
The realization of Punjab government's subsidy is just 15-20 percent so far in spite of the simple token system.
“If at all the government has to switch over to the direct and targeted subsidy as a political tool then the GIDC must be done away or settled out of court," said one of fertilizer industry stakeholder, adding that Supreme Court may give a chance to the government to consider application of recent GIDC Amendment Ordinance 2019, which was retracted by it.
“Gradual increase in gas price combined with proportionate subsidy tokens may be more workable to take away the onus of passing subsidy indirectly through industry to direct benefit scheme," he added.

https://www.brecorder.com/2019/12/28/557043/fertilizer-industry-gas-price-parity-with-international-rates-under-study/

PAKISTAN'S FERTILISER SECTOR BUILDS INVENTORY OF 1M TONS

By Usman Hanif Published: December 28, 2019
KARACHI: Pakistan’s fertiliser sector has built up urea inventory of one million tons, which is going to weaken the pricing power of the companies if the government does not allow them to export.
As per the latest data released by the National Fertiliser Development Corporation (NFDC), the sale of urea surged 2.2 times to 381,000 tons in November as compared to 119,000 tons in the previous month. On the other hand, DAP offtake showed comparatively muted growth of 49% on a month-on-month basis in the period under review.
“Overall nutrient offtake showed an upward growth of 80% month-on-month as better rains and availability of water support higher demand of nutrients in Rabi sowing season,” stated a report by Aba Ali Habib Securities.
Despite this improvement, the sector has piled up a huge stock, which will force it on the back foot and push down prices as the demand inside the country does not match the extensively high production.
This year the sector has accumulated one million tons of urea. In November 2018, the inventory was only 150,000 tons, which means an increase of almost seven times, said Sherman Securities analyst Saqib Hussain.
At the beginning of 2019, the country faced a shortfall of urea due to the low availability of natural gas.
In a bid to facilitate the fertiliser sector, the government allowed producing urea with LNG, which comparatively costs higher than natural gas available in Pakistan, according to the analyst. The LNG price is attached to the dollar price which is why the government had to give subsidy, he added.
The government gave a subsidy of Rs650 to Rs700 per mmbtu, which translated into Rs800 per urea bag of 50kg.
Cumulatively, the fertiliser players produce 550,000 tons urea per month including 70,000 tons with LNG. Pakistan has a demand of 5.8 million tons per year or 483,000 tons per month.
The government started the subsidy in April this year. After that, it has been nine months and with the time the sector has piled up around one million ton inventory, said the analyst. “We fear that they will have to sale urea on discounted price,” said Hussain.
This is the time when Rabi season is coming to an end while Kharif season will start in April, presumably a gap of three months before the farmer will be needing urea.
“In this time, production houses will keep producing urea and that will build more stock and subsequently more pressure on the companies and they will lose their pricing power,” said Hussain.
Although in December the companies have already stopped producing urea with LNG, still the inventory will continue to pile up in the next three months.
Now, the sector is left with two options, either the government let it export, which can bring $250 million foreign exchange for the country or the sector will have to sell on a discounted rate and bear the loss.
In May 2017, Pakistan had built up an inventory of 1.7 million, said the analyst. At that time, the government allowed the sector to export 300,000 tons and again after three months, the sector exported another 300,000 tons to normalise the surplus inventor.
Published in The Express Tribune, December 28th, 2019.
https://tribune.com.pk/story/2126167/2-pakistans-fertiliser-sector-builds-inventory-1m-tons/