FFC FAUJI FERTILIZER COMPANY LIMITED

2022
Annual Integrated Report

RISING ABOVE CHALLENGES

COVER STORY

The growth momentum evidenced in the economic decimals of yesteryear was influenced by the geo-political instability and unprecedented inflation across globe, and resultantly world economies were affected. Pakistan is no exception. Our economy, farmers and the fertilizer industry had to face repercussions. The increased cost of doing business and double digit interest rates, impacts of currency devaluation and its impact on DAP fertilizer prices, hike in petroleum products to name few, additionally a super tax was imposed by the Government.

FFC remained steadfast in these turbulent times, generating wealth for its shareholders, supporting the farming community by providing affordable fertilizer as compared to the expensive international fertilizer prices. We achieved all our KPIs and were among very few companies of Pakistan to support our stakeholders and faced business and economic challenges steadfastly rising among all these obstacles and challenges.

VISION

To be an inspiring, distinguished and globally diversified enterprise with a hallmark of excellence, trust and innovation

MISSION

Taking a lead role in the agricultural & industrial development by delivering premium products and services while maintaining a high level of social and environmental responsibility for all the stakeholders, thus providing a dynamic and challenging environment for our employees

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ABOUT OUR INTEGRATED REPORT **2022**

OUR PURPOSE	INTEGRATED THINKING AND DELIVERY ON OUR PURPOSE		
Vision Mission ▼ **Leading Through Our Purpose** ▲ Values Practices	Board and its subcommittees ▼ **Governance** ▲ Management	Short, medium and long-term outlook ▼ **Strategic Focus and Future Outlook** ▲ Financial and non-financial targets	Risks ▼ **Determining Our Material Matters & Risk Management** ▲ Opportunities

How we create value for/in our business model

Value creation, preservation and erosion management, is the result of our robust governance system and strategy execution. These practices are rooted in our vision and mission, which acts as a focal point to align every one within the organizations. The value-creating business model demonstrates how we make decisions, and apply our capitals to varying degrees that result in changes in capitals over time, generate financial and non-financial performance and create value for our stakeholders. The business model is explained on page 158. We use the following icons in the report to express value creation, preservation, and erosion management.

- Value creation
- Value preservation
- Value erosion

Governance

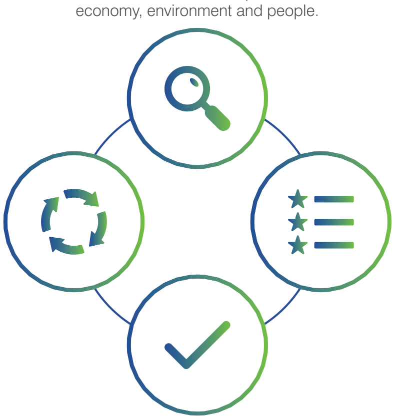
FFC's governance system led by the board and its committees, operates on the principles of transparency, accountability and good governance, by safeguarding the interest of the stakeholders. Our governance structure is explained in detail in the Corporate Governance section on page 98.

Strategic Focus and Future Outlook

Strategic objectives and outlook is the result of our well-articulated business strategy which defines these objectives. The resource allocation mechanism is in place to implement those strategic objectives, which also elaborates the measurement achievements and target outcomes. Our forward looking statement addresses our expected condition and performance, status of projects disclosed last year also explaining about the sources of information and assumptions used for projections.

Our approach to materiality and the enterprise risk management

Our materiality assessment approach provides a holistic perspective and focuses on issues, opportunities, and risks that have material impacts on capitals and ability to pursue sustainable business. Approach to materiality and material matters is explained on page 164. Through an effective enterprise risk management system, we identify risks and opportunities posed by the operating environment, assess the significance, review industry-specific issues and consult with our stakeholders. Our risk management process is discussed in detail on page 88.



OUR INTEGRATED REPORTING PROCESS

Compiling Our Report	Validating the Integrity of the Report	Approving the Integrated Report
Reporting Frameworks	Coordinated assurance model	Management sign-off
Reporting standards	Management, auditors and reviewers	Board approval

What process do we follow to complete the integrated report?
Process owners across the Company and its Subsidiaries provide the reporting packs prepared on the basis of reporting criteria as required by the applicable reporting frameworks detailed below. Materiality of information is taken into account while reporting the financial and non-financial information. Financial reviews are carried out by extracting information from the audited financial statements.

Sustainability report is prepared by a cross-functional team comprising of reporting representatives and led by CSR, which produces the content of the report under the oversight from the CSR committee.

The report aims to demonstrates clarity and conciseness, and the information contained is concrete, specific, relevant and easy to understand. It also delivers effective sequence, structure, logic and flow.

Which reporting frameworks do we adhere to?
The Annual Integrated Report 2022 is prepared on the basis and guidelines of International <IR> Framework (2021) and criteria defined by ICAP/ICMAP and South Asian Federation of Accountants (SAFA).

The report is also in accordance with the Global Reporting Initiative (GRI) Standards (2021 update) and complies with the Chemical Industry Standard of the Sustainability Accounting Standard Board (SASB), the requirements of the United Nations Global Compact (UNGC) "Ten Principles" and CSR Voluntary Guidelines, 2013 (SECP), to provide stakeholders a concise and transparent assessment of our value creation ability and our impacts on the economy, environment, and people. As a listed company of the Pakistan Stock Exchange, we also comply with the PSX top companies criteria and minimum SDGs reporting requirements for listed companies.

The Report in its entirety also complies with requirements of Companies Act, 2017, Code of Corporate Governance 2019 and other applicable regulations explained in respective elements of report. The Financial Statements consistently comply with the requirements of International Financial Reporting Standards (IFRS), Companies Act, 2017 and other applicable regulations

Assuring the integrity and approval of our report
We ensure the integrity of the report through our integrated reporting process, various reviews and approval processes. Directors' report and Financial Statements are reviewed by the Audit Committee and approved by the Board of Directors. The Board has endorsed and authorized the release of their report on January 30, 2023.

Independent External Review / Assurances
Our External Auditors M/S A. F. Ferguson & Co. Chartered Accountants (a member firm of PwC network) provides opinion/assurance on compliance with code of corporate governance, independent auditors report on standalone and consolidated financial statements. The sustainability report was externally reviewed by BSD Consulting- an ELEVATE company, in order to check compliance with the IR Framework, GRI Standards, SASB Chemical Industry Standard, ISAE 3000 (Revised), and AA 1000AS Principles of Inclusively, Materiality, Responsiveness, and Impact. Nadeem Safdar & Co, Chartered Accounts also co-reviewed the report based on ISAE 3000-(Revised). Certain reviews and external assurances specific to various Capitals are also detailed in their relevant section. Credit Rating of Entity has been conducted by PACRA.

Navigating through this report (page 455) will also assist the readers to understand ten key domains / section of the report.

OUR INTEGRATED REPORT

Reporting period
The report is prepared and published annually and covers the period January 01 to December 31, 2022. The report has been published on March 06, 2023.

Data Compilation Methodologies
The economic and social data presented in the report includes data covering FFC's manufacturing plants, marketing offices, and head office, while the environmental data relates to plant sites only and does not include the environmental impact of other locations except for the environmental impacts of fuel and electricity used.

The compilation of data has been done on the basic scientific measurement as well as industry specific logical methodologies. There are no changes in reporting period, scope, boundary, and data measurement methodologies. Previous years' figures have been regrouped/rearranged wherever found necessary to conform to this year's classification. The online PDF version can be accessed at http://www.ffc.com.pk/investors-relations/annual-reports/.

Operating Businesses – FFC, its Subsidiaries and Associates
FFC, its subsidiaries and associated entries operates in fertilizer, power, food, banking, cement and technical services business.

Financial and non-financial reporting
The report includes financial and non-financial performance, risks and opportunities, and outcomes attributable to our activities and key stakeholders that significantly influence our value-creation ability. Extensive details about financial position and performance are available on pages 52-97.

Targeted readers
The report is primarily intended to address the needs of investors and to provide them with a holistic view of our value creation potential taking into account financial and non-financial risks and opportunities. The information is also presented to other key stakeholders including our employees, suppliers, regulators, and society etc.

Compliance beyond reporting criterion
Covered under 'Governance practices exceeding legal requirements' and 'Disclosures beyond BCR Criteria' on pages 106 & 109 respectively

SDG Reporting
We report on activities, projects and targets that support United Nation (UN) SDGs

Feedback: For any question or suggestion regarding Sustainability Report (pg 143-231) please connect to the csr@ffc.com.pk
Tel: +92-51- 111-332-111, 8452920

01

COMPANY OVERVIEW

General information about the Company and its operations

COMPANY INFORMATION

Board of Directors

Mr Waqar Ahmed Malik
Chairman

Mr Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer

Dr Nadeem Inayat
Mr Saad Amanullah Khan
Ms Maryam Aziz
Maj Gen Naseer Ali Khan, HI(M) (Retired)
Mr Peter Bruun Jensen
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
Syed Bakhtiyar Kazmi
Mr Shoaib Javed Hussain
Dr Ayesha Khan
Mr Jehangir Shah
Mr Iftikhar Ali Sahoo

Chief Financial Officer

Syed Atif Ali
Tel No. +92-51-8456101
Fax No. +92-51-8459961
E-mail: atif_ali@ffc.com.pk

Company Secretary

Brig Asrat Mahmood, SI(M) (Retired)
Tel No. +92-51-8453101
Fax No. +92-51-8459931
E-mail: secretary@ffc.com.pk

Registered Office

156 - The Mall, Rawalpindi Cantt, Pakistan
Website: www.ffc.com.pk
Tel No. +92-51-111-332-111,
+92-51-8450001
Fax No. +92-51-8459925
E-mail: ffcrwp@ffc.com.pk

Plant Sites

Goth Machhi, Sadiqabad

(Distt: Rahim Yar Khan), Pakistan
Tel No. +92-68-5954550-64
Fax No. +92-68-5954510-11

Mirpur Mathelo

(Distt: Ghotki), Pakistan
Tel No. +92-723-661500-09
Fax No. +92-723-661462

Marketing Division

Lahore Trade Centre,
11 Shahrah-e-Aiwan-e-Tijarat,
Lahore, Pakistan
Tel No. +92-42-36369137-40
Fax No. +92-42-36366324

Karachi Office

B-35, KDA Scheme No. 1
Karachi, Pakistan
Tel No. +92-21-34390115-16
Fax No. +92-21-34390117 &
+92-21-34390122

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants
74-East, Blue Area,
Jinnah Avenue, Islamabad
Tel No. +92-51-2273457-9,
+92-51-2870045-85
Fax No. +92-51-2206473

Shares Registrar

CDC Share Registrar Services Limited
CDC House, 99 - B, Block - B
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400
Tel: +92-0800-23275
Fax: +92-21-34326053

BANKERS

Conventional Banks

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
SAMBA Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited
Zarai Taraqiati Bank Limited

Islamic Banks

Al Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Bank Alfalah (Islamic)
Dubai Islamic Bank Pakistan Limited
MCB Islamic Bank Limited
Meezan Bank Limited
The Bank of Khyber

www.ffc.com.pk

HIGHLIGHTS 2022

2,404 KT
Sona urea production

117%
Operational efficiency

51,510
Farmers reached through our unique Agri. Services

2,423 KT
Sona urea sales

Rs **664** million
Donations

Rs **30** Billion
Contribution to National Exchequer

Rs **109.36** Billion
Highest ever turnover

45%
(UREA)
Combined FFC / FFBL market share

USD **1.65** Billion
Import substitution

62%
(DAP)
Combined FFC / FFBL market share

46%
Contribution to indigenous urea production (FFC+FFBL)

Rs **9.94** Billion
Highest ever investment income

Rs **40.97** Billion
Earnings before interest tax & depreciation (EBITDA)

Rs **12.13** Per Share
Dividend payout to shareholders

57.43%
Return on capital employeed (ROCE)

PRODUCT PORTFOLIO

Principal Activities of the Company

The principal activity of the Company is manufacturing, import and subsequently marketing of fertilizer products in addition to its investment in numerous other projects related to energy production, food processing, financial services and other chemical production.

Sona Urea P & Sona Urea G

Agricultural Use:

Urea is a concentrated straight nitrogenous fertilizer that contains 46% nitrogen, which is a major plant nutrient. Nitrogen is an integral part of chlorophyll, which is necessary for the photosynthesis. Urea is applied in splits (basal & top-dressing) to promote growth of crops, vegetables and orchards.

In irrigated areas, urea is applied (top-dressed) in the standing crop followed by irrigation to minimize gaseous losses as ammonia volatilization. In rain fed areas, it is often spread just before rain or after rains to minimize gaseous as well as runoff losses. “Sona Urea” produced by FFC is in prills form and at FFBL is in Granular form. Granular urea has the advantage of ease in application on standing crops due to bigger size granules

Industrial Use:

Raw material for manufacturing of plastics, adhesives and industrial feedstock.

Sona Urea (Neem Coated)

Agriculture Use:

Neem Coated Urea is an enhanced efficiency concentrated straight nitrogenous fertilizer, which is coated with neem oil. It contains 46% nitrogen, which is a major plant nutrient and a vital component of chlorophyll required for photosynthesis. Coating urea with Neem oil has been proved to be an effective natural alternative to nitrification inhibiting chemicals. Thus, it leads to gradual release of nitrogen for a longer period of time resulting in more nitrogen uptake and higher yields. Neem oil also serves as a repellent to certain soil pests like nematodes. It is applied in splits (basal & top-dressing) to promote vegetative growth of crops, vegetables and orchards. Neem coated urea is also environment friendly due to its slow release characteristics.

FFC DAP & Sona DAP

Agricultural Use:

Di-ammonium Phosphate (DAP) belongs to a series of water-soluble ammonium phosphates that is produced through a reaction of ammonia and phosphoric acid. DAP is the most concentrated

phosphatic fertilizer containing 46% P_2O_5 and 18% N. Physically DAP is in granular form. It is compound phosphate fertilizer. It is recommended for all crops as basal fertilizer for better root proliferation, inducing energy reactions in plants and increasing size of the grains or fruits. The solubility of DAP is more than 90%, which is the highest among the phosphatic fertilizers available in the Country; due to which it can also be applied post planting through fertigation. After soil application, DAP goes through chemical reactions with a net acidic effect, making it the most suitable phosphatic fertilizer for farm lands in Pakistan. Furthermore, as basal DAP application, accompanying nitrogen content also meets the early stage nitrogen requirements of crop plants.

Industrial Use:

Fire retardant used in commercial firefighting products. Other uses are as metal finisher, yeast nutrient and sugar purifier.

FFC SOP

Agricultural Use:

SOP (Sulfate of Potash or Potassium Sulfate) is an important source of Potash, a quality nutrient for better crop yields particularly fruits and vegetables. FFC SOP contains 50% K_2O and 18% sulfur, which are important nutrients for plant growth and development. Potash has a vital role in enzyme activation, stress tolerance, resistance against pests & diseases, increasing sugar content and translocation of photosynthetic products from leaves to other parts of the plants. Potash is an important nutrient for activation of enzymes in the plant body, develops resistance against stresses like water / frost injury and also helps in increasing sugar/starch contents in plants. Sulfur is important for fatty acid synthesis and therefore is important for oilseed crops. Sulfur has an additional advantage of ameliorating effect on salt-affected soils. Sulfur also helps in preventing spread of fungal or other soil borne diseases. FFC SOP is one of the finest quality products with less than 1.5% Chloride content being imported from European origin and preferred for high value crops.

Industrial Use:

Occasionally used in manufacturing of glass.

FFC MOP

Agricultural Use:

Potassium chloride (commonly referred as Muriate of Potash or MOP) is the most common potassium source used in agriculture, accounting for over 90% of all potash fertilizers used worldwide. MOP is the most concentrated form of granular potassium and typically the most cost effective source of potash. FFC MOP contains 60% K_2O and is used for fertilizing almost all crops like sugarcane, maize, rice, wheat, cotton, orchards, vegetables and other field crops. The even granule size of MOP allows uniform field application through broadcast spreading. This product can be mixed with other fertilizer products due to physical compatibility with other granular products.

Industrial Use:

Used in medicine, scientific applications, food processing etc.

Sona Boron

Agricultural Use:

Sona Boron is a micronutrient fertilizer as Borax (Di-Sodium Tetra Borate Deca-hydrate) in 3 kg packaging. It is an essential micronutrient required for plant nutrition, which plays a vital role in a number of growth processes especially cell division, cell elongation/development, pollination, and fruit/seed setting. Keeping in view increasing boron deficiency in Pakistani soils, FFC is providing superior quality Sona Boron containing minimum 10.5% Boron. It is in crystalline form and easy to use. It is soluble in water and readily available to plants. Sona Boron can be applied with other fertilizers.

Sona Zinc

Agricultural Use:

Sona Zinc is a micronutrient fertilizer in the form of Zinc Sulphate Monohydrate (27%) in 3 kg packaging. It is an essential micronutrient required for plant nutrition, which plays an important role in number of growth processes like; synthesis of chlorophyll & proteins, enzyme activation, hormonal activity for growth regulation. Zinc also improves uptake of nitrogen and phosphorous by the plants. Zinc deficiency in soil and ultimately in diet is causing different diseases in humans and livestock. Keeping in view the wide spread deficiency of zinc in Pakistani soils (>85%), FFC is providing high quality Sona Zinc to farmers. It is in granular form and can be mixed with other fertilizers for broadcast application. Sona Zinc is water-soluble and can also be used as fertigation i.e. application with irrigation.

Renewable Energy

Supply of green / renewable wind energy to the Country, through the Company's subsidiary companies:

FFC Energy Limited

FFCEL has been incorporated to build, own and operate a 49.5 MW wind power generation facility and the onward supply of electricity to Pakistan's national grid (NTDC).

Foundation Wind Energy – I Limited

FWEL – I operates a 50 MW wind power generation facility for onward supply of electricity to Pakistan's national grid (NTDC).

Foundation Wind Energy – II Limited

FWEL – II operates a 50 MW wind power generation facility for onward supply of electricity to Pakistan's national grid (NTDC).

Technical Services

Olive Technical Services (Pvt) Limited

OLIVE is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

Processed Fruits and Vegetables

Fauji Fresh n Freeze Limited

To provide quality frozen Fruits & Vegetables (F&V) and French Fries to domestic market with objective of hygiene, convenience, year round availability, the Company through its wholly owned subsidiary – Fauji Fresh n Freeze Limited (FFF) is operating a state of the art Individual Quick Freeze (IQF) processing facility in Sahiwal. It has the highest food safety standards in the industry and is certified in BRC, ISO 9001, 14001, 45001 & Halal.

FFF's brand name is Opa! which is popular for frozen French Fries and F&V; FFF products have a promising potential to become a common household brand of choice in domestic market.

The product portfolio in IQF fruits & vegetables category includes peas, sweet corn, strawberry, broccoli and mix vegetables.

GEOGRAPHICAL PRESENCE

Pakistan

Fauji Fertilizer Company Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Marketing office	Lahore	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Urea Plants I & II	Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Urea Plant III	Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Resident Manager office	Karachi	B-35, KDA Scheme No. 1, Karachi, Sindh

FFC Energy Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Wind Power Project	Jhimpir	Deh Kohistan, Taluka Jhimpir (District: Thatta), Sindh

Fauji Fresh n Freeze Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Corporate office	Lahore	5-B, Main Jail Road, Gulberg II, Lahore, Punjab
Site office	Sahiwal	16 KM Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab

OLIVE Technical Services (Private) Limited		
Head office	Rawalpindi	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab

Foundation Wind Energy I and II Limited		
Head office	Rawalpindi	5th floor, Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Wind Power Project	Jhimpir	Gharo Creek Area (District: Thatta), Sindh

Fauji Fertilizer Bin Qasim Limited		
Head office	Islamabad	FFBL Tower, Plot No. C1/C2, Sector B, Jinnah Boulevard, Phase II DHA, Islamabad
DAP & Urea Plant	Bin Qasim	Plot No. EZ/I/P-1 Eastern Zone, Port Qasim, Karachi, Sindh

Askari Bank Limited		
Head office	Islamabad	Third Floor, Plot No. 18, NPT Building, F-8 Markaz, Islamabad

Fauji Cement Company Limited		
Head office	Rawalpindi	Fauji Towers, Block 3, 68 Tipu Road, Rawalpindi, Punjab
Cement Plant	Attock	Jhang Bahtar, Tehsil Fateh Jang, Attock, Punjab
	Wah	Near Wah Railway Station Tehsil Taxila, Pakistan
	Nizampur	Village Kahi, Nowshera Pakistan

Thar Energy Limited		
Head office	Karachi	11th floor Ocean Tower, G-3, Block 9, Main Clifton Road, Karachi, Sindh
Thar Energy Ltd Plant	TharParker	HUBCO-Thar Energy Ltd Block-II Thar Coal Mine Fields 34 km from Islamkot District TharParker

Morocco

Pak Maroc Phosphore S.A.		
Head office	Casablanca	Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
PMP Plantsite	Jorf Lasfar	BP 118 ElJadida, Jorf Lasfar, Morocco

Addresses of the Company's Marketing Offices are given in note 1.1 of the Financial Statements and the Consolidated Financial Statements.

CODE OF CONDUCT

Gender Equality

- The Company shall strictly maintain and promote gender equality without discrimination on the basis of race, religion, ancestry, familial status, age, disability etc.
- Equal opportunities to employees in professional growth will be afforded to all irrespective of any gender or racial / religious biases.

Compliance to Law / Policies

- We shall not make, recommend, or cause any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate / Company policy.

Exercise of Authority

- We shall not use our respective positions / authority to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favour, gift or benefit, whether financial or otherwise, to ourselves or others.
- We shall remain refuted to any actual or attempted abuse of a position of vulnerability, differential power, or trust, for any purposes.

Protection of Property

- We shall not use or disclose the Company's trade secret, proprietary or confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit.
- We shall protect Company's property, plant premises, supplies (all kind), production equipment and products.

Reporting of Illegal / Unethical Conduct

- We shall implement a strict policy for "whistleblowing" and protection against retaliation.
- Employees shall be encouraged to report any unethical behaviour, violation of laws, rules, regulations, Company policies and procedures or code of conduct to the respective committee.
- Informant shall be warranted no retaliation for reports made in good faith.

Reputation

- We shall maintain reputation of the Company as a valuable asset and consciousness of our reputation shall prevail in our words and deeds.

Business Dealings

- In business dealings with suppliers, contractors, consultants, customers and government entities, we shall not provide or offer to provide, any gratuity, favour or other benefit
- All business dealings shall be conducted strictly at an arm's length basis.
- We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company.
- We shall deal with our business partners, suppliers and customers honestly at the same time protecting the Company's confidential information, trade secrets and business interests.

Personal Relationship

- All of us shall exercise utmost care in looking after business interests of the Company under situations in which a pre-existing personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship.
- Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety.

Health and Safety

- We shall set a goal oriented Health, Safety, Environment and Quality (HSEQ) Management System; derived from Industry Best Practices and International Standard.
- Every employee should:
  - » Observe all applicable health and safety rules and practices.
  - » Promptly report any unhealthy or unsafe conditions or threatening or violent behaviour.
  - » Follow all security measures and guidelines for a safe work environment.
  - » Know what to do in an emergency and cooperate during the practice of emergency drills.

Brand Image

- Every employee shall maintain strong and consistent brand image of the Company while dealing with all stakeholders.

Protection of Environment

- We shall abide by all applicable environmental laws, rules and regulations including environmental quality standards.
- We shall encourage all employees to recognize and promptly report any situation posing potential or actual environmental hazard.

Contribution to Society

- We shall enhance and create value for the society social initiatives.
- We shall create lasting change in communities through programs designed and implemented in the light of Sustainable Development Goals, which include Commitment to implement universal principles of human rights, labour standards, environmental protection, anti-corruption, key education, health, environmental, social and humanitarian issues, investments in communities and empowering farmer's community to ensure food security.

CORE VALUES

01

Honesty

in communicating within the Company and with our business partners, suppliers & customers, while at the same time protecting the Company's confidential information and trade secrets

02

Excellence

in high-quality products and services to our customers

03

Consistency

in our words and deeds

04

Compassion

in our relationships with our employees and the communities affected by our business

05

Fairness

to our fellow employees, stakeholders, business partners, customers & suppliers through adherence to all applicable laws, regulations & policies and a high standard of moral behaviour

06

Reputation

is built / perceived as a valuable asset and the consciousness of our reputation prevails in our words and deeds

07

Teamwork

to synergize for achieving strategic objectives

08

Innovation

to create value and sustain competitive advantage

POLICY STATEMENT ON ETHICS AND BUSINESS PRACTICES

- It is the policy of FFC to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly; that is, to be honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices
- The Company's reputation and its actions as a legal entity depend on the conduct of its directors and employees. Each one of us must endeavour to act according to the highest ethical standards and to be aware of and abide by applicable laws
- We all must ensure that our personal conduct is above reproach and complies with the highest standards of conduct and business ethics, and have the obligation to ensure that the conduct of those who work around us complies with these standards. The Company's Code of Business Ethics and Code of Conduct will be enforced at all levels fairly and without prejudice
- This code to which the Company is committed in maintaining the highest standards of conduct and ethical behaviour is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company who all have been provided with a personal copy

COMPANY PROFILE AND GROUP STRUCTURE

At FFC, our uncompromising purpose to create value for our stakeholders and contribute to the national economy is driven by the resilience of our business model, resolve of our workforce and reach of our diversified portfolio, thereby making us stand out as one of the most robust and accomplished businesses of Pakistan.

Fauji Fertilizer Company Limited (FFC) is Pakistan's largest urea manufacturing company, incorporated in 1978 as a joint venture between Fauji Foundation, a charitable trust in Pakistan (which owns 44.35% equity stake in the Company) and Haldor Topsoe A/S of Denmark to set up a urea production facility with capacity of 570 thousand tonnes per annum. The Company has grown through reinvestment in fertilizer sector and at present its production capacity stands over 2 million tonnes per annum through its three plants. The Company has contributed more than US$ 17.89 billion to the National Exchequer through import substitution of around 69 million tonnes of urea since its inception.

Fauji Fertilizer Bin Qasim Limited

Fauji Fertilizer Bin Qasim Limited (FFBL) was incorporated as FFC Jordan Fertilizer Company in 1993 and subsequently restructured as FFBL in 2003. With a Country centric approach to further relieve import pressures, FFC invested in Pakistan's first and only DAP and granular urea facility; FFBL, with a shareholding of 49.88%.

The products of both companies are marketed through FFC's well-diversified and Pakistan's largest dealer network which ensures timely supply to the farming community, besides imparting valuable knowledge on latest farming techniques.

Our well recognized 'Sona' brand meaning gold thus signifying the value of our product to the farming community of the Country. FFC combined with FFBL, commanded a market share of 45% in urea and 62% in DAP in 2022 (source: NFDC).

Askari Bank Limited

As part of investment diversification, FFC acquired 43.15% equity stake in Askari Bank Limited (AKBL) against an investment of Rs 10.46 billion in 2013. The Bank was incorporated in Pakistan on October 9, 1991, as a public limited company.

It is principally engaged in the banking business, with a market capitalization of Rs 25.33 billion at the end of the year. The Bank operates throughout Pakistan with a branch network of 600 branches, including 120 Islamic banking branches, 57 sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

Fauji Cement Company Limited

Fauji Cement Company Limited (FCCL), a public limited company, was incorporated on November 23, 1992 and is listed on the Pakistan Stock Exchange (PSX). The company is primarily engaged in the manufacture and sale of different types of cement through its two production lines having an annual production capacity of 6.40 million tonnes. With an investment of Rs 6.4 billion, FFC, now holds 4.29% equity stake in the company.

Thar Energy Limited

Thar Energy Limited (TEL), incorporated in 2016 is a 330 MW coal based power project being developed under the CPEC in collaboration with HUB Power Company Limited (HUBCO: 60%) and China Machinery Engineering Corporation (CMEC: 10%), FFC currently holds 30% equity stake in the company. TEL achieved Commercial Operations during October 2022.

Pakistan Maroc Phosphore S.A.

Pakistan Maroc Phosphore (PMP) is a private limited company incorporated in Morocco as a Joint Venture between FFC (shareholding of 12.5%), Fauji Foundation (12.5%), FFBL (25%) and Office Cherifien Des Phosphates (OCP) of Morocco (50%) in 2004. The company began its activities in 2008 and has a capacity to produce 375 thousand tonnes of industrial phosphoric acid per year. FFC invested in PMP to secure supply of raw material for FFBL's DAP production.

Associated Companies

Joint Venture Company

Subsidiary Companies

FFC Energy Limited

Realizing the importance of green energy, the Company pioneered into wind power generation in Pakistan by incorporating a wholly owned subsidiary, FFC Energy Limited (FFCEL) in 2010. FFCEL started commercial operations in May 2013 with a power generation capacity of 49.5 MW.

Fauji Fresh n Freeze Limited

Fauji Fresh n Freeze Limited (FFFL), operating Pakistan's only Individual Quick Freeze (IQF) food preservation technology, was acquired in 2013 as part of FFC's risk diversification strategy.

Foundation Wind Energy – I Limited
Foundation Wind Energy – II Limited

In 2021, the Company further enhanced its commendable expertise in the renewable energy sector by successfully acquiring 100% equity stake in Foundation Wind Energy – I Limited (FWEL – I) and 80% equity stake in Foundation Wind Energy – II Limited (FWEL – II). Both FWEL – I and FWEL – II have a combined wind power generation capacity of 100 MW.

Olive Technical Services (Private) Limited

OLIVE Technical Services (Private) Limited has been incorporated as a wholly owned subsidiary of FFC to provide technical services pertaining primarily to engineering and information technology. OLIVE is expected to take FFC's existing services portfolio to new heights.

HISTORY OF MAJOR EVENTS

1978
Incorporation of the Company

1982
Commissioning of Plant-I, Goth Machhi (annual capacity of 570 KT urea)

1991
Listed with Karachi and Lahore Stock Exchanges

1992
De-Bottle Necking of Plant-I (Production increased to 695 KT)

Listed with Islamabad Stock Exchange

1993
Investment in FFBL (49.88% equity share)

Commissioning of Plant-II, Goth Machhi (annual capacity of 635 KT urea)

2002
Acquisition Plant-III Mirpur Mathelo (annual capacity of 574 KT urea)

2004
Equity investment in PMP (12.5%)

2008
De-Bottle Necking of Plant-III (Production increased to 718 KT Urea)

Equity investment in FCCL (4.29%)

2010
Investment in FFC Energy Limited (FFCEL), Pakistan's first wind power generation project

2011
SAP-ERP implemented in the Company

2017

Highest ever DAP offtake of 513 KT

Highest ever all Fertilizer sales of 3,223 KT

2016

Highest ever Urea production - 2,523 KT

Long term credit rating of AA and short-term rating of A1+

Winning the overall top position in the Best Presented Annual Report competition conducted by the South Asian Federation of Accountants (SAFA) in SAARC region

Launch of "OPA!" French Fries brand by FFFL

2015

Inauguration of FFFL

2013

Acquisition of 100% equity stake in Fauji Fresh n Freeze Limited (FFFL),

Acquisition of 43.15% equity stake in Askari Bank Limited (AKBL)

Commencement of commercial operations by FFCEL

2012

FFCEL Inauguration

Inauguration of new state of the art Head Office Building in Rawalpindi

2018

Highest ever domestic urea sale of 2,527 KT

Equity investment in Thar Energy Limited TEL (30%)

2021

Equity investment of Rs 13.51 billion for acquisition of FWEL I & II

2022

Highest ever all product Turnover Rs 109.36 billion

Highest ever investment income of Rs 9.94 billion

Overall 1st Position and 1st position in the Chemical & Fertilizer sector of Best Corporate Report Awards 2021 competition held by ICAP and ICMAP

Overall 1st Position in Best Sustainability Report Award 2021 by ICAP/ICMAP

Gold position in the "integrated report" and "Manufacturing sector" category and overall joint silver in competition held by South Asian Federation of Accountants (SAFA) Best Presented Annual Report Awards 2021

Awarded Largest National Taxpayer from Manufacturing Sector for 2nd consecutive time

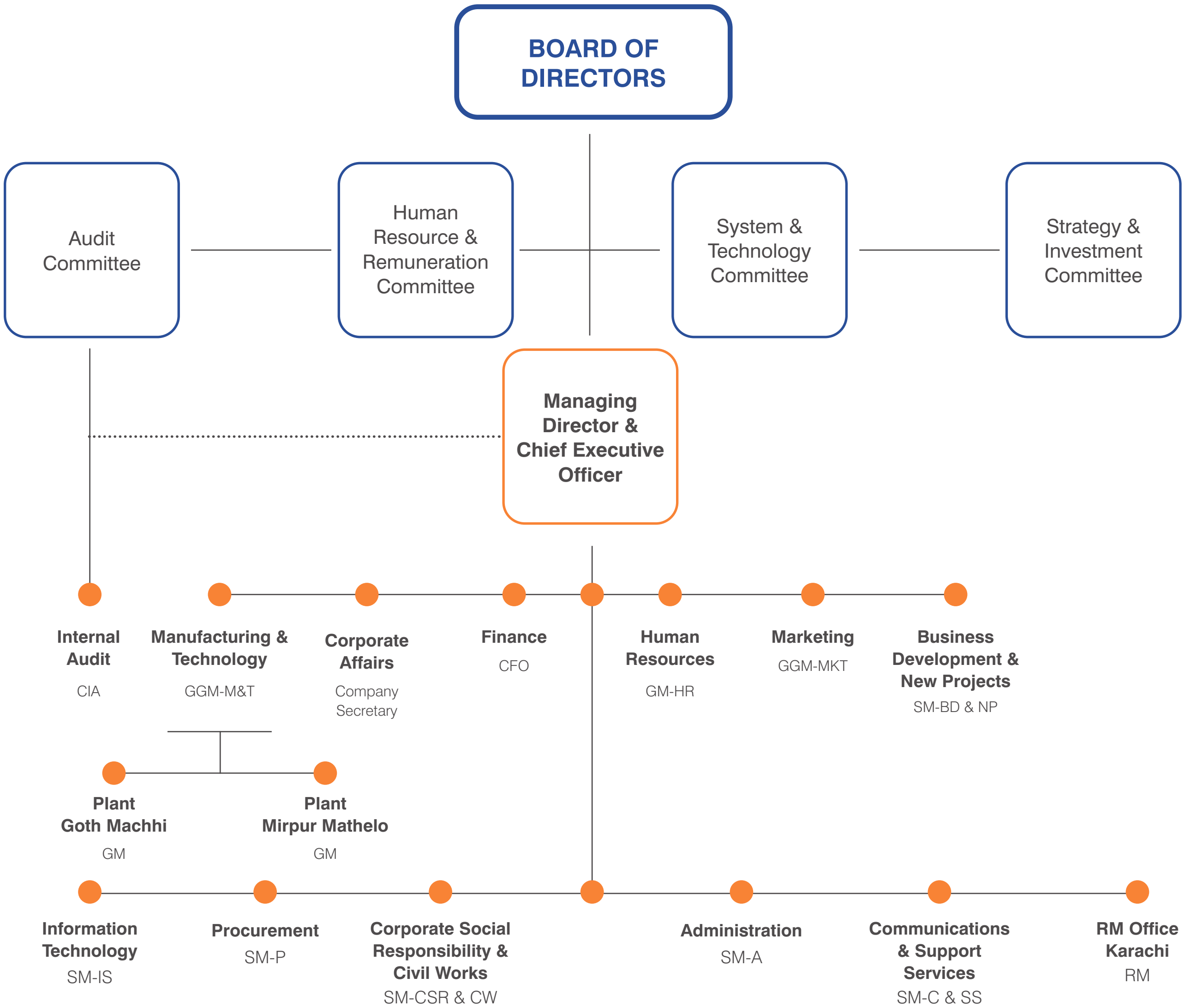
12th consecutive FIRST position - PSX Top 25 listed companies

Joint Bronze Winner for Good Corporate Governance in SAARC Anniversary Award (SAFA)

Maiden dividend from FWEL I and FWEL II of Rs 1.75 billion and Rs 1.40 billion respectively

TEL achieved Commercial Operations with effect from 01 October

ORGANIZATIONAL CHART



A	Administration
BD & NP	Business Development & New Projects
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
C&SS	Communication and Support Services
CSR & CW	Corporate Social Responsibility and Civil Works
GGM	Group General Manager
GM	General Manager
HR	Human Resources
IS	Information Systems
M&T	Manufacturing & Technology
MKT	Marketing
P	Procurement
RM	Resident Manager
SM	Senior Manager

Number of Employees

FFC has employed 3,216 people in its operations including plants, marketing offices and head office. Location-wise break-up of number of employees has been disclosed on page 312 of the Report.

Disclosure of total number of employees has been made in Note 43.4 of the Financial Statements.

Value Creation Business Model

Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our shareholders, employees, and other stakeholders. Detailed value chain has been disclosed on page 158 of the Report.

External Environment

Significant factors effecting the external environment and our associated responses have been disclosed in detail on page 162 of the Report.

Significant Changes From Prior Year

Any significant changes from last year, have been appropriately disclosed in the relevant sections of this Report.

MAJOR EVENTS DURING THE YEAR

January
211th BOD Meeting - Final dividend for year 2021 proposed @ 46.50%

February
1st Corporate Briefing 2022

March
44th Annual General Meeting

April
212nd BOD Meeting - First Interim Dividend announced @ 37.00%

July
213th BOD Meeting - Second Interim Dividend announced @ 21.00%

August
2nd Corporate Briefing 2022

October
214th BOD Meeting - Third Interim Dividend announced @ 31.80%

November
3rd Corporate Briefing 2022

December
215th BOD Meeting

STRATEGY AND RESOURCE ALLOCATION

Corporate Strategy

Sustained fertilizer business with alternative feedstock, diversify both domestically & internationally, engage to maximize portfolio performance and introduce customer focused differentiated products by deploying innovative culture, while remaining a responsible corporate entity.

Strategic Objective	Strategy	Opportunities / Threats
Sustain growth in fertilizer business	Identifying and implementing most suitable alternative resources of energy and increasing fertilizer market share for FFC core business sustainability and growth in fertilizer sector	Sustain market position by utilizing business expertise, maintain production capacities and tap alternate feedstock which is critical for the future of fertilizer business and food security of Pakistan.
Diversify locally and globally through leveraging synergies and fostering strategic partnerships	Identify and evaluate best-suited opportunities in growth sectors through utilizing in-house business expertise and strategic partnerships	FFC's strong financial position, technical expertise and able human resources enables it to diversify by pursing growing markets. In addition to organic growth in fertilizer business, we identify/ evaluate inorganic growth opportunities/ potential M&As to diversify in new business aligned with our strengths and growth aspirations.
Strategize portfolio management to drive long-term growth and exceed shareholders' expectations	Appraise performance of existing investments and position accordingly	Dynamic business environment warrants evaluation of new opportunities and consolidation of existing position that mandates capital shift to more strategic and growing sectors prudently.
Maintain outstanding brand image by providing premium quality innovative products and services	Invest in R&D and innovative solutions for introducing new products as per the evolving needs of the customers	Strong brand image enables FFC to market new products and services while maintaining existing market position. Global developing regulations on nutrient use efficiency have opened opportunities to develop and market high efficiency fertilizer products.
Improve operational efficiency through cost economization and enhanced synergies among functions	Realign and implement policies and procedures for cost optimization and implement systems and processes to enhance synergy among functions	Optimal operations facilitate further cost economization. External factors particularly input costs and international price volatility may affect the Company's performance.
Demonstrate sustainable social, environmental and corporate governance commitment	Focus on UN SDGs and long-term environmental concerns especially climate change	FFC's commitment to sustainable social, environmental and corporate governance provides confidence to stakeholders which consequently generates repute par excellence in the agricultural and industrial sector of the country.
Nurture innovative thinking, teamwork and strong organizational purpose	Create a culture that nurtures innovation and entrepreneurial thinking, establish innovation platforms and enhance employee engagement.	Nurturing innovative thinking and teamwork fuels human capital efforts towards value addition in business and to develop entrepreneurial mindset. Strong organizational purpose and fast changing business environment demands innovation and teamwork to meet the challenges.

Significant Changes in Objectives and Strategies

Based on dynamic business environment, strategic objectives and their implementation strategies are developed and executed professionally.

There is no significant change in strategic objectives and strategies, however, new strategic initiatives related to the strategic objectives have been included in Strategic Plan.

Resources allocated	Human capital, financial capital, manufactured capital and intellectual capital	**Nature** Medium Term and Long Term
KPI Monitored	Production, Sales, Market Share and Net Profit Margin	
Status	Various viable options for alternative feedstock are being considered	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Human capital and financial capital	**Nature** Short Term, Medium Term and Long Term
KPI Monitored	Return on Invested Capital, Gearing Ratio and Interest Cover	
Status	On-going process; hence, business opportunities are under consideration	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Financial Capital	**Nature** Short Term and Medium Term
KPI Monitored	Return on Invested Capital and Share of Earning from Investments	
Status	On-going process	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Human Capital and Financial Capital	**Nature** Short Term and Medium Term
KPI Monitored	Customer Satisfaction Index and Net Profit Margin	
Status	Ongoing process	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Human Capital and Financial Capital	**Nature** Short Term
KPI Monitored	Net Profit Margin	
Status	Ongoing process	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Human Capital, Financial Capital, Social and Relationship Capital and Natural Capital	**Nature** Long Term
KPI Monitored	Net Energy Efficiency	
Status	Ongoing process	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

Resources allocated	Human Capital, Social and Relationship Capital	**Nature** Long Term
KPI Monitored	Employee Engagement	
Status	System is being reinforced to promote a culture of innovation	**Priority**
Future relevance of KPI	The KPI will remain relevant in future	High

STRATEGY AND RESOURCE ALLOCATION

Impact of External Environment on Strategy and Resource Allocation

FFC proactively addresses new developments in technology, sustainability and matters related to environment, social and governance (ESG). While making its wider business strategies, matters such as demographic changes, health, poverty alleviation and educational requirements are also brought into considerations keeping in view the flux in external business environment. Such externalities have a profound influence in reshaping the future business strategy of the organization. Every coming year, this well worked out strategy is refined and then crystalized into a coherent action plan. Management monitors imminent challenges and prioritizes its actions through appropriate resource allocation. Nonetheless, any development that has potential to materialize in future also remains under the radar for effective planning and formulation of alternatives.

The Legitimate Needs, Interests of Key Stakeholders and Industry Trends

At FFC, we consider the legitimate needs and interests of our key stakeholders. Our key stakeholders includes customers, employees, shareholders, suppliers, regulators, and the wider community in which the business operates. Each of our business unit understands needs and interests of our shareholders and take adequate steps to build trust, loyalty and a positive reputation. Industry trends also play a crucial role in shaping our business strategy and operations and our leadership teams ensure that changes in market conditions, consumer behavior, technology, and regulatory requirements are properly addressed and embedded in our business processes.

Strategic Decisions Process

A dedicated Corporate Strategy Office through a strategic planning and management system ensures that our strategy is evolved and aligned with the vision while incorporating the associated risks, both at developmental and implementation stages. Considering the risk appetite of the organization, strategic decisions are deliberated at multiple levels before approval and subsequent implementation.

Positioning in the Wider Market

FFC is positioned to offer wide variety of fertilizers to farmers which are tailored through its extensive agri-services support, experienced agri-scientists and data driven fertilizer application solutions. FFC is the only fertilizer manufacturer whose products are delivered to farmers all across the Country. We have an established research functions for evaluation and development of varieties of fertilizers based on the market and global sustainability needs.

Relation of Long Term Strategies with our Business Model

Pakistan's economic activities are directly or indirectly connected to its agriculture sector. As one of the world's populous country, agriculture and food security will remain important in this market as well as for policymakers. Sustainability of core business, i.e., manufacturing and marketing of fertilizers is one of the key components of FFC's long-term strategy, whether it is based on existing or new sources of raw material.

Resource Allocation Plans to Implement Strategy

To achieve the strategic objectives of the organization, resource allocation plans are prepared and resources are allocated to the strategic initiatives. These resource allocation plans include required financial and human resources to implement the strategy. In this way, business planning is aligned to strategic planning in the organization.

Sustainable Competitive Advantage

Company's key resources and capabilities such as our enterprising human and intellectual capital, manufacturing and marketing process, the strength of our financial base and a robust governance system ensures provision of sustainable competitive advantage.

Value Creation Business Model

Our value creating business model focuses on delivering value to our customers and stakeholders while generating revenues and adding values to the business. Our value creating business model is enumerated on page 158.

Measurement of Achievements & Target Outcomes in Short, Medium and Long Term

Strategic Plans are made which cover the measurement of strategic objectives through Key Performance Indicators (KPIs), their benchmark and performance criteria. Real time measurement and reporting of KPIs is done for the Management to exercise control and support decision-making process.
On the other hand, Strategic Initiatives in Strategic Plan help achieve desired outcome of the strategy. Like KPIs, these strategic initiatives / projects are also continuously monitored with respect to scope, cost and timeline for management information and contro

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

FFC Marketing Group has a large distribution network serving farmers throughout the Country. The vast network of fertilizer dealers provides logistical and working capital efficiencies, while providing products to the farmer in a timely manner.

The numerous challenges that farmers face on a daily basis create opportunity for FFC to be a business partner, and to provide meaningful support / guidance through its Farm Advisory Services.

The competitive landscape and market positioning is explained below:

Potential of new Entrant into the Industry

The entry of a new competitor is currently a smaller risk in the domestic fertilizer market due to highly capital-intensive industry, scarcity of raw material and market saturation rendering the market unattractive.

Any new entrant to the industry would require significant financial resources for infrastructure, machinery, R&D and advertising. Access to distribution channels would also be difficult because of close linkage of the incumbents. Further, current industry players have cost advantages that cannot be easily replicated by a potential entrant.

Power of Suppliers

FFC's continuous and sustainable growth is also attributable to engaging reputed and dependable suppliers as business partners for supply of raw material, industrial inputs, equipment and machinery in addition to supply of debt for meeting working capital and other financial requirements.

During the year, the Company received uninterrupted feed and fuel gas supply from Mari Petroleum Company Limited on predetermined rates fixed by the Government. Other procurements, both local and international, were made in line with the Company's approved budget.

The Company's high credit worthiness is evidenced by its long term credit rating of AA+ and short term credit rating of A1+ which enables us access to better interest rates and loan terms.

Competition in the Industry

The retail landscape of Pakistan's fertilizer sector comprises competitors of differing size and ownership structures. In the case of Urea, our primary competitors are other indigenous fertilizer manufacturing companies whereas in case of other fertilizers, the market comprises of large as well as smaller independent importers.

Most of the fertilizer manufacturers have high fixed cost structures in land, capital equipment and significant personnel related costs. This gives existing competitors a strong economic incentive to strive for market share more aggressively than if they had low fixed costs. Each additional percent of the market allows them to spread their fixed costs and brings a better net margin.

During the year, FFC combined with FFBL commanded a market share of 45% in Urea and 62% in DAP (source: NFDC).

Threat of Substitute Products

With the ever increasing population, there simply will be more 'mouths' to feed per acre. Therefore, providing the right amount of primary as well as secondary nutrients, at the right time becomes more critical and a bigger challenge.

While one nutrient cannot be used as a substitute for another, changes in technology have had and will continue to have significant implications on crop yield.

FFC invests heavily in research and development to strive for more efficient product that results in high yield per acreage. Besides manufacturing Urea and importing DAP, the Company also imports secondary and micro nutrients including sulphur, zinc, boron etc with an aim to better enable its customer to enhance the potential of their cultivable land.

Power of Customers

FFC has invested significantly over the years in customer relationship management going beyond extending credit facilities and trade discounts. Through Agri. Services, FFC has been continuously inducing changes in agricultural production and is highlighting the importance of rapid and efficient transfer of advance knowledge to farmers for their sustainable economic growth.

Our success and performance depend upon the loyalty of our customers, their preference of the 'Sona' brand and our supply chain management.

PROFILE OF THE BOARD


rectors' Meeting

PROFILE OF THE BOARD

Waqar Ahmed Malik

Chairman

Joined the Board on April 9, 2020

Mr. Waqar Malik is the Managing Director and Chief Executive Officer of Fauji Foundation. He is also serving as Chairman on the Boards of following companies, along with Fauji Fertilizer Company Limited;

• Askari Bank Limited	• Fauji Trans Terminal Limited
• Daharki Power Holdings Limited	• FFBL Power Company Limited
• Fauji Akbar Portia Marine Terminals Limited	• Fauji Foods Limited
• Fauji Cement Company Limited	• Foundation Power Company Daharki Limited
• Mari Petroleum Company Limited	• FonGrow Private Limited
• Fauji Fertilizer Bin Qasim Limited	• Pakistan Maroc Phosphore SA
• Fauji Fresh n Freeze Limited	• Fauji Infraavest Foods Limited
• Fauji Kabirwala Power Company Limited	• Pakistan Oxygen Limited
• Fauji Oil Terminal and Distribution Company Limited	• Rafhan Maize Products Company Limited Director
• Jazz Pakistan (Veon) Director	

Mr. Malik's corporate & business experience spans over 30 years with Fortune 500 companies across three continents. A specialist in Strategy, Corporate / Business leadership and Board Governance. His professional experience includes managing and leading businesses in the petrochemicals, consumer and the life sciences industry, and leading large and complex manufacturing-based operations as well as M & A activities. His career with the ICI Pic group based in the UK and then Akzo Nobel in the Netherlands provided him opportunity to work in Europe. For over 10 years, he served as the Chief of Lotte Pakistan limited.

Outside his career his engagements been: Chairman of Sui Southern Gas Company Limited and Noesis (Private) Limited, Member of Board of Central Bank of Pakistan, Board of OGDCL and Karachi Port Trust and Directorship of IGI Insurance Limited, ENGRO Corp, Engro Polymer chemicals Limited and TPL Direct Insurance.

He remained President of Overseas Investors Chamber of Commerce & Industry, MAP, Director Pakistan Business Council, Trustee of LUMS, Duke of Edinburgh Trust, The Indus Valley School of Art & 1-care Pakistan.

Dr Nadeem Inayat

Non-Executive Director

Joined the Board on June 20, 2013

SIC AC ST

Dr Nadeem Inayat is the Senior Director Strategy and Merger & Acquisitions at Fauji Foundation and holds directorship on the Board of following companies along with Fauji Fertilizer Company:

• Fauji Fertilizer Bin Qasim Limited	• FFBL Power Company Limited
• Askari Bank Limited	• Fauji Meat Limited
• Mari Petroleum Company Limited	• Fauji Akbar Portia Marine Terminals Limited
• Fauji Foods Limited	• Fauji Infraavest Foods Limited
• Hub Power Company Limited	• Fauji Kabirwala Power Company Limited
• Fauji Cement Company Limited	• Foundation Power Company Daharki Limited
• Pakistan Maroc Phosphore, S.A Morocco	• Daharki Power Holding Limited
• Fauji Oil Terminal & Distribution Company Limited	• Fauji Fresh n Freeze Limited
• Fauji Trans Terminal Limited	• Askari Cement Limited
• Foundation Wind Energy I & II Limited	

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 37 years of diversified exposure in corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions.

He has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics.

Board Committees

AC Audit Committee | HR Human Resource & Remuneration Committee | ST System & Technology Committee | SIC Strategy & Investment Committee | Chairman / Chairperson

Management Committees

EC Executive Committee | SC Strategy Committee | CSR CSR Committee

Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer (MD&CEO)

Joined the Board on October 16, 2021

EC SC CSR

He is the Managing Director & Chief Executive Officer of Fauji Fertilizer Company Limited and Fauji Fresh n Freeze Limited. He holds directorship on the Boards of following renowned companies also:

• Askari Bank Limited	• International Fertilizer Association
• Fauji Fertilizer Bin Qasim Limited	• International Packaging Films Limited (IPAK) Chairman
• Fauji Foods Limited	• Pakistan Maroc Phosphore SA
• Fauji Meat Limited Chairman	• Patients Aid Foundation
• FFBL Power Company Limited	• Thar Energy Limited
• Foundation Wind Energy-I & II Limited Chairman	• Unilever Pakistan Foods Limited
• FFC Energy Limited Chairman	• Foundation University Islamabad
• Hisaar Foundation	• Olive Technical Services (Private) Limited Chairman

Mr. Sarfaraz, has contributed management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson / Olayan JV and PepsiCo during his varied career.

In 2005, he established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. He also has been involved in consultancy projects, with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr. Sarfaraz was contracted to Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School. Further, he was Chairman of the Broadcasters / Advertisers Council and 1st Effie Awards in Pakistan. He was also on the Board of MAP.

Prior to joining FFC, he joined Fauji Fertilizer Bin Qasim Limited (FFBL) as MD&CEO, and his effective business strategy led to turnaround of FFBL making it a profitable entity.

Mr. Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, been associated with Shaukat Khanum Hospital as a Board of Governor and with WWF as a Director. He is also conveyor with Hisaar Foundation and its work on water / environmental.

Saad Amanullah Khan

Independent Director

Joined the Board on September 29, 2018

AC HR

Mr Khan has three decades of experience with Procter & Gamble in Senior Management including seven years as Chief Executive Officer of Gillette Pakistan. He was twice elected as President of American Business Council (ABC) and twice on the Board of Directors of Overseas Investors Chamber of Commerce and Industry (OICCI).

Currently, he holds directorship on the board of following companies along with Fauji Fertilizer Company:

• Karachi Electric	• Burque Corporation
• NBP Funds	• International Packaging
• Jaffer Brothers	• ZIL Limited

He has also served on the board of PSX and State Life Insurance Corporation.

Mr Khan took early retirement in 2014 to follow his passion for social impact and to drive governance in organizations such as:

• Public Interest Law Association of Pakistan Chairman	• CTM360 (Cyber Threat Management) Director/Partner
• I AM KARACHI President	• Big Thick Burgerz Restaurants Joint Owner
• Pakistan Innovation Foundation Chairman	

Author of a business book “It’s Business, It’s Personal” published in 2014, USA. He has authored many research papers while actively writes in newspapers on economic growth, democracy, entrepreneurship, social development, and leadership.

Mr Khan holds two engineering degrees (Systems Engineering and Computer Science Engineering) and an MBA from The University of Michigan, USA.

PROFILE OF THE BOARD

Maryam Aziz

Independent Director

Joined the Board on July 5, 2019

ST SIC

Ms Aziz is a highly experienced finance and audit professional, with over 20 years of professional experience in financial reporting, audit and risk management. She is a Fellow Chartered Accountant from the Institute of Chartered Accountants of Pakistan, completing her article-ship from KPMG Taseer Hadi Khalid & Co. She also holds professional certifications from Institute of Internal Auditors US, ACCA UK and CIMA UK.

Ms Aziz was associated with ORIX Group, a Japanese multinational financial group for twenty years in both local and international roles and served at various critical positions in the Group both within and outside Pakistan, including Chief Financial Officer, Chief Internal Auditor, Group General Manager and Head of Enterprise Risk Management, Internal Control Advisor to ORIX Group and Finance Director in the ORIX group company in Kazakhstan. She has conducted and supervised multiple advisory and internal audit assignments for ORIX group companies in the MENA region.

She is a certified director under the Code of Corporate Governance and is a member of Pakistan Institute of Corporate Governance. She brings with her extensive experience of the financial services industry in the areas of governance, risk management, compliance, audit and financial reporting.

Peter Bruun Jensen

Non-Executive Director

Joined the Board on August 20, 2020

ST

Mr Jensen is Technical Director in Haldor Topsoe A/S Global Service Chemicals, with responsibility of coordinating the industrial feedback from the fertilizer industry and development of the ammonia technology. He has qualifications within work of the board, project management, and safety hazard analysis of chemical and petrochemical plants. He has profound experience in commissioning and has accomplished several troubleshooting tasks around the world.

He graduated from the Technical University of Denmark as Master of Science in Chemical Engineering and has more than 33 years of experience in refinery and chemical engineering. He served as engineer in various position for Exxon/Statoil's refinery in Denmark before he joined Haldor Topsoe in 1989.

Mr Jensen commenced his carrier in Haldor Topsoe as process engineer in the project engineering and development department and was subsequently posted to Karnaphuly Fertilizer Plant in Bangladesh for commissioning and subsequently assigned as ammonia plant manager.

He has been assigned as project manager and commissioning manager for various projects around the world, including technical service contract manager and liaison officer for Haldor Topsoe's regional office in South America and senior technical advisor for Topsoe's Subcontinent Ammonia Investment Company.

Mr Jensen has been alternate board director in Karnaphuli Fertilizer Company in Bangladesh.

Major Gen Naseer Ali Khan

HI(M) (Retired)

Non-Executive Director

Joined the Board on October 1, 2019

HR ST

The General is a Member of Board of Directors of Fauji Fertilizer Company Limited along with directorship of following companies:

• Askari Cement Limited	• Daharki Power Holding Limited	• Fauji Cement Company Limited

He was commissioned in the First (Self-Propelled) Medium Regiment Artillery (Frontier Force) in 1983. He is a distinguished graduate of National Defence University Islamabad, US Army War College, French War College, Command and Staff College Quetta and School of Artillery Nowshera. He has three Masters and an M. Phil Degree (Public Policy and Strategic Security Management) to his credit.

During his illustrious military career, he held various prestigious Command, Staff and Instructional assignments, to include GSO-III and BM of Infantry Brigades, Command of two Self-Propelled Artillery Regiments and Directing Staff at Command & Staff College Quetta and National Defence University Islamabad. He also served in Military Operations Directorate, GHQ on a key position and commanded a Division Artillery and an Infantry Brigade in Operation Al-Mizan in South Waziristan. Later, on promotion to the rank of Major General, he served in HQ Southern Command as Chief of Staff, commanded an Infantry Division and served in Joint Staff Headquarters as Director General Operations and Advisor.

General has broad exposure to Strategic Stability & Security issues and experience of executing tasks related to Strategic Management, Corporate Governance, Productivity Enhancement, Academic Research & Policy Development, Operational and Logistic Planning, Analytical Optimization, Training & Capacity-Building and Monitoring & Evaluation.

He was awarded Hilal-e-Imtiaz (Military) by the Government of Pakistan in 2015.

Maj Gen Ahmad Mahmood Hayat

HI(M) (Retired)

Non-Executive Director

Joined the Board on September 10, 2020

HR

The General is the Director Health at Fauji Foundation and holds directorship on the Board of following companies along with Fauji Fertilizer Company Limited:

• FFC Energy Limited	• Mari Petroleum Company Limited

He was commissioned in the Army on September 6, 1984. He is a graduate of Command and Staff College Quetta, Command and General Staff College Fort Leavenworth USA and National Defence University Islamabad. Holds a Master's Degree in War Studies from Quaid-e-Azam University Islamabad and Fort Leavenworth USA.

General has commanded an Armour Regiment, Independent Armoured Brigade Group, Infantry Brigade and Infantry Division. He held various staff appointments to include Adjutant / Instructor Pakistan Military Academy, Brigade Major of an infantry Brigade, General Staff Officer-2 and 1 at CGS Secretariat, General Staff Officer-1 at Military Operations Directorate, Chief of Staff of a Corps Headquarter, Director General in Inter Service Intelligence and Director General Defence Export Promotion Organization.

In recognition of his meritorious service, he has been awarded Hilal-i-Imtiaz (Military).

PROFILE OF THE BOARD

Syed Bakhtiyar Kazmi

Non-Executive Director

Joined the Board on November 18, 2020

AC SIC

Mr Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectoral and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance, tax reforms and strategic level advisory.

He holds directorship on the Boards of following companies along with Fauji Fertilizer Company Limited:

• Askari Bank Limited	• Fauji Kabirwala Power Company Limited
• Askari Cement Limited	• Fauji Oil Terminal & Distribution Company Limited
• Daharki Power Holding Company Limited	• Fauji Trans Terminal Limited
• Fauji Akbar Portia Marine Terminals Limited	• FFC Energy Limited
• Fauji Cement Company Limited	• Foundation Power Company Daharki Limited
• Fauji Fertilizer Bin Qasim Limited	• Foundation Solar Energy Limited
• Fauji Foods Limited	• Foundation Wind Energy-I & II Limited
• Fauji Fresh n Freeze Limited	• Mari Petroleum Company Limited
• Fauji Infraavest Foods Limited	• Olive Technical Services (Private) Limited

Mr Kazmi served KPMG for 35 years; his rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients. As an auditor and an advisor, Mr Kazmi successfully delivered best-in-class and integrity driven services and branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan.

He has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation mattes and issues, regularly published in reputable dailies.

Dr Ayesha Khan

Independent Director

Joined the Board on October 09, 2021

HR SIC

Dr Khan is the Regional Managing Director for Pakistan at Acumen - a global impact investment fund based in New York. Alongwith Fauji Fertilizer Company Limited she holds directorship of following Banks:

• Bank Alfalah	• National Rural Support Program (NSRP) Microfinance Bank

Dr Khan has a strong background in business strategy and international business, with a career that has spanned across North America, Asia and the Middle East. She has previously worked as the head of strategy at Habib Bank Limited and was the first person to hold this position at the bank. She has also worked in New York as a management consultant with McKinsey and Co., where she focused on the financial sector, and at the UNDP, where she was a consultant with the Millennium Development Project.

Dr Khan holds a doctorate from Harvard Business School, where she focused on understanding how to build successful businesses in emerging markets. She has authored various case studies on international business strategy and published several articles focused on emerging markets for different publications – including the Harvard Business Review. She also holds a Masters in International Development (MPA-ID) from the Harvard Kennedy School and completed undergraduate degree in Economics from Princeton University.

Shoaib Javed Hussain

Non-Executive Director

Joined the Board on March 26, 2021

Mr Hussain is the Chairman of State Life Insurance Corporation of Pakistan and holds Directorship in Fauji Fertilizer Company Limited.

He has over 20 years of management experience at leading Global Insurance Groups & Consultancies in the United Kingdom and Asia. Through his global engagements across Europe, North America and Asia, Mr Hussain brings on board his deep understanding and knowledge of finance, audit, risk and strategy matters with a proven track record of:

- proactive, dynamic, driven leadership with effective delivery from the conceptual stage through to successful implementation
- expert analysis and decision-making skills; utilising technical acumen and strategic depth
- leading and delivering strategic projects including M&A, due diligence and capital and liquidity management
- in-depth experience of leading financial audits and risk management programs
- initiating policy and control improvements and driving programs that enhance transparency, governance and control
- strong experience of industry and regulatory engagement on global supervisory developments and lobbying with international regulators and supervisory authorities

Before joining State Life, Mr Hussain has held senior leadership and management positions with AIA Group Ltd, Milliman, Prudential plc, EY and HSBC. He began his career at an Actuarial consultancy in Pakistan, holds an MSc in Actuarial Management from Cass Business School, City University, London and is a Fellow of the Institute of Actuaries (UK).

Jehangir Shah

Independent Director

Joined the Board on October 09, 2021

AC SIC

Mr Shah is an Independent Director of Fauji Fertilizer Company Limited and holds directorship of following companies:

• International Industries Limited Independent Director	• Pak Oman Asset Management Company Nominee Director
• Shaheen Insurance Company Limited Independent Director	

He has over forty years experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil, and is currently Deputy Managing Director, Pak Oman Investment Company Limited (POICL), a joint venture between the Government of Pakistan and Sultanate of Oman.

Previously he has served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director/CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those at Habib Credit and Exchange Bank and Bank of Credit and Commerce International.

Mr Shah was a Sponsor and Executive Director of Pak Gulf Leasing Company Limited, listed on the Pakistan Stock Exchange in 1996.

PROFILE OF THE BOARD

Iftikhar Ali Sahoo

Non-Executive Director

Joined the Board on September 01, 2022

Mr Sahoo Additional Secretary, Ministry of Industries & Production (MOIP), Islamabad brings with him rich professional experience, spanning over 21 years from District Coordination Officer to Commissioner, Director Food, Secretary Planning and Development, Secretary Finance and Secretary Establishment.

He is a hard-core and diligent professional who pursued his Master's in Social Policy from University of Nottingham, UK as a Chevening Scholar. He has the distinction of serving in various capacities in the corporate zones dealing with administration, establishment, litigation, budgetary and financial matters of main ministry/ organizations and has also dealt with numerous cases of companies/corporations.

As Additional Secretary, Mr Sahoo has worked meticulously on the implementation of SME Policy, matters relating to Investment Facilitation Centre, enforcement of energy and industrial standards, and creating a suitable, conducive economic environment from the entrepreneur's perspective. He has worked in coordination with international agencies for Bilateral Investment Promotion and Protection Agreements. He is also engaged in meetings with the Senate and National Assembly Standing Committees and inter-ministerial coordination for removing bottlenecks in the way of new and existing industrial investment projects.

During his illustrious career, he has served as a Director on the Board of Directors of various leading state-owned companies and autonomous bodies including Bank of Punjab and Quaid-e-Azam Thermal Power Private Limited. He has also contributed to the establishment matters of the Anti-Corruption Establishment, Service Tribunal, and Public Service Commission. He has been a member of the Provincial Development Working Party and served as a Panelist for the regional event on "Program for Results (PforR) for Sustainable Results" in Bangkok, Thailand.

Mr Sahoo is a skilled certified Project Management Professional from the PMI, USA.

Brig Asrat Mahmood

SI(M) (Retired)

Company Secretary

EC SC CSR

Brig Asrat Mahmood joined Fauji Fertilizer Company Limited as Company Secretary on April 13, 2020, and holds the appointment of Company Secretary in FFC Energy Limited, Foundation Wind Energy I & II Limited, Fauji Fresh n Freeze Limited and OLIVE Technical Services (Private) Limited also.

He was commissioned in Pakistan Army in March 1987, had a distinguished career of 32 years and served on varied command, staff and instructional appointments. The Brigadier is a graduate of Command and Staff College, Quetta and National Defence University Islamabad, besides attending professional courses abroad.

He holds MSc in Strategic Studies and Defence Management, Masters in Business Administration and Diploma in German Language to his credit.

In recognition of his meritorious service, he was awarded Sitara-e-Imtiaz (Military).

He also holds certification of Director's Training Program from Pakistan Institute of Corporate Governance (PICG) along with numerous short courses on Management, HR, Disaster Management, Leadership etc.

Syyed Atif Ali

Chief Financial Officer

EC SC CSR

Mr Ali joined Fauji Fertilizer Company in April 2022 as Chief Financial Officer and holds Directorship on the Boards of:

• Foundation Wind Energy I & II Limited	• Thar Energy Limited
• Food Security and Agricultural Center of Excellence	• Trustee on Sona Welfare Foundation

A Chartered Accountant by profession, he started his career as a trainee from KPMG Lahore in 2003. He is a fellow member of, The Institute of Chartered Accountant of Pakistan (ICAP) and Association of Chartered Certified Accountant (ACCA, UK). During his career span of over 19 years he has worked with multinational companies like Tetra Pak and ICI Pakistan in diverse local & regional roles.

Mr Ali has vast experience in Finance, Cost Transformation, Supply Chain Management, Administration, Internal Controls, Budgeting & Forward Planning, Formulating & Implementing strategy and Project Appraisals.

He has successfully achieved Organization Transformation with a focus to improve organizational efficiency by realigning processes, creating synergies and optimizing resources and Working Capital Improvement projects.

Mr Ali has also undergone various professional trainings on Leadership, Leading & Managing Change, Leading Successful Teams & Employee Engagement, Lean Six Sigma from LUMS, GEM Learning and INSEAD.

BOARD COMMITTEES

Audit Committee

FFC's Audit Committee comprises of four (04) non-executive members, two of whom including the Chairman are independent non-executive directors. The members are a group of highly qualified individuals comprising two Fellow members of ICAP, a Masters' in Business Administration and over 35 years of vast experience in financial sector.

The Committee met six times during the year. Separate meetings were also held with the Company's external and internal auditors in compliance with regulatory requirements.

In order to ensure transparency and independence of the Internal Audit function, the Head of Internal Audit reports directly to the Audit Committee. FFC's annual internal audit plan is also approved by the Audit Committee and its progress reviewed on a quarterly basis.

Committee Composition

Members | 50% Independent | **Independent** Chairman

Directors	Jan 21	Apr 18	Jul 20	Oct 19	Nov 29	Dec 20	Total Meetings Attended
Mr Saad Amanullah Khan Chairman							6
Dr Nadeem Inayat Member					X	X	04
Syed Bakhtiyar Kazmi Member						X	05
Mr Jehangir Shah Member				X			05

Salient Features and Terms of Reference

The Board of Directors shall provide adequate resources and authority to enable the committee to carry out its responsibilities effectively. The Committee shall be at the policy making level and may not infringe on the Management function. The terms of reference of the committee shall include the following:

- Determination of appropriate measures to safeguard the Company's assets.
- Jointly review with Investment Committee and recommend to the Board Business Strategy, any proposal of new investment, acquisition, JV and divestment(s) in line with Company's investment and diversification strategy.
- Review of annual and interim financial statements of the Company including Director's Report, prior to their approval by the Board of Directors, focusing on:
  - o Major judgmental areas
  - o Significant adjustments resulting from the audit
  - o Going concern assumption
  - o Any changes in accounting policies and practices
  - o Compliance with applicable accounting standards
  - o Compliance with listing regulations as applicable, and other statutory and regulatory requirements
  - o All related party transactions
- Review of preliminary announcements of results prior to external communication and publication.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company. The performance appraisal of head of internal audit shall be done jointly by the Chairman of the Committee and the Chief Executive Officer.
- The head of internal audit may be removed only upon recommendation of the audit committee.
- The head of internal audit shall functionally report to the audit committee and administratively to the Chief Executive Officer.
- Consideration of major findings of internal investigations of activities characterized as fraud, corruption and abuse of power and management's response thereto.
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
- Review of the Company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports.
- Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with Listed Companies CCG (where applicable) and identification of significant violations thereof.
- Review of arrangement for staff and management to report to committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the committee and where it acts otherwise, it shall record the reasons thereof.
- The Committee shall also review the annual business plan, including cash flows prior to its approval by the Board of Directors.
- The Committee shall also monitor briefings by management to the Board, of the Company's Key Performance Indicators (KPIs) in comparison with the Industry.
- To review the effectiveness of risk management procedures and to present a report to the Board in this respect, the committee shall:
    - o Monitor and review of all material controls (financial, operational, compliance)
    - o Ensure that risk mitigation measures are robust along with integrity of financial information
    - o Ensure appropriate extent of disclosure of company's risk framework and internal control system in Directors' Report.
- The Committee shall review the vision and / or mission statement monitoring the effectiveness of the Company's governance practices and overall corporate strategy for the Company before adoption by the Board.
- Ensure, in consultation with MD&CEO and jointly review with HR&R Committee that succession plans are in place for key appointments i.e. Chief Financial Officer and Head of Internal Audit.
- Review Internal Audit personnel resource ensuring balanced representation of finance, business and technical experts in the department.
- Review and recommend administrative nature Capex Projects (Housing, Vehicles, Air-conditioning etc).
- Consideration of any other issue or matters or may be assigned by the Board of Directors.

BOARD COMMITTEES

Human Resource & Remuneration Committee

FFC's HR&R Committee consists of two non-executive and two independent non-executive members, none of whom are involved in the Company's management nor are connected with any business or other relationships that could interfere materially with, or appear to affect, their judgment.

The Chairperson of the Committee is an independent non-executive director, and the MD & CEO does not hold membership of the Committee.

The HR&R Committee met two times during the year, which is the minimum regulatory requirement.

Committee Composition

Members | 50% Independent | **Independent** Chairperson

Directors	Jan 25	Jul 05	Total Meetings Attended
Dr Ayesha Khan Chairperson			02
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member			02
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Member			02
Mr Saad Amanullah Khan Member			02

Salient Features and Terms of Reference

The Committee shall be at the policy making level and may not infringe on the Management function. It shall play an advisory role and it may make recommendations to the Board for approval, including but not limited to the following:

- Review / make modifications, if needed, in HR Policies after every three years and review Compensation Strategy and Code of Conduct as and when needed.
- Review / make modifications in Training Strategy as and when needed.
- Conduct periodic review of the Good Performance Awards, Long Term Service Award Policy and Safety Awards for safe plant operations.
- Review and recommend to the Board, in consultation with the Company Secretary, the selection / appointment / re-appointment, evaluation, compensation / benefits, increments, performance bonuses, fringe benefits including retirement benefits, and terms and conditions of service agreement of the MD&CEO.
- Ensure, in consultation with the MD&CEO, that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their promotions, terms of appointment and remuneration package in accordance with market positioning. The succession plans for CFO and Head of Internal Audit be jointly reviewed with Audit Committee.
- Review function-based Management Structure / Organogram of the Senior Management of the Company, and where required, recommend to the Board for approval, any change thereto.
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that

effect shall be made in the Directors' Report disclosing name, qualifications and major terms of appointment.

- Conduct periodic reviews of the amount and form of Directors' compensation for Board and Committee services in relation to current norms. Recommend any adjustments for Board consideration and approval.
- Periodic review of the amount and form of reimbursement for terminal benefits in case of death of any employee in relation to current norms.
- Consider any changes to the Company's retirement benefit plans including gratuity and pension based on the actuarial reports, assumptions and funding recommendations.
- Recommend and obtain approval of financial package for CBA agreement from the Board of Directors.
- Carryout annual review of grievances initiated in accordance with the Grievance Policy.

System & Technology Committee

FFC's System & Technology Committee comprises of four (04) members appointed by the Board from among the Board Members, including one independent non-executive female director.

The committee met five times during the year, which is beyond the minimum regulatory requirement of two meetings per annum.

Committee Composition

Members | 25% Independent | Non-Executive Chairman

Directors	Jan 20	Jul 05	Oct 21	Nov 28	Dec 19	Total Meetings Attended
Mr Peter Bruun Jensen Chairman						05
Dr Nadeem Inayat Member	X	X	X	X	X	0
Maj Gen Naseer Ali Khan, HI(M) (Retired) Member						05
Ms Maryam Aziz Member						05

Salient Features and Terms of Reference

The Committee shall be at the policy making level and may not infringe on the Management function. It shall play an advisory role and it may make recommendations to the Board for approval, including but not limited to the following:

- Set out the asset / plant upgradation and maintenance strategy and recommend the same for Board approval.
- Review of the company's annual CAPEX Budget relating to the plants / other locations in category of essential / mandatory equipment entailing reliability, sustainability, HSE and also the projects requiring Energy & Capacity Revamps but justified against Cost Benefit Analysis and recommend for Board's approval.
- Review of the plant performance / KPI's (on bi-annual basis) actual vs budgeted based on rapidly depleting natural gas resources and consequent impact on overall plant performance and energy index. Following are the KPIs pertaining to Manufacturing & Operations:

BOARD COMMITTEES

- o Production
- o Service Factor
- o Capacity Factor
- o Energy Index
- o Safety Performance of Plants [Total Recordable Incident Rate (TRIR)]

- Benchmarking of above KPIs with local and foreign industry (Yearly Basis) as per available reports issued by international/ local consultants, if any.
- Review of technical risks (relevant portion of the overall Risk Register) and its mitigation strategy and monitor progress there against.
- Review the proposals suggested by the Management on the recent trends in use of Technology related to strategic replacements & operational innovation in production and marketing of fertilizers.
- Review the recommendations of the Management:
  - o On options available for addressing major plant up-gradation and technology improvements with relevant cost benefit analysis
  - o On Information Technology (Deployment of latest hardware & software related to Plant Operations)
- Review the development of concept paper for keeping abreast with the Continuous Improvement in Technological Advancements (CITA), its implementation in Manufacturing, Marketing and at Administrative levels.
- Review the HSE performance on annual basis and assess needs to improve it.
- Review of the R&D needs on annual basis and promote awareness of all stakeholders on needs for investment in Chemical (specifically Fertilizer) Technology and related research work.

Strategy & Investment Committee

- The committee comprises of five (05) directors; here three are Independent Directors and headed by the Chairman of the Committee who shall be appointed by the Board from among the Board Members.
- The quorum of committee is constituted by presence of 50% of members and at least one of whom is to be an Independent Director.
- The committee is to meet at least twice a year at an appropriate time and otherwise required.

Committee Composition

Members | 60% Independent | **Non-Executive** Chairman

Directors	Dec 03	Total
Dr Nadeem Inayat Chairman	X	0
Ms Maryam Aziz Member		01
Syed Bakhtiyar Kazmi Member		01
Dr Ayesha Khan Member		01
Mr Jehangir Shah Member		01

Salient Features and Terms of Reference

The Committee shall facilitate the Board in making decisions pertaining to new investments / divestments / diversifications by presenting its findings for Board's review and seeks approval for acquisition or expansion involving attractive returns, satisfactory growth and success potential. To carry out its responsibilities the Committee will:

- Review external growth opportunities, potential diversification projects, acquisitions, or divestment of existing projects / ventures, as proposed by the Management; The Committee is authorized by the Board to seek external independent professional advice at the Company's expense. The Committee may invite external parties with relevant professional experience to attend its meetings if it considered necessary.
- Review Management's proposals for strategic alliances with other entities / companies to achieve growth or diversification objectives of the Company.
- Review and approve financial model of investments including source of funding.
- Recommend to the Board approval or rejection of any proposed Transaction, any related financing arrangements and post event review.
- Jointly review with Audit Committee and recommend to the Board Business Strategy, any proposal of new investment, acquisition, JV and divestment(s) in line with Company's investment and diversification strategy.
- Ensure that investments are made in accordance with the policy / strategy and related asset allocation limits (capitalization framework).
- Monitor whether the investment processes (including investment management systems) effectively support the chosen investment strategies.
- Monitor investment landscape to evaluate both short and long-term emerging market needs.
- The Committee shall review investment activities, portfolio performance and capital requirements and usage.
- Monitor progress of on-going diversification / expansion projects and evaluate their performance vs envisaged during construction and acquisition.
- Review the heat map prepared by the management of new investments with appropriate risk mitigation measures.
- Appraise the terms of the appointment of investment consultants or managers; including level of portfolio management discretion, custody and dealing arrangements, and fees.
- Periodically review the fees paid to consultants / advisers and appraise value for money.
- Set and review appropriate investment mandates ensuring consistency with the investment policy and long-term investment strategy.
- Monitor exposure to, or reliance on, particular revenue streams linked to market outcomes or events.
- Perform any other task/ responsibility assigned by the Board.

EC Executive Committee SC Strategy Committee CSR CSR Committee

MANAGEMENT COMMITTEES

Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

Committee Chairman

EC SC CSR

Syed Atif Ali

Chief Financial Officer

Committee Member

EC SC CSR

Muhammad Aleem Khan

GGM - Manufacturing & Technology

Committee Member

EC SC CSR

Ather Javed

GGM - Marketing

Committee Member

EC SC CSR

Wajid Ishaq Bhatti

GM - Manufacturing & Operations (Goth Machhi)

Committee Member

EC

Aamer Fayyaz Ghuman

A/GM - Manufacturing & Operations (Mirpur Mathelo)

Committee Member

EC

Brig Asrat Mahmood

SI(M) (Retired)

Company Secretary

Committee Secretary (EC & SC) / Member (CSR)

EC SC CSR

Brig Nofil Mehmood

SI(M) (Retired)

GM - Human Resource

Committee Member

EC

Brig Muhammad Arif

SI(M) (Retired)

SM - Corporate Social Responsibility

Committee Secretary (CSR)

CSR

SWOT ANALYSIS

Strengths

- Strong financial position
- State of the art production facilities
- Established brand name / loyalty
- Fertilizer products are high in demand by agriculture sector
- Well established distribution network
- Technical prowess
- Development of new and eco-friendly formulations
- Competent & committed human resources
- Well diversified investment portfolio
- High barriers to entry in the industry

Weaknesses

- Mature industry with clogged overall demand
- Established competitors' dealer network hampering market share enhancement
- Reliance on depleting natural resource
- Narrow product line
- Relatively homogeneous product limiting pricing strategies

Opportunities

- Horizontal as well as vertical diversification
- Increase / value addition in product line covering macro and micro nutrients
- Implementation of energy efficient technologies to conserve gas
- Exploration of alternative sources of raw material

Threats

- Inconsistent Government policies for fertilizer industry including pressures on fertilizer pricing
- Depleting natural gas reserves
- Poor farm economics
- Continuous increase in raw material / fuel prices and GIDC settlement
- Provision of gas to competitors at concessionary rates
- Imposition of additional taxes and levies / changes in tax regime for imported fertilizer
- Profit cuts due to continuous increase in operating cost
- Hight level of currency devaluation and current account deficit

02

DIRECTORS' REPORT

Review of the Company's performance by the Board of Directors

CHAIRMAN's REVIEW

Dear Shareholders,

The performance of the Board in the current year was commendable and together we navigated through the challenges posed by the adverse economic environment and geopolitical turmoil, steering the Company towards another year of success and good governance.

The Board places great emphasis on safeguarding the interest of the stakeholders and keeps strong oversight on FFC's robust risk management system to evaluate internal controls for transparency, accountability and good governance.

The Company also continued to integrate ESG practices into its business processes, consolidating the work undertaken over the last decade while redefining the targets for important sustainability areas.

FFC participated in various ESG related events organized by the Pakistan Stock Exchange (PSX) to actively contribute to the design and implementation of upcoming ESG index of PSX.

The Board held five meetings during the year to review and approve annual business plan, periodic financial statements and other matters requiring Board attention. The Board committees also held regular sessions to perform their duties assigned under respective terms of references for assisting the Board in the above matters. The detail of these meetings is given on page number 38-43. The Board's performance was also independently evaluated by Pakistan Institute of Corporate Governance (PICG) which gave positive feedback on the efficacy of participation by the directors in matters concerning the Board and its committees.

We are fortunate to be in a position to contribute towards fulfilling our shareholders needs for sustained income in these inflationary times, therefore based on outstanding results, final dividend of Rs 3.15 per share, is being announced in addition to interim dividends of Rs 8.98 per share already announced during the year which brings the annual payout to around 77%. With this distribution, the aggregate payout by the Company to date exceeds Rs 258 billion.

The Board of Directors places on record its appreciation for the invaluable contributions rendered by the outgoing member Dr Hamid Ateeq Sarwar and welcomes the new director Mr. Iftikhar Ali Sahoo who brings with him diverse experience of government service and corporate administrative matters. FFC's Board continues to comprise of twelve elected directors and one deemed director, MD & CEO, and we maintain gender diversity by having two female members. Eight of the Board members are non-executive directors while number of independent directors is four.

The Board shall remain focused on providing strategic direction and oversight to the Company for offering sustained returns to its shareholders, besides contributing towards food security in the Country.

Waqar Ahmed Malik
Chairman

Rawalpindi
January 30, 2023

MD & CEO's OVERVIEW

Dear Shareholders,

The year 2022 was full of challenges ranging from socioeconomic, geopolitical, governmental and environmental factors.

International commodity prices including oil and fertilizer saw a steep increase after the Russian-Ukraine conflict which also disrupted global supply chains.

The cost of spares, machinery and chemicals also registered a surge during the year. The shortage of foreign exchange in the Country combined with exchange rate volatility exerted further pressure on the import costs of items essential for operation of the Company.

Supply chain disruption, besides export restrictions by some countries, caused an increase in international DAP prices which witnessed a high of over Rs 14,000 per bag during the year. In order to meet the domestic DAP requirement essential for crop yields, the fertilizer industry had to import DAP at high rates. This increased import cost resulted in a decline of demand in the domestic DAP market. Although the government forcibly lowered DAP selling prices, demand in the domestic market still remained low. FFC DAP sales thus decreased from 205 thousand tonnes last year to 70 thousand tonnes in 2022. The industry carried a large DAP inventory into the next year but DAP demand is expected to remain on the lower side because of high carrying cost of fertilizer.

International urea prices touched record highs of over Rs 11,000 per bag during the year while the Company sold its Sona Urea bag for Rs 2,150 per bag and thus made a significant contribution towards making urea available to farmers at substantially discounted rates compared to the international market.

The Company had planned maintenance turnaround of two plants in 2022 compared to one plant in the previous years, which resulted in reduction in urea output besides increase in the repair and maintenance cost. The Company also experienced unplanned plant shutdown and as a result the urea production reduced to 2,404 thousand tonnes compared to 2,507 thousand tonnes last year. This also led to lower urea sales volume of 2,423 thousand tonnes with combined all fertilizer sales of 2,495 thousand tonnes compared to 2,703 thousand tonnes last year.

The year also witnessed galloping inflation, double digit interest rates and sharp devaluation of Pak Rupee besides heavy floods during second half of the year. Company's profitability was further impacted by the levy of super-tax and exemption of output GST.

However, efficient treasury management and increased dividend payout by associated companies resulted in highest-ever other income of Rs 14.44 billion compared to Rs 7.92 billion last year. This, in addition to harnessing of cost savings potential, enabled the Company to achieve net profitability of Rs 20.05 billion with EPS of Rs 15.76 compared to Rs 17.21 last year. The dollarized profitability of the Company translated to USD 97 million compared to USD 137 million last year.

FFC contributed Rs 30 billion in taxes and levies during the year and also enabled saving of precious foreign exchange of over USD 1.65 billion via import substitution for the Country. The Company also donated significant amount of Rs 350 million to the affectees of the flood whereas the employees also joined hands with the Company in this cause by donating one day gross salary for the flood victims. In recognition of its contribution to economy, FFC was presented with the Largest National Taxpayer Award for Manufacturing sector by the Rawalpindi Chamber of Commerce & Industry (RCCI).

FFC also continues to maintain its top position at PSX Top 25 Companies Award, for the 12th consecutive year. Its Annual Report 2021 has also been awarded overall top position besides being adjudged best in fertilizer and chemical sector in addition to being ranked first in sustainability reporting in the annual report competition organized by ICAP/ICMAP. At SAFA level, the report was ranked amongst the overall best corporate reports while also securing top placements in the manufacturing sector as well as declared best in integrated reporting. FFC further secured an award in the Corporate Governance category.

We are glad to announce that our strategic acquisition of two wind power companies (FWEL-I and FWEL- II) in 2021 has already started augmenting our profits with dividend payouts of Rs 3.15 billion. Our associated Company Thar Energy Limited has also entered the operational phase and started generating revenues whereas the income stream is expected to commence soon. Our wholly owned subsidiaries Fauji Fresh n Freeze and Olive Technical Services are also making inroads towards becoming successful ventures.

Future Outlook

As we step into 2023, double digit inflation, monetary tightening, currency devaluation and high interest rates are expected to persist. Additionally, the acute shortage of foreign currency reserves in the country pose challenges to the import of essential material, spares, chemicals and other inputs required for maintaining urea production levels. Availability of oil is critical for uninterrupted fertilizer shipments across the country.

In view of declining gas pressures, the Company along with other fertilizer manufacturers and the gas supplier has undertaken gas Pressure Enhancement Facility (PEF) which involves significant capital outlay and is essential for sustained fertilizer production. The Company has also undertaken a new pipeline project to connect SNGPL network with FFC plant site Mirpur Mathelo for alternate source of gas supply in case of any shortfall from MPCL.

The aging plants of the Company also have to undergo regular maintenance besides replacement of essential parts. Availability of foreign exchange is therefore critical for timely implementation of these sustainability projects.

The Government is considering increase in gas prices which are expected to rise sharply for the fertilizer industry. The Company shall have to pass-on the impact of any gas price increase to sustain profitable operations.

Economic stability of the Country is imperative to avoid financial collapse and revive investors' confidence. Favorable Government policies in terms of forex availability for PEF, release of pending GST refunds and subsidy have also become ever more critical for the sustainability of the fertilizer industry and the agricultural sector besides ensuring food security in the country.

We are confident that with consistent efficiency improvements, cost economization and supplementation of income from associates, the Company shall continue to offer attractive returns to its shareholders.

Sarfaraz Ahmed Rehman

Sarfaraz Ahmed Rehman

Managing Director &
Chief Executive Officer

Rawalpindi
January 30, 2023

FINANCIAL CAPITAL

Macro – Economic Overview

The Country's economy had successfully recovered from the global pandemic and posted real GDP growth of 5.97 percent during the fiscal year 2022. This high growth, could however, not be sustained due to the wide-ranging economic challenges like devastating floods, shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation, etc.

The high international commodity prices, increased interest rates, severe PKR devaluation and POL prices created an inflationary pressure which adversely impacted the business environment during the year 2022.

The economic growth is expected to remain subdued in the near future and this low economic growth in combination with high inflation, escalated international commodity prices and declining forex reserves, would remain the key challenges for the policy makers of the Country.

Agriculture Sector

Sustainable growth of the agriculture sector remains vital for national food security and rural development. Agriculture is a major contributor of Country's GDP.

During FY2022, the agriculture sector recorded a remarkable growth of 4.40 percent and surpassed the target of 3.5 percent and last year's growth of 3.48 percent. This growth is mainly driven by high yields, attractive output prices and supportive government policies, better availability of certified seeds, pesticides, and agriculture credit. The crops sector outperformed and posted a growth of 6.58 percent during FY2022 against 5.96 percent last year. However, during second half of the year the devastating floods, unparalleled in the country's history, ruined the major part of the country with Sindh and Baluchistan getting affected the most, resulting in international institutions like IMF predicting negative agriculture growth in the year 2023

* Source: Pakistan Economic Survey

Refer page 158

Fiscal Development

Despite a significant rise in tax collection during financial year 2022, higher current and development expenditures widened the fiscal deficit. Similarly, the primary balance posted a deficit of Rs 447 billion against higher development and non-mark up current spending, which contributed to an increase in total expenditures during the year.

Similarly, during the first quarter of current financial year, the fiscal deficit stood at 1.5 percent of GDP as compared to 0.9 percent last year. Primary balance posted a surplus of 0.2 percent of GDP against the surplus of 0.3 percent in 2021.

Money and Credit

In order to address the heightened risks associated with inflation and balances of payments, which stemmed from both global and domestic factors, the State Bank of Pakistan continued with the tightening of monetary policy and interest rates were significantly increased from 9.75% at the beginning of year 2022 to 16% towards the end of the year.

Inflation

Headline inflation in the Country remained very high during the year. Consumer Price Index (CPI) increased to 24.5% in December 2022 from 12.3% in December 2021.

This increase is due to hike in prices of electricity and gas, a significant increase in the non-perishable food prices, PKR depriciation along with rapid increase in global fuel and commodity prices. In the post-pandemic situation, global demand for goods was already strong but supply side limitations due to global logistics (transportation congestion) constraints resulted in sharp increase in prices. The geo-political situation also significantly increased global energy prices, with its trickledown effect in domestic prices leading to the very high inflation.

FFC Performance

The Company continued to face challenges posed by significant hike in energy prices, galloping inflation of over 24%, more than double increase in interest rates besides severe PKR devaluation.

The geo-political situation had considerable impact on supply balance of raw material for phosphate fertilizer pushing global phosphate fertilizer prices to a very high before easing towards the later part of the year. Domestic consumption of DAP has therefore declined by 38% compared to last year negatively impacting balanced use of fertilizer and crop yields.

The Government has once again resorted to ad-hoc taxation measures and implemented super tax through Finance Act 2022, having a negative impact of over Rs 5.0 billion for the Company. The Finance Act 2022 also exempted all fertilizers from sales tax as a relief measure. However, this also increased the operating costs of the Company as the entire input sales tax suffered in the supply chain has become a cost for the Company.

Staying true to its tradition of resilience, your Company has demonstrated exceptional results. Various aspects of Company's financial and non-financial performance have been elaborated in detail in the following paras.

Production

2022 | 2,404 KT 2021 | 2,507 KT

Sona urea production of 2,404 thousand tonnes was achieved during the year with a capacity utilization of 117%, 4% lower than last year due to maintenance shut down of two plants during the year compared to one shut down in earlier years.

Sales

2022 | 2,423 KT 2021 | 2,477 KT

Company registered sales of Sona urea at 2,423 thousand tonnes, only 2% lower than last year due to lower availability of the product.

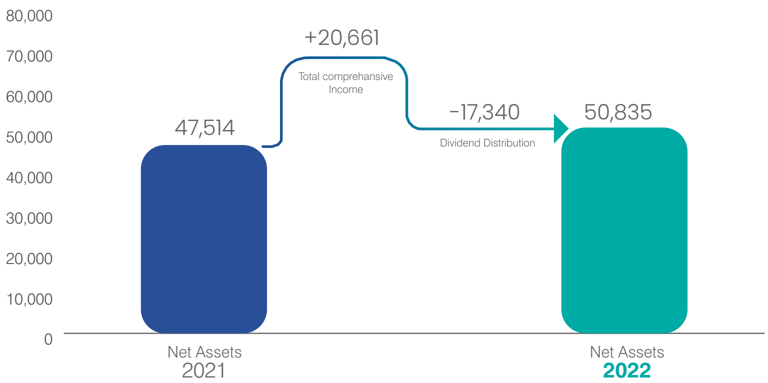
DAP sales decreased to 70 thousand tons, compared with 205 thousand tons last year, mainly due to decreased demand caused by high import prices. The Company thus carried 78 thousand tonnes of imported DAP inventory to year 2023.

FINANCIAL CAPITAL

Financial Position Analysis

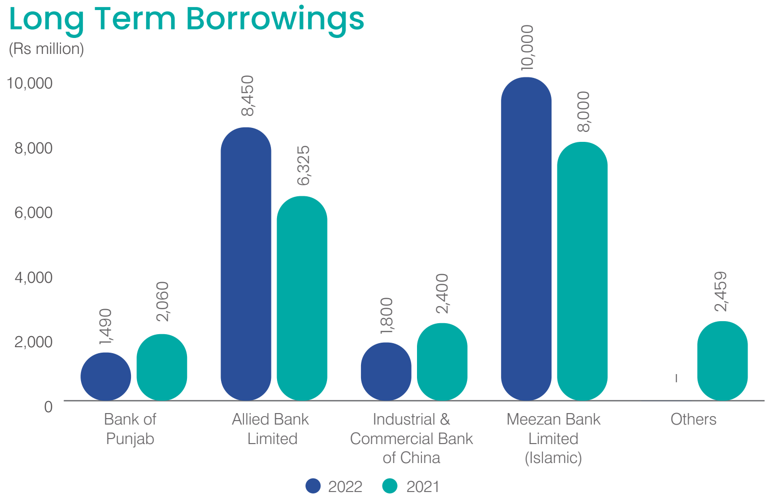
Growth in Net Assets

(Rs million)



Long Term Borrowings

(Rs million)



Profit Distribution and Reserve Analysis

The Company's reserves at the beginning of the year stood at Rs 47.51 billion, whereas Rs 5.92 billion were approved by the shareholders as final dividend for 2021.

During 2022, the Company earned total comprehensive income of Rs 20.66 billion and declared three interim dividends aggregating to Rs 11.42 billion, while no transfers were made to general reserves.

The aggregate reserves at the close of the year therefore stood at Rs 50.83 million, as detailed below:

	Rs in million	Rs per share
Opening reserves	**47,514**	
Final dividend – 2021	(5,916)	4.65
Profit after Tax – 2022	20,050	15.76
Other comprehensive loss	612	
Available for appropriations	**62,260**	
Appropriations		
First interim dividend – 2022	(4,707)	3.70
Second interim dividend – 2022	(2,672)	2.10
Third interim dividend – 2022	(4,046)	3.18
Closing reserves	**50,835**	

Equity and reserves

2022 | 50.83 bn 2021 | 47.51 bn

Company's net worth at the year-end stood at Rs 50.83 billion compared to Rs 47.51 billion last year, depicting an increase of 7% from 2021, due to higher retention. Break-up value was therefore recorded at Rs 39.96 per share compared to Rs 37.35 per share in 2021.

Long term borrowings (incl. short term portion)

2022 | 21.74 bn 2021 | 21.24 bn

Long term borrowings increased from last year by 2% to finance the replacement of aging plant and machinery.

During the year the Company has ensured timely settlement of the borrowed money becoming due for repayment. There was no default by FFC on its payment obligations during the year.

Trade and other payables

2022 | 89.84 bn 2021 | 62.48 bn

Due to transfer of the GIDC liability from long term liabilities to current liabilities, and 100 % increase in advances from customers, the Trade & Other Payables increased to Rs 89.84 billion against Rs 62.48 billion last year with overall increase of 44% compared to 2021.

Short term borrowings

2022 | 57.99 bn 2021 | 38.94 bn

Short term borrowings of Rs 57.99 billion, increased by 49% from Rs 38.94 billion, due to higher borrowings to meet working capital requirements.

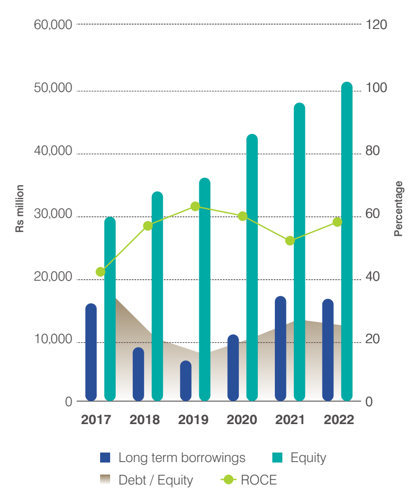
Contingencies and commitments

2022 | 34.50 bn 2021 | 30.34 bn

Contingencies include a penalty of Rs 5.5 billion imposed by the Competition Commission of Pakistan (CCP), which has been set aside by the Competition Appellate Tribunal and remanded back to CCP to decide the case afresh under guidelines provided by the Tribunal. The Company filed writ petition before Islamabad High Court which was disposed of directing CCP to proceed with regular hearing. CCP, as of 31st Dec 2022, has not begun its proceedings and FFC is awaiting a hearing notice. The Company remains confident of successfully defending these claims of unreasonable price increase. Various guarantees issue to banks amounts to Rs 6.76 billion.

Financial commitments of the Company at Rs 18.75 billion comprised mainly of gas pressure enhancement facility (PEF) as disclosed in Note 41 of the financial statements, alongwith purchase of fertilizers, goods / services, injection in equity investments and capital expenditure.

Equity & Debt



Property, plant and equipment

2022 | 27.63 bn 2021 | 23.99 bn

Property, plant and equipment increased to Rs 27.63 billion compared to Rs 23.99 billion, an increase of 15% over last year. The addition represented capital expenditure incurred to sustain plant operations at current level, including investments in gas pressure enhancement facilities.

Long term investments

2022 | 50.53 bn 2021 | 46.11 bn

Long term investments of Rs 50.53 billion recorded an increase of 10% over last year. This includes total investment of Rs 2.18 billion in TEL (including Rs 931 million as advance against shares)

Stores, Spares and Loose Tools

2022 | 6.30 bn 2021 | 4.56 bn

The addition in Stores, Spares and tools is mainly due to increase in cost of such items due to high international prices and significant PKR devaluation besides usage for high repair and maintenance.

Stock in Trade

2022 | 19.49 bn 2021 | 1.05 bn

Stock in trade was recorded at Rs 19.49 billion as compared to Rs 1.05 billion last year, mainly consisting of 78 thousand tonnes of DAP, which remained unsold due to adverse market conditions.

Trade debts

2022 | 371.54 mn 2021 | 833.23 mn

Due to lower credit sales during the year, trade debts were reduced by 55% and stood at Rs 371.54 million compared to Rs 833.23 million last year.

Other receivables

2022 | 26.62 bn 2021 | 22.62 bn

Other receivables increased by 18% to Rs 26.62 billion mainly due to increase in sales tax receivable to Rs 18.42 billion (upto June 2022), from Rs 16.61 billion last year. The balance also includes cash margin deposited with a bank in compliance with the requirements of State Bank of Pakistan for import of certain equipment.

Short term investments

2022 | 100.27 bn 2021 | 95.20 bn

Short term investments were recorded at Rs 100.27 billion, due to better funds availability towards the close of year.

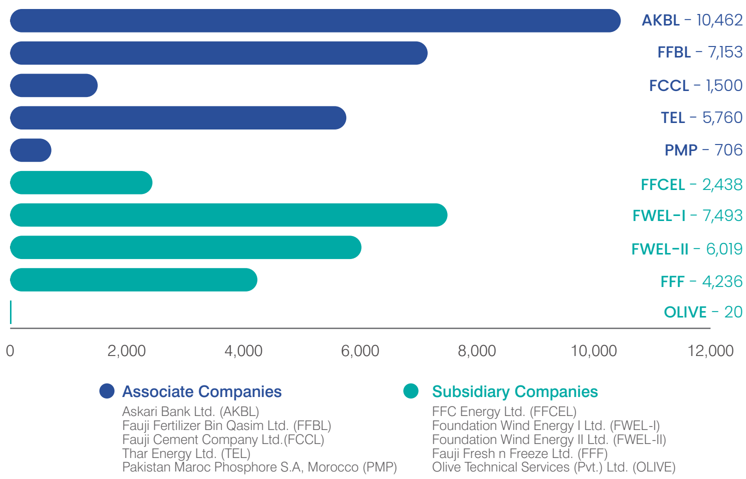
Total assets

2022 | 240.12 bn 2021 | 201.01 bn

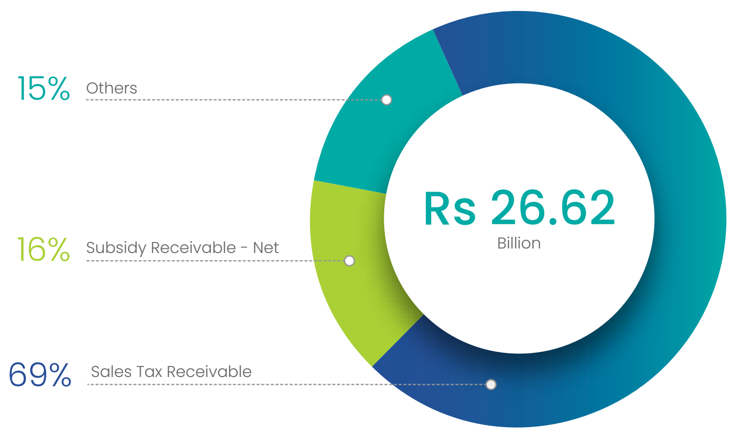
Total asset base of the Company has thus increased by 19% to Rs 240.12 billion, exceeding the asset base of last year by Rs 39.11 billion.

Equity Investments

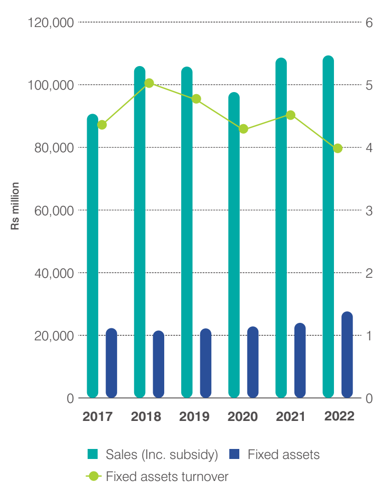
(Rs million)



Other Receivables

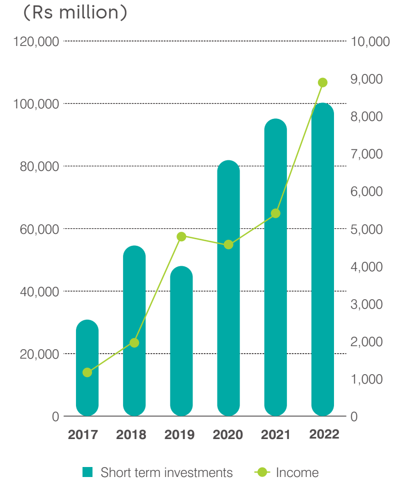


Turnover, Fixed Assets and Fixed Assets Turnover



Short Term Investments and Income

(Rs million)

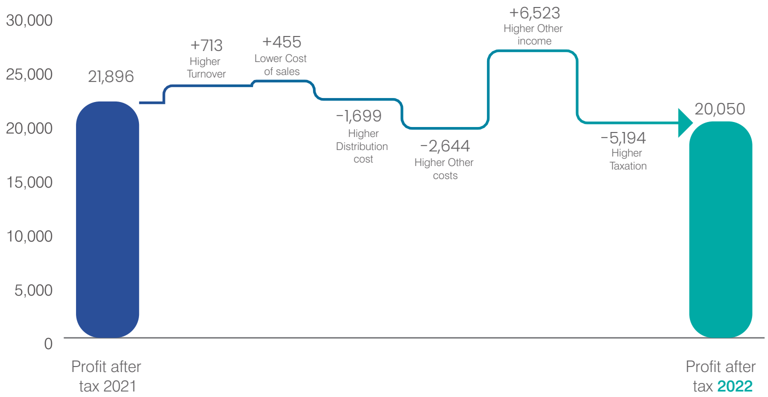


FINANCIAL CAPITAL

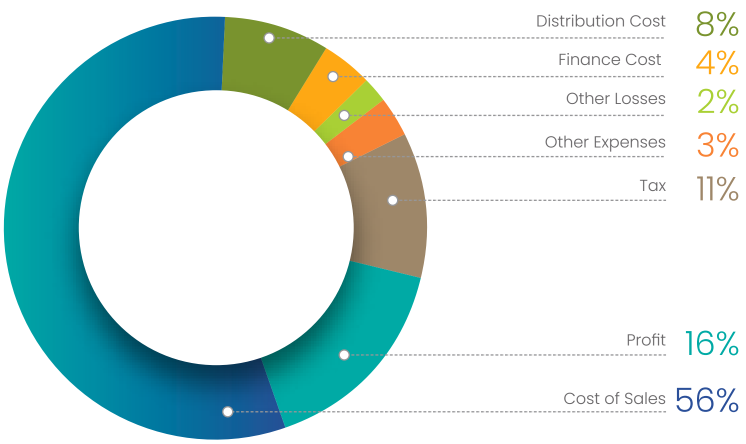
Profit or Loss Analysis

Profit or Loss Waterfall

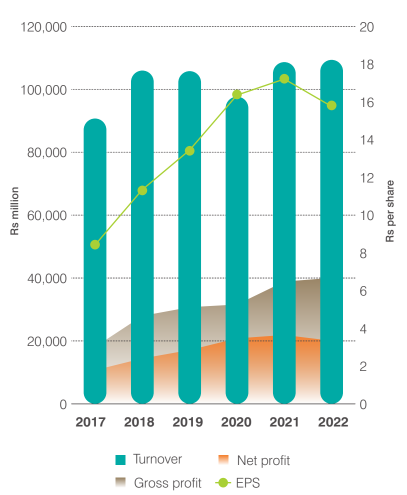
(Rs million)



Income Utilization



Profitability



Turnover

2022 | 109.36 bn 2021 | 108.65 bn

The high levels of inflation, interest rates, Pak rupee devaluation, oil prices etc., besides the exemption of output GST had to be passed on. DAP prices also witnessed an increase due to sharp escalation in international prices. Although sale volume of both Urea and DAP decreased from the previous years, however, the above factors resulted in aggregate revenue of Rs 109.36 billion, which increased by Rs 713 million from last year. This however is the highest sales revenue for the Company.

Cost of sales

2022 | 69.32 bn 2021 | 69.77 bn

Cost of sales was recorded at Rs 69.32 billion with a decrease of 1% over last year, mainly due to lower sale volumes of Urea and DAP.

Robust cost controls also enabled us to mitigate the impact of rising inflation and other negative factors.

Distribution cost

2022 | 10.11 bn 2021 | 8.41 bn

The increase in oil prices and other inflationary factors resulted in distribution cost of Rs 10.11 billion, 20% higher than last year.

Finance cost

2022 | 4.87 bn 2021 | 2.29 bn

The sharp increase in interest rates besides higher working capital requirements' led to a finance cost of Rs 4.87 billion which more than doubled, compared to last year.

Other losses

2022 | 2.79 bn 2021 | 2.81 bn

The notional gain of Rs 5.93 billion booked on re-measurement of GIDC liability in the year 2020, was to be reversed during the next four years. Unwinding of Rs 2.12 billion of this notional gain relating to the year 2022 was booked during the year. Provision of Expected Credit Loss of Rs 670 million has also been made on subsidy receivable from the Government, in view of considerable delay in settlement by the Government.

Other income

2022 | 14.44 bn 2021 | 7.92 bn

The Company achieved highest ever investment income of Rs 14.44 billion comprising of Rs 9.94 billion from income on deposits and Rs 4.49 billion from dividend payout by subsidiary/associated companies. Efficient treasury management besides higher rates of return enabled the increase in income on deposits compared to last year whereas the improvement in dividend income is attributable to a handsome payout of Rs 3.15 billion from FWEL-I & FWEL-II, just one year after acquisition of the two subsidiaries.

Provision for taxation

2022 | 13.64 bn 2021 | 8.44 bn

The Government imposed four percent super tax on profitability retrospectively from the year 2021, while an additional six percent was also levied for last year. In 2022 the Company had to incorporate super tax for two years, negatively impacting Company's profitability for 2022 by Rs 5.01 billion with an aggregate tax charge of Rs 13.64 billion compared to 8.44 billion last year.

The Company has challenged the imposition of super tax in Islamabad High Court. The apex Court has granted an interim stay against payment of the Super tax, while the final outcome of the case is awaited.

Management of the Company is confident that adequate provision for taxation has been provided in these financial statements.

Profit for the year

2022 | 20.05 bn 2021 | 21.90 bn

Due to factors explained in the preceding paras, net profit of Rs 20.05 billion was achieved by the Company during the year 2022, 8% lower than last year, translating into earnings per share of Rs 15.76, as against Rs 17.21 per share earned last year.

Cash Flow Analysis

Cash flows from operating activities

2022 | 1.58 bn 2021 | 22.02 bn

Cash flows from operations were recorded at Rs 18.33 billion, 45% lower than last year. This was mainly due to working capital utilization in DAP inventory.

Net cash generated from operating activities was further impacted by higher payment of finance cost and income tax and thus the net cash generated from operations was recorded at Rs 1.58 billion compared to Rs 22.02 billion last year.

Cash flows from investing activities

2022 | (0.86) bn 2021 | (14.18) bn

In order to ensure sustained operations, the Company continued replacement of its plant and machinery with a capital expenditure of Rs 6.07 billion during the year.

FFC also injected further equity of Rs 2.18 billion in Thar Energy Limited, which includes advance against share issues of Rs 931 million.

Dividend receipt amounting to Rs 4.49 billion recorded an increase of 109% over last year. Consequently, net cash used in investing activities stood at Rs 865 million, compared to Rs 14.18 billion in 2021.

Cash flows from financing activities

2022 | (16.87) bn 2021 | (10.60) bn

The Company borrowed finance of Rs 5.00 billion, however, debt repayment of Rs 4.50 billion was made during the year.

In order to ensure a regular income stream for its shareholders, FFC paid Rs 17.33 billion as dividends against Rs 16.85 billion paid in 2021. Consequently, net cash used in financing activities was recorded at Rs 16.87 billion compared to Rs 10.60 billion utilized last year.

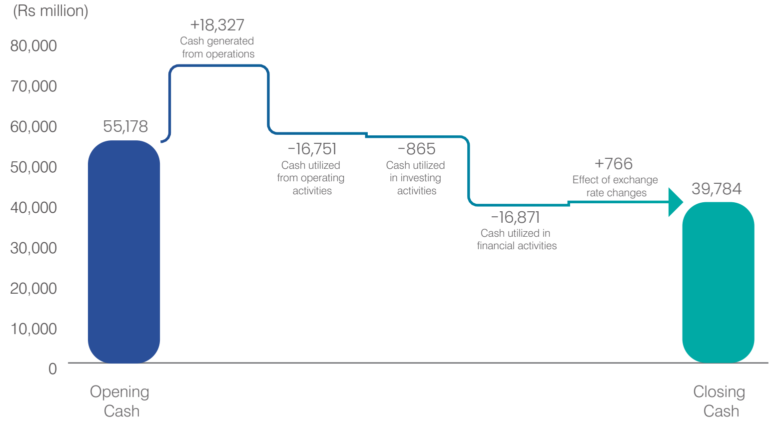
Cash and cash equivalent

2022 | 39.78 bn 2021 | 55.18 bn

Closing balance of cash and cash equivalent stood at Rs 39.78 billion, a decrease of 28% compared to last year's balance of Rs 55.18 billion.

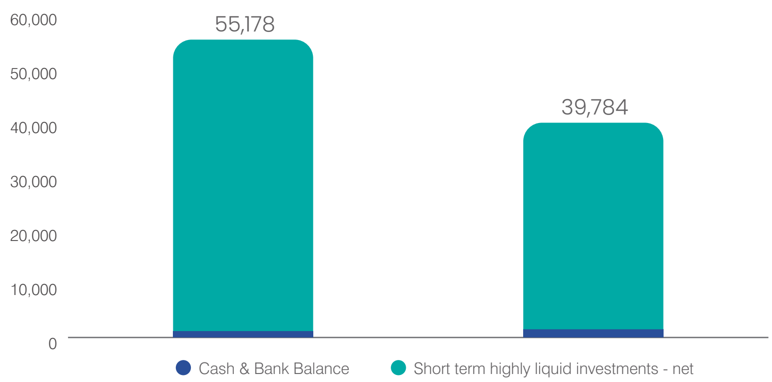
Cash Movement

(Rs million)



Cash & Cash Equivalents

(Rs million)



Adequacy of Internal Controls

The Board of Directors has employed an effective system of operational and financial internal controls, promoting a culture of moral conduct and ethical obligation at all levels within the Company.

During the year, Audit Committee met periodically to carry out appraisal of the adequacy and effectiveness of internal controls framework, whereas, the independent Internal Audit function monitors the implementation of internal controls.

Subsequent Events

The Board of Directors in its meeting held on January 30, 2023 is pleased to recommend a final cash dividend of Rs 3.15 per share i.e. 31.5% for the year ended 2022, for shareholders' approval, taking the total payout for the year to Rs 12.13 per share i.e. a payout of 77%.

There were no other material changes affecting the financial position of the Company till the date of this Report.

Consolidated Operations and Segmental Review

Directors' Report on the consolidated financial statement is covered from page 314 onwards.

Financial Key Performance Indicators

Turnover

Rs million

2021	2022	Change
108,651	**109,364**	1%

Why is this a KPI?

Turnover refers to the complete amount of products that have been sold, and their combined value. This gives a view into the progress of sales and the total value of inventory sold by the Company during the year.

2022 Performance

Highest ever turnover achieved on account of higher fertilizer prices.

Investment Income

Rs million

2021	2022	Change
5,992	**9,943**	66%

Why is this a KPI?

The Company derives investment income from deposit in different banks and financial institutions, investment in Government securities and mutual funds. It is dependent on prevalent interest rates and effective fund utilization.

2022 Performance

Benchmark investment income recorded due to efficient treasure management.

Dividend Income

Rs million

2021	2022	Change
1,927	**4,499**	133%

Why is this a KPI?

Dividend income is derived from a diversified investment portfolio which includes banking, cement, energy and food sectors.

2022 Performance

Higher payout by subsidiary / associated companies resulted in dividend income of Rs 4.50 billion.

Import Substitution

USD million

2021	2022	Change
1,293	**1,650**	28%

Why is this a KPI?

Import substitution gives a view of the value addition created in terms of foreign exchange savings for the Country through domestic production of urea fertilizer.

2022 Performance

Contribution to National Exchequer through import substitution clocked in at USD 1.65 billion in 2022, 28% above last year.

Market Price per Share

Rs

2021	2022	Change
100.26	**98.71**	-2%

Why is this a KPI?

The market price of Company's share on the Pakistan Stock Exchange as at December 31, 2021.

2022 Performance

Overall market continued to decline during 2022 and FFC share price fell by around 2%.

Break-Up Value

Rs

2021	2022	Change
37.35	**39.96**	7%

Why is this a KPI?

The value per share based only on the value of Company's assets.

2022 Performance

The break-up value per share was recorded at Rs 39.96, 7% higher than last year.

Earnings per Share

Rs

2021	2022	Change
17.21	**15.76**	-8%

Why is this a KPI?

Earnings per share (EPS) measures the portion of the Company's profit allocated to each outstanding share.

2022 Performance

The Company recorded EPS of Rs 15.76 during 2022 compared to Rs 17.21 last year.

Dividend per Share

Rs

2021	2022	Change
14.50	**12.13**	-16%

Why is this a KPI?

Dividend per share (DPS) is the sum of dividends, including both interim and final, declared by the Company for every outstanding share.

2022 Performance

The Dividend per Share of the Company was Rs 12.13 per share during 2022 compared to Rs 14.50 last year.

Gross Profit Margin

%

2021	2022	Change
36%	**37%**	1%

Why is this a KPI?

GP Margin compares the gross margin of a company to its revenue. GP Margin shows how much profit the Company is making after paying off cost of sales.

2022 Performance

Gross profit margin stood at 37% despite rising inflation, due to increased fertilizer prices.

Net Profit Margin

%

2021	2022	Change
20%	**18%**	-2%

Why is this a KPI?

NP Margin is used to calculate the percentage of profit a company produces from its total revenue. It measures the amount of net profit the Company obtained per rupee of revenue earned.

2022 Performance

Imposition of Super Tax by the Government led to a decrease of NP to 18.33% as compared to 20.15% last year.

Return on Capital Employed

%

2021	2022	Change
51%	**57%**	6%

Why is this a KPI?

Returned on Capital Employed provides a measure of the efficient and effective use of capital in operations of the Company.

2022 Performance

Higher earnings before interest and tax, despite increse in capital employed led to ROCE of 57.43 %, compared to 50.78% last year.

Return on Equity

%

2021	2022	Change
46%	**39%**	-7%

Why is this a KPI?

Return on Equity is a measure of the Company's annual return (profit after tax) divided by the value of its total shareholders' equity, expressed as a percentage.

2022 Performance

Decrease in profit lead to ROE of 39.44%, lowe than the last year figure of 46.08%.

Analysis vs last year Six years analysis Quarterly analysis

Non-Financial Key Performance Indicators

Manufactured Capital

Production Efficiency
117%

Farmers Engagement
51,510
Farmers reached through our Agri. Services

Wearhouses
152

Intellectual Capital

ISO - Info sys
ISO 27000: 2013

SAP - ERP

Payment Card Industry Data Security Standard (PCI-DSS) certification for FFC Cloud Hosting Services

Natural Capital

Environmental Protection
Rs **122** million

Neem Trees Planted
5,000

Decrease in GHG emissions
44,563 MT

Human Capital

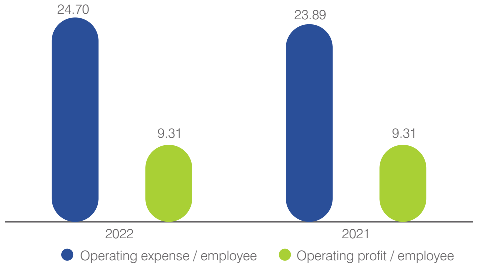
Workforce
3,216

Total Training Hours
13,696

Female Representation
3%

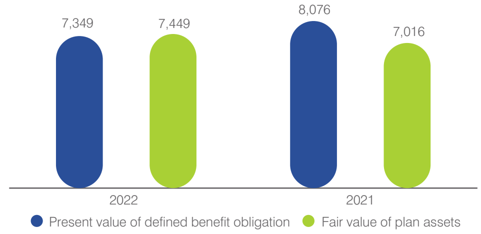
Operating Expenses & operating Profit per employee

(Rs million)



Retirement Benefit Funds

(Rs million)



Social and Relationship Capital

Contribution to National Exchequer
Rs **30** billion

Donations
Rs **664** million

Creating livelihood opportunities through **1,320** interest-free loans worth Rs. **41.40** million in collaboration with Akhuwat till 2022.

FINANCIAL CAPITAL

Analysis of Non-Financial Key Performance Indicators

Analysis of non-financial key performance indicators (KPIs) has been presented for material non-financial KPIs relevant for the business and stakeholders around other forms of capitals as mentioned under International Integrated Reporting Framework.

Manufactured Capital

(Page No. 116-120 & 171)

Our business activities of importing, producing, marketing and distribution of quality fertilizers help us to create value for our People – the stakeholders and ultimately for the economy.

Producing Quality Fertilizer

Our purpose is to protect and enhance productive potential of the Planet – the farms. To meet the expectations of our customers and in line with our strategy, we are committed to producing only quality products which correspond to the international environment and safety standards.

Investing in Better Farm Productivity

Over the past four decades, FFC has immensely contributed to enhancement of the farm productivity through continuous commitment and investment in farm advisory, building a loyal customer base, promoting Sona brand in the marketplace and creating value for FFC and farmers.

Intellectual Capital

(Page No. 121-125, 183 & 197)

Although intellectual capital does not have the kind of visibility that other capitals have in value creation due to its non-monetized nature, the Company strongly believes in allocating resources to its development as we believe that it contributes significantly towards enhancing operational efficiency and gaining competitive advantage in the modern technological era.

Human Capital

(Page No. 126-129 & 183)

The Company has, over the period, inculcated a culture of operational excellence through mentoring, delegation, empowering and succession planning, developed a pool of highly graded professionals. The well-directed policy, spell out in detail Company's way forward in dealing with succession planning, recognizing and rewarding the able pool of man power, hunting new talent and developing future leaders along with providing them with conducive environment to polish and harness their abilities.

Providing Employment

FFC as a fertilizer manufacturing and marketing Company is a source of employment for a range of talented professionals with 3,216 number of employees on its payroll as on December 31, 2022, providing valuable services at manufacturing sites, country-wide marketing network and head office. In order to retain the developed human resource, the Company offers competitive and market-based remuneration with job security and attractive retirement benefits along with avenues for polishing their potential and prospects for career development.

Investing in Our Workforce

FFC paid salaries and benefits to the tune of Rs 10.50 billion during the year 2022 compared to Rs 10.28 billion last year. The Company also maintains funded pension and gratuity schemes for its employees.

Providing Equal Opportunity

FFC being equal opportunity employer, does not discriminate on the basis of gender, class, demography, as benefits are provided according to the type of employment contract.

Developing Skills and Talent

Retention and development of skilled manpower is fundamental to maintain our competitiveness and value creation ability. It is critical that we play an active role in supporting the existing workforce through reskilling and upskilling. FFC believes that people learn every day, through experiential, social or formal avenues.

Investing in Health and Safety of Workforce

Providing a safe working environment is part of the overall commitments of FFC to the wellbeing of its employees. The Company continue to focus on enhancing safety systems and adopt state of the art industrial safety standards to eliminate or minimize the potential harm from the risks and hazards.

Social and Relationship Capital

(Page No. 132-135, 171, 183 & 197)

FFC is cognizant of its ethical responsibility towards the People and the Planet through environment friendly and fair business transactions. Our employees are educated and trained to take responsibility in line with their function, authority and qualifications to enrich our corporate responsibility of ethical business.

Create and Share Value as a Trusted Business Partner

At FFC, we share value with our local partners through local procurement in an effective manner which also results in economic development of the Country. We promote sustainability in the supply chain by engaging with our trusted supply chain partners.

Create and Share Value in Local Communities we Operate

The Company support People – the local communities through payment of taxes, voluntary financial contributions in the areas of education, health, sports and infrastructure developments, particularly in the neighboring communities, besides the overall country in general. Our presence and procurement from local suppliers also play significant role in generating economic activity benefiting the local communities.

Create and Share Value as a Socially Responsible Company

Protecting the Planet – the nature and environment through continued investments in environment friendly technologies and production processes is the top priority at FFC.

Natural Capital

(Page No. 136 & 171)

Pakistan's agricultural sector is the back bone of the Country's economy. The Country bank on it's natural capital to ensure food security within. The Company is well aware of the increasingly changing environmental landscape (climate, scarcity of natural resources and ecosystems) and in the need to invests in the relevant capital expenditures and climate-resilient agriculture practices, to manage our environmental footprint.

Prospects of the Entity Including Targets For Financial and Non-Financial Measures

The Country's economy successfully recovered from the global pandemic however this growth momentum could not be sustained due to the wide-ranging economic challenges like devastating floods, shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation, and socio-politico issues etc. However, despite these challenges, the Company delivered exceptional results recording multiple operating and financial benchmarks; surpassing major targets set for the year. Despite some key issues such as depleting gas reserves, inflationary pressures and shirking fiscal space, Company's efficient treasury management and planned diversification projects yielded great support to the management's projections of sustained earnings and returns to shareholders.

Methods and Assumptions Used in Compiling the Indicators

Key performance indicators effectively reflect the Company's performance. The management regularly analyses these indicators to better gauge the Company's performance against predefined benchmarks. Some of the basic indicators of the Company's performance and profitability have been mentioned below:

Turnover represents the total amount of revenue generated by the business during the mentioned periods. It aids in tracking sales levels trends in order to spot meaningful changes in activity levels.

Investment income includes income on deposits and return earned on investments made by the Company. Whereas, dividend income is income earned on the Company's equity investments.

Import substitution represents the foreign currency savings due to indigenous production of fertilizer by the Company.

Market price per share is the measure of perception of the Company in the market. The difference between Book Value and Market Value shows investors' confidence on scrip.

Earnings per share measures the net earnings of the Company against the total outstanding shares, whereas dividend per share represents dividend declared by the Company for every outstanding ordinary share.

Profitability ratios analyze the Company's financial health.

Changes in Financial and Non-Financial Indicators

Financial Capital Sections explains in detail about the changes in financial indicators compared to previous years.Changes in the non-financial indicators have been explained in the relevant Capital as well as the Sustainability Report section.

SIX YEAR ANALYSIS

Horizontal Analysis of Statement of Financial Position

The fertilizer market was significantly affected by the pricing interventions and inconsistent Governmental policies till the end of 2017. Despite turbulent times, the Company not only managed to stay afloat but exceeded annual and strategic objectives. Performance has been incrementally improving, reaching unprecedented success. However, the year under view was challenging as the economy was struggling through multiple challenges emanating from devastating floods, surging inflationary pressure leading toward monetary & fiscal tightening along with political instability. Despite all odds, the Company was able to successfully deliver positive growth momentum mainly due to improved urea sales and also employing cost controls. Highest ever pre-tax profit was earned, although imposition of super tax by Finance Act affected the profitability recorded by 2% lower than last year.

Horizontal Analysis

Shareholders' Equity

Shareholders' equity comprising of share capital and reserves witnessed the growth of 73% over the past six years. Although share capital and capital reserve remained unaltered during this period, however the Company's revenue reserves witnessed six-year annual average increase of 18% attributable mainly to higher retention.

Non-Current Liabilities

Non-current liabilities of Rs 27.53 billion depicted a six yearly growth of 5% only, mainly comprising of long term borrowings, deferred liabilities. Other long term liabilities were high during 2017 mainly due to payment of previously retained GIDC liability. However, decline was witnessed in the subsequent years on account of healthy operational cash generation by the Company. Last three years depicted an average annual increase of 40% in long term borrowings on account of investment in equity investments by the Company.

Deferred liabilities recorded at Rs 3.27 billion, registered a decrease of 30% compared to 2017; with compensated leave absences remaining fairly constant whereas deferred taxation exhibited six year annual average decrease of 8%. Long term portion of GIDC payable amounting Rs 7.94 billion was also classified in non-current liabilities as per the guideline of IFRSs.

Current Liabilities

In line with increase in inflationary costs, seasonal nature of cash generation, depreciating local currency and rising global commodity prices,short term borrowings depicted six yearly growth of around 30%. Current portion of long-term borrowings however depicts a reducing trend in line with the movement in long term borrowings.

Withholding of GIDC consequent to Court's ruling in 2015 resulted in consistent increase in the balance of trade and other payables from Rs 38.78 billion in 2017 to Rs 89.84 billion in 2022. Classification of short-term portion of GIDC payable to current liabilities have increased the balance of trade and other payable. Accordingly, current liabilities increased from Rs 59.01 billion in 2017 to Rs 161.76 billion at the end of 2022.

Non-Current Assets

Non-current assets, primarily comprising of property, plant and equipment and long term investments of the Company, have increased from Rs 52.75 billion in 2017 to Rs 84.30 billion in 2022, strengthening the Company's asset base.

Property, plant and equipment (PPE) depicted an average annual growth of 2% since 2017 to 2021, whereas during the year while maintaining the sustainability of its infrastructure, FFC has invested in its PPE including investment in pressure enhancement facilities, depicting an increase of 15% compared to 2021 to Rs 27.63 billion as at December 31, 2022. As part of FFC's strategy for diversification, the Company has diversified significantly since 2017 by acquiring an equity stake of 30% in Thar Energy Limited (TEL), 100% in Olive Technical Services (Pvt) Limited and 100% & 80% in Foundation Wind Energy – I Limited (FWEL-I) and Foundation Wind Energy – II Limited (FWEL-II) respectively.

Consequently, long term investments including investment in PIBs stood at Rs 50.53 billion at the close of 2022, showing an increase of around 181% since 2017.

Current Assets

Stores, spares and loose tools have registered a steady annual average increase of 13% since 2017.

Stock in trade have increased significantly from Rs 1.05 billion in 2021 to Rs 19.49 billion 2022, primarily due to slowdown in downstream demand of fertilizer which emanats from higher DAP prices, devastating floods, weak farm economics and delay in agriculture package by the Government.

The Company has maintained a reasonable level of trade debts throughout the six years' period, with the exception of 2019 when high quantum of sales were made on credit basis due to depressed market conditions. In FY 2022, despite the depressed market condition, Company has maintained robust control over trade debts and a significant improvement is witnessed, whereby the balance of trade receivable has reduced by 55% at Rs 372 million, achieving the lowest level since 2017.

Unadjusted input sales tax and outstanding subsidy receivable from the Government resulted in an annual average growth rate of 14% in other receivables over the six years' period.

Owing to placement of cash in short term investments considering the seasonality of cash availiability and attaractive offering on short term investments, the portfolio increased considerably to Rs 100.27 billion by around 3.25 times higher than 2017. On cumulative basis, current assets increased from Rs 55.89 billion in 2017 to Rs 155.83 billion in 2022.

	2022 Rs M	22 Vs 21 %	2021 Rs M	21 Vs 20 %	2020 Rs M	20 Vs 19 %	2019 Rs M	19 Vs 18 %	2018 Rs M	18 Vs 17 %	2017 Rs M	17 Vs 16 %
Equity and Liabilities												
Equity & Reserves												
Share capital	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-
Capital reserve	160	-	160	-	160	-	160	-	160	-	160	-
Revenue reserves	37,953	10	34,632	17	29,654	31	22,685	11	20,501	24	16,470	7
	50,835	7	47,514	12	42,536	20	35,567	7	33,383	14	29,352	4
Non - Current Liabilities												
Long term borrowings - Secured	16,295	(3)	16,740	58	10,627	64	6,473	(25)	8,584	(45)	15,572	(6)
Lease liabilities	17	(29)	24	(59)	59	(5)	62	-	-	-	-	-
Deferred government grant	-	-	-	(100)	25	-	-	-	-	-	-	-
Gas Infrastructure Development												
Cess (GIDC) payable	7,941	(62)	20,802	(37)	32,772	-	-	-	-	-	-	-
Deferred liabilities	3,272	(13)	3,758	(29)	5,259	19	4,412	(4)	4,578	(3)	4,697	(2)
	27,525	(33)	41,324	(15)	48,742	345	10,947	(17)	13,162	(35)	20,269	(6)
Current Liabilities												
Current portion of long term												
borrowings - secured	5,445	21	4,504	4	4,335	(8)	4,711	(35)	7,238	6	6,832	6
Current portion of lease liabilities	16	(58)	38	65	23	(47)	43	-	-	-	-	-
Current portion of deferred												
government government grant	-	(100)	41	(53)	87	-	-	-	-	-	-	
Trade and other payables	89,836	44	62,481	34	46,621	(39)	76,009	25	60,599	56	38,781	269
Mark - up and profit accrued	1,506	108	723	163	275	(59)	676	125	300	57	191	(40)
Short term borrowings - Secured	57,994	49	38,954	54	25,258	16	21,803	(24)	28,526	147	11,539	(48)
Unclaimed Dividend	479	1	472	1	468	(14)	542	(15)	639	46	437	7
Taxation	6,486	31	4,956	8	4,604	49	3,092	17	2,642	115	1,230	(2)
	161,762	44	112,169	37	81,671	(24)	106,876	7	99,944	69	59,010	44
Total Equity And Liabilities	240,122	19	201,007	16	172,949	13	153,390	5	146,489	35	108,631	20
Assets												
Non - Current Assets												
Property, plant & equipment	27,631	15	23,987	5	22,841	3	22,212	3	21,533	(3)	22,312	5
Intangilbe assets	1,573	-	1,576	-	1,572	-	1,577	-	1,575	(1)	1,585	-
Log term investments	50,525	10	46,115	33	34,675	12	31,088	16	26,899	(3)	27,869	(6)
Long term Loans & advances - Secured	4,556	50	3,044	57	1,945	62	1,200	8	1,114	15	966	3
Long term deposits & prepayments	12	(20)	15	7	14	17	12	(14)	14	-	14	-
	84,297	13	74,737	22	61,047	9	56,089	10	51,135	(3)	52,746	(1)
Current Assets												
Stores, spares and loose tools	6,301	38	4,558	3	4,434	16	3,811	10	3,474	(1)	3,496	2
Stock in trade	19,488	1,760	1,048	228	320	(95)	6,795	(47)	12,932	3,174	395	(91)
Trade debts	372	(55)	833	(64)	2,287	(83)	13,460	266	3,678	(1)	3,722	(14)
Loans and advances - Secured	953	26	759	(4)	789	(56)	1,795	69	1,060	(35)	1,634	81
Deposits and prepayments	301	349	67	31	51	-	51	(38)	82	5	79	56
Other receivables	26,621	18	22,619	8	20,965	19	17,653	12	15,725	13	13,965	80
Short term investments	100,269	5	95,196	16	81,902	70	48,041	(12)	54,585	77	30,882	118
Cash and bank balances	1,520	28	1,190	3	1,154	(80)	5,695	49	3,818	123	1,712	(32)
	155,825	23	126,270	13	111,902	15	97,301	2	95,354	71	55,885	50
Total Assets	240,122	19	201,007	16	172,949	13	153,390	5	146,489	35	108,631	20

SIX YEAR ANALYSIS

Vertical Analysis of Statement of Financial Position

	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity & Reserves												
Share capital	12,722	5	12,722	6	12,722	7	12,722	8	12,722	9	12,722	12
Capital reserve	160	-	160	-	160	-	160	-	160	-	160	-
Revenue reserves	37,953	16	34,632	17	29,654	17	22,685	15	20,501	14	16,470	15
	50,835	21	47,514	23	42,536	25	35,567	23	33,383	23	29,352	27
Non - Current Liabilities												
Long term borrowings - Secured	16,295	7	16,740	8	10,627	6	6,473	4	8,584	6	15,572	14
Lease liabilities	17	-	24	-	59	-	62	-	-	-	-	-
Deferred government grant	-	-	-	-	25	-	-	-	-	-	-	-
Gas Infrastructure Development Cess (GIDC) payable	7,941	3	20,802	10	32,772	19	-	-	-	-	-	-
Deferred liabilities	3,272	1	3,758	3	5,259	3	4,412	3	4,578	3	4,697	4
	27,525	11	41,324	21	48,742	28	10,947	7	13,162	9	20,269	18
Current Liabilities												
Current portion of long term borrowings - secured	5,445	3	4,504	2	4,335	3	4,711	3	7,238	5	6,832	6
Current portion of lease liabilities	16	-	38	1	23	-	43	-	-	-	-	-
Current portion of deferred government government grant	-	-	41	-	87	-	-	-	-	-	-	-
Trade and other payables	89,836	37	62,481	31	46,621	27	76,009	50	60,599	41	38,781	36
Mark - up and profit accrued	1,506	1	723	-	275	-	676	-	300	-	191	-
Short term borrowings - Secured	57,994	24	38,954	19	25,258	15	21,803	14	28,526	19	11,539	11
Unclaimed dividend	479	-	472	1	468	-	542	-	639	-	437	-
Taxation	6,486	3	4,956	2	4,604	3	3,092	2	2,642	2	1,230	1
	161,762	68	112,169	56	81,671	47	106,876	70	99,944	68	59,010	54
Total Equity And Liabilities	240,122	100	201,007	100	172,949	100	153,390	100	146,489	100	108,631	100
Assets												
Non - Current Assets												
Property, plant & equipment	27,631	12	23,987	12	22,841	13	22,212	14	21,533	15	22,312	21
Intangible assets	1,573	1	1,576	1	1,572	1	1,577	1	1,575	1	1,585	1
Log term investments	50,525	21	46,115	23	34,675	20	31,088	20	26,899	18	27,869	26
Long term loans & advances - Secured	4,556	2	3,044	2	1,945	1	1,200	1	1,114	1	966	1
Long term deposits & prepayments	12	-	15	-	14	-	12	-	14	-	14	-
	84,297	35	74,737	37	61,047	35	56,089	37	51,135	35	52,746	49
Current Assets												
Stores, spares and loose tools	6,301	3	4,558	2	4,434	3	3,811	2	3,474	2	3,496	3
Stock in trade	19,488	8	1,048	1	320	-	6,795	4	12,932	9	395	-
Trade debts	372	-	833	-	2,287	1	13,460	9	3,678	3	3,722	3
Loans and advances - Secured	953	-	759	-	789	-	1,795	1	1,060	1	1,634	2
Deposits and prepayments	301	-	67	-	51	-	51	-	82	-	79	-
Other receivables	26,621	11	22,619	11	20,965	12	17,653	12	15,725	11	13,965	13
Short term investments	100,269	42	95,196	47	81,902	47	48,041	31	54,585	37	30,882	28
Cash and bank balances	1,520	1	1,190	1	1,154	1	5,695	4	3,818	3	1,712	2
	155,825	65	126,270	63	111,902	65	97,301	63	95,354	65	55,885	51
Total Assets	240,122	100	201,007	100	172,949	100	153,390	100	146,489	100	108,631	100

Vertical Analysis

Shareholders' Equity

Share capital as a percentage of equity has dropped from 43% in 2017 to 25% in 2022, while revenue reserves as a percentage of equity have improved from 56% in 2017 to 75% at the close of 2022 owing to profit retention in the business to finance the future diversification needs.

Non-Current Liabilities

Reclassification of long term portion of GIDC in non-current liabilities decreased long term borrowings as a percentage of non-current liabilities, to 22% in 2020 compared to 77% in 2017. From year 2020 till current year, however, the balance is reducing owing to conversion into short term portion, duly classified in trade and other payables. The balance isreduced to 29% of non-current liabilities at the close of 2022.

Current Liabilities

Rising inflation, Governmental intervention in prices and unfavorable policies along with delays in payment of subsidy and GST refundable, resulted in working capital requirements, increasing short term borrowings as a percentage of total current liabilities from 20% in 2017 to 36% in 2022.

Trade and other payables as a percentage of current liabilities grew form 66% in 2017 to 71% in 2019 due to withholding of GIDC consequent to the Court's decision, however, in compliance with IFRS requirements, portion of GIDC was reclassified to non-current liabilities therefore reducing the percentage of trade and other payables to current liabilities to 56% in 2022.

Non-Current Assets

Property, plant and equipment as a percentage of non-current assets has decreased from 42% in 2017 to 33% in 2022, whereas long term investments as a percentage of non-current assets has increased from 53% in 2017 to 60% in 2022 primarily due to the Company's equity investments over the years.

Current Assets

Staying in line with the historic six year average, stores, spares and loose tools formed 4% of the Company's current assets.

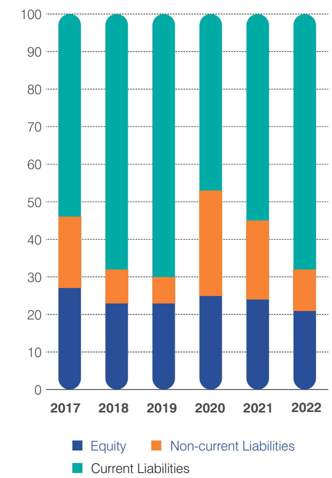
Stock in trade as a percentage of current assets increased sizably at 13% in 2022, as compared to last year around 1% mainly due to lower offtake in DAP inventory. This percentage however also remained high in 2018 and 2019 on account of abnormal inventory levels attributable to adverse market conditions.

Trade debts as a percentage of current assets, at the close of 2022, also remained negligible at 0.2% against six year's average of 5%. Whereas, other receivables were broadly in line with the average of last six years and formed 17% of total current assets in 2022.

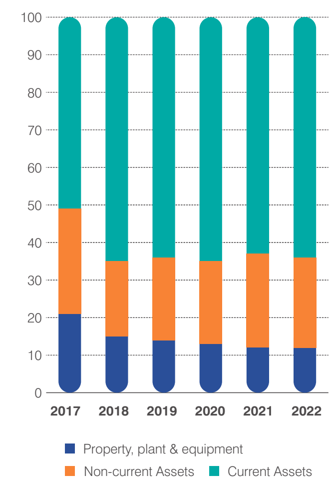
Short term investments as a percentage of current assets have increased from 55% in 2017 to 64% in 2022, owing to gradual improvement in the Company's liquidity position.

The trends in the statement of financial position are in line with general trends of the Company and fertilizer industry, except for the variations described above.

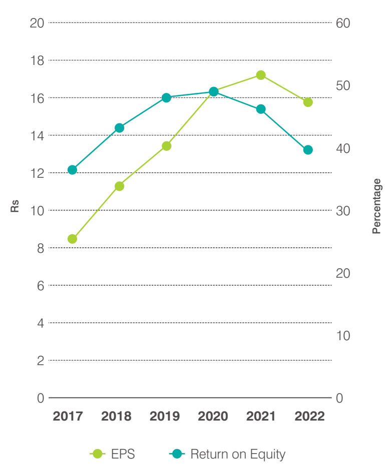
Financial Position Analysis - Equity & Liabilities
(Percentage)



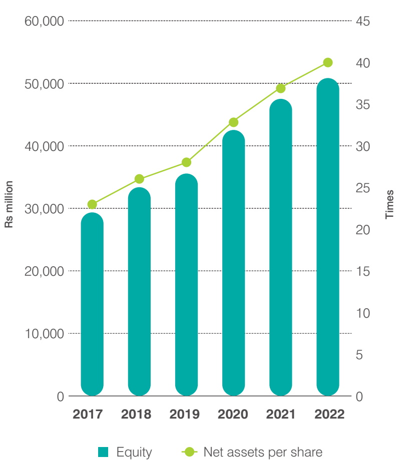
Financial Position Analysis - Assets
(Percentage)



EPS and Return on Equity



Equity & Net Assets per Share



SIX YEAR ANALYSIS

Horizontal Analysis of Statement of Profit or Loss

	2022 Rs M	2022 %	2021 Rs M	2021 %	2020 Rs M	2020 %	2019 Rs M	2019 %	2018 Rs M	2018 %	2017 Rs M	2017 %
Turnover - Net	109,364	1	108,651	11	97,655	(8)	105,783	(0.2)	105,964	17	90,714	24
Cost of sales	(69,317)	(1)	(69,772)	6	(66,072)	(12)	(75,046)	(4)	(77,986)	7	(72,621)	32
Gross profit	40,047	3	38,879	23	31,583	3	30,737	10	27,978	55	18,093	0.2
Distribution cost	(10,108)	20	(8,409)	7	(7,848)	(5)	(8,288)	(6)	(8,833)	3	(8,574)	20
Operating profit	29,939	(2)	30,470	28	23,735	6	22,449	17	19,145	101	9,519	(13)
Finance cost	(4,868)	112	(2,292)	22	(1,874)	(24)	(2,477)	51	(1,637)	(33)	(2,445)	2
Other (losses) / gains	(2,789)	(1)	(2,811)	(171)	3,940	(458)	(1,100)	-	-	-	-	-
Other expenses	(3,037)	3	(2,947)	12	(2,639)	14	(2,310)	10	(2,108)	29	(1,631)	(7)
	19,245	(14)	22,420	(3)	23,162	40	16,562	8	15,400	183	5,443	(19)
Other income	14,442	82	7,919	23	6,429	(11)	7,191	14	6,283	(39)	10,298	(3)
Profit before taxation	33,687	11	30,339	3	29,591	25	23,753	10	21,683	38	15,741	(10)
Provision for taxation	(13,637)	62	(8,443)	(4)	(8,772)	32	(6,643)	(8)	(7,244)	44	(5,030)	(10)
Profit for the year	20,050	(8)	21,896	5	20,819	22	17,110	18	14,439	35	10,711	(9)
EPS (Rupees)	15.76	(8)	17.21	5	16.36	22	13.45	19	11.35	35	8.42	(9)

Horizontal Analysis

Turnover and Cost of Sales

The Company has successfully achieved the Rs 100 billion milestone four times in past six years, registering highest ever turnover amounting Rs 109.36 billion in 2022 being 1% higher than last year owing to increase in prices. Cost of sales witnessed a decrease of 5% since 2017 mainly on account of lower offtakes and better cost controls over the years, besides abolishment of GIDC.

Gross Profit

FFC consistently improved its gross profitability over the last six years with a compound annual growth rate of 14%, increasing from Rs 18.09 billion in 2017 to Rs 40.05 billion in 2022 mainly due to efficiency in processes and improved fertilizer prices over the year.

Distribution Cost & Operating Profit

Effective cost control measures have resulted in control of distribution costs to a compound annual growth rate of 3%, in line with handling of incremental product volume and inflationary trends. However, in 2022 distribution cost increased considerably by 20% primarily due to high POL prices and increased fixed cost due to double-digit inflation in the Country. Operating profit increased from Rs 9.52 billion in 2017 to Rs 29.94 billion in 2022, due to healthy margin.

Finance Cost

Minor fluctuations have been witnessed in finance cost but broadly remained around Rs. 2 billion over the past six years. However, a significant jump can be witnessed in 2022 mainly due to high interest rates in the Country. As a result, finance cost surged by 99% to Rs 4.87 billion compared to Rs 2.45 billion in 2017.

Other Expenses

Other expenses consist of profit based levies besides research and development expenses. Over the years, these oscillated in line with the Company's profitability.

Other Gains / (Losses)

Other gains / (losses) comprises of unwinding gain in 2020 and subsequent unwinding charges starting from year 2021, impairment loss on subsidiary, and Expected Credit Loss on subsidy receivable, in line with the requirements of IFRSs.

During the year, other losses were recorded at Rs 2.79 billion being lower by 1% compared to Rs 2.81 billion in 2021 and gain of Rs 3.94 billion in 2020.

Other Income

Upside witnessed in other income during 2017 to 2018 was mainly on account of subsidy income. Dividend income increased from Rs 2.28 billion in 2017 to Rs 4.50 billion in 2022 owing to better payouts by associated and subsidiary companies. However, effective utilization of funds through proactive treasury management, and prevailing high rate of return enabled the Company to earn highest ever investment income of Rs 9.94 billion depicting massive growth rate of around 7 times compared to 2017.

Taxation

Variation in tax charge over the years has been in line with profitability, however, current year's effective rate remained 40% higher than the six year average effective rate of over 32% owing to imposition of super tax by the Federal Government.

Profit for the Year

The Company's net profitability has been on a sustained upward trajectory since the decline witnessed in 2017. During the year, FFC posted a net profit of Rs 20.05 billion, primarily on account of highest ever turnover and record investment income. Overall the Company's profitability grew by 87% in 2022 vs 2017, however the profitability decreased in comparison to 2021 owing to reasons explained above.

Vertical Analysis of Statement of Profit or Loss

	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - Net	109,364	100	108,651	100	97,655	100	105,783	100	105,964	100	90,714	100
Cost of sales	(69,317)	(63)	(69,772)	(64)	(66,072)	(68)	(75,046)	(71)	(77,986)	(74)	(72,621)	(80)
Gross profit	40,047	37	38,879	36	31,583	32	30,737	29	27,978	26	18,093	20
Distribution cost	(10,108)	(9)	(8,409)	(8)	(7,848)	(8)	(8,288)	(8)	(8,833)	(8)	(8,574)	(9)
Operating profit	29,939	27	30,470	28	23,735	24	22,449	21	19,145	18	9,519	10
Finance cost	(4,868)	(4)	(2,292)	(2)	(1,874)	(2)	(2,477)	(2)	(1,637)	(2)	(2,445)	(3)
Other (losses) / gains	(2,789)	(3)	(2,811)	(3)	3,940	4	(1,100)	(1)	-	-	-	-
Other expenses	(3,037)	(3)	(2,947)	(3)	(2,639)	(3)	(2,310)	(2)	(2,108)	(2)	(1,631)	(2)
	19,245	18	22,420	21	23,162	24	16,562	16	15,400	15	5,443	6
Other income	14,442	13	7,919	7	6,429	7	7,191	7	6,283	6	10,298	11
Profit before taxation	33,687	31	30,339	28	29,591	30	23,753	22	21,683	20	15,741	17
Provision for taxation	(13,637)	(12)	(8,443)	(8)	(8,772)	(9)	(6,643)	(6)	(7,244)	(7)	(5,030)	(6)
Profit for the year	20,050	18	21,896	20	20,819	21	17,110	16	14,439	14	10,711	12
EPS (Rupees)	15.76		17.21		16.36		13.45		11.35		8.42	

Vertical Analysis

Gross Profit

Abnormal decrease was witnessed in gross profit as a percentage of turnover in 2017 due to escalation in raw material costs, in addition to classification of subsidy income in other income in compliance with IFRSs. Thereafter, a substantial growth has been witnessed from 20% in 2017 to 37% in 2022 owing primarily to reduction in GIDC rates along with robust control in fixed costs and improved fertilizer prices.

Distribution Cost & Operating Profit

Operating profit as a percentage of turnover has considerably increased from 10 % in 2017 to 27% in 2022 despite escalating inflation and higher transportation costs driven by high POL prices.

Other Expenses

Other expenses consist of WPPF and WWF related expense besides research and development expenses. Other expenses are in line with the Company's profitability over the past years.

Other Income

Other income as a percentage of turnover was higher in 2017 due to recording of subsidy on fertilizer, in other income as per the requirements of IFRSs. Subsequently, it remained around 7% till 2021 however increased substantially in 2022 due to improved investment and dividend income from equity investments.

Taxation

Tax charge as a percentage of turnover broadly remained consistent with variation in topline. However, in 2022, mainly due to imposition of super tax reached at 12% as compared to average rate of 8% for the past six years.

Profit for the Year

Persistent Governmental pricing intervention restricted the Company's pass-through ability despite increase in operating costs, resulted in restricted net profit margin during 2017 and 2018. Sustained growth thereafter enabled improved margins over the years recorded at 18% in 2022 compared to six year average of 17%.

SIX YEAR ANALYSIS

of Cash Flows

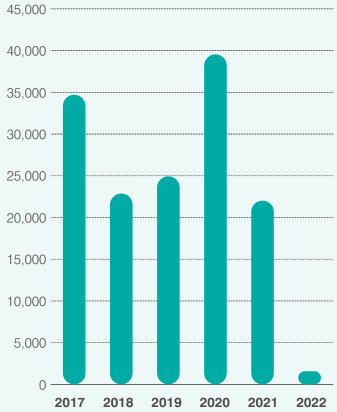
Summary of Cash Flows

Rs million	2022	2021	2020	2019	2018	2017
Net cash flow from Operating activities						
Profit before taxation	**33,687**	30,339	29,591	23,753	21,683	15,741
Adjustments for non cash & other items	**(1,624)**	4,026	(2,614)	1,814	(1,254)	(5,484)
Changes in working capital	**(12,385)**	179	22,078	7,917	7,860	27,310
Changes in long term loans and advances, deposits, prepayments and deferred liabilities	**(1,350)**	(1,403)	(925)	157	(57)	52
Net cash (used in) / generated from operations	**(13,735)**	(1,224)	21,153	8,074	7,803	27,362
	18,328	33,141	48,130	33,641	28,232	37,619
Finance cost paid	**(4,081)**	(1,838)	(2,266)	(2,101)	(1,527)	(2,575)
Income tax paid	**(12,670)**	(9,283)	(6,320)	(6,604)	(6,041)	(5,247)
Subsidy received on sale of fertilizer	**-**	-	-	-	2,202	4,910
Net cash generated from operating activities	**1,577**	22,020	39,544	24,936	22,866	34,707
Net cash flow from Investing activities						
Fixed capital expenditure	**(6,069)**	(3,591)	(2,942)	(3,138)	(1,400)	(3,285)
Interest received	**893**	719	891	1,805	1,050	750
(Increase) / Decrease in investments - net	**(238)**	(13,484)	(2,740)	(719)	211	(1,193)
Dividends received	**4,499**	2,150	1,151	1,971	1,299	1,924
Others	**50**	22	40	459	18	25
Net cash (used in) / generated from investing activities	**(865)**	(14,184)	(3,600)	378	1,178	(1,779)
Net cash flow from Financing activities						
Long term financing - disbursements	**5,000**	10,470	8,409	2,600	-	7,000
- repayments	**(4,504)**	(4,188)	(4,631)	(7,238)	(6,582)	(7,684)
Repayment of lease liabilities	**(33)**	(31)	(31)	(33)	-	-
Grant recieved during the year	**-**	-	190	-	-	-
Dividends paid	**(17,334)**	(16,853)	(14,131)	(14,665)	(9,912)	(8,558)
Net cash used in financing activities	**(16,871)**	(10,602)	(10,194)	(19,336)	(16,494)	(9,242)
Net (decrease) / increase in cash and cash equivalents	**(16,159)**	(2,766)	25,750	5,978	7,550	23,686
Cash and cash equivalents at beginning of the year	**55,178**	57,709	31,886	25,672	17,723	(6,041)
Effect of exchange rate changes	**766**	235	73	236	399	78
Cash and cash equivalents at end of the year	**39,785**	55,178	57,709	31,886	25,672	17,723

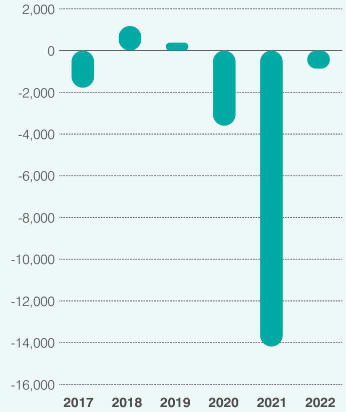
Free Cash Flows

Rs million	2022	2021	2020	2019	2018	2017
Profit before taxation	**33,687**	30,339	29,591	23,753	21,683	15,741
Adjustment non-cash items	**(1,624)**	4,026	(2,614)	1,814	(1,254)	(5,484)
Changes in working capital	**(12,385)**	179	22,078	7,917	7,860	27,310
	19,678	34,544	49,055	33,484	28,289	37,567
Less: Capital expenditure	**(6,069)**	(3,591)	(2,942)	(3,138)	(1,400)	(3,285)
Free cash flows	**13,609**	30,953	46,113	30,346	26,889	34,282

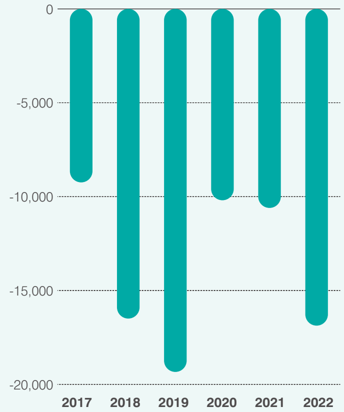
Cash Flows from Operating Activities
(Rs million)



Cash Flows from Investing Activities
(Rs million)



Cash Flows from Financing Activities
(Rs million)



Cash Flows Analysis

Cash Flows from Operating Activities

Cash flows from operating activities at the end of 2022, despite achieving higher ever turnover, was recorded at Rs 1.58 billion demonstrating a dip of 95% as compared to 2017 mainly due to increase in working capital requirement emanating from global commodity super cycle & currency devaluation, also higher than average payment of taxation due to imposition of super tax.

Cash Flows from Investing Activities

Investing activities mainly comprised of capital expenditure and equity investments in subsidiary and associated undertakings. Cash flows from investing activities remained fluctuating between net inflows and outflows since 2017. At the end of 2022, despite substantial increase in capital expenditure, considerable improvement in cash generation was witnessed by 51% as compared to 2017 mainly because of the healthy dividend declaration by the subsidiaries and associate concerns signifying positive strategic investments by the company.

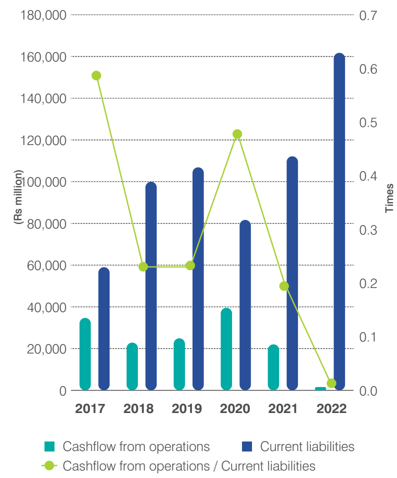
Cash Flows from Financing Activities

The Company has historically had a negative cash balance from financing activities mainly on account of dividend payments and consistent repayment of outstanding debts. The same trend continued in 2022 as net cash utilized in financing activities amounted to Rs 16.87 billion considerably higher than average of Rs.13.79 billion for the past six years mainly because of healthy dividend payouts of Rs.17.33 billion in 2022 vs average of Rs 13.58 billion for the past six years maintain our glorified legacy and title of cash cow among market participants.

Cash and Cash Equivalent

Overall, cash and cash equivalent stood at Rs 39.79 billion at the close of 2022 compared to Rs 17.72 billion in 2017.

Cashflow from Operations / Current Liabilities



Direct Method Cash Flow

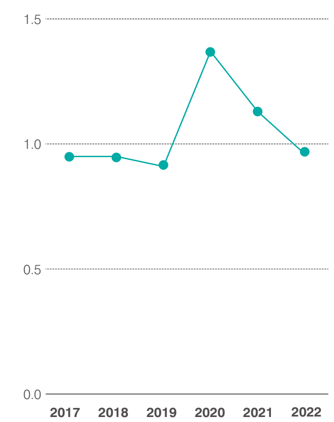
Rs million	2022	2021
Cash Flows From Operating Activities		
Cash receipts from customers - net	**116,183**	110,023
Cash paid to suppliers / service providers and employees - net	**(94,938)**	(74,296)
Payment to gratuity fund	**(253)**	(230)
Payment to pension fund	**(149)**	(218)
Payment to Workers' Welfare fund - net	**(565)**	(398)
Payment to Workers' Profit Participation fund - net	**(1,950)**	(1,740)
Finance cost paid	**(4,081)**	(1,838)
Income tax paid	**(12,670)**	(9,283)
Net cash generated from operations	**1,577**	22,020
Cash Flows From Investing Activities		
Fixed capital expenditure	**(6,070)**	(3,591)
Proceeds from sale of property, plant and equipment	**50**	22
Interest received	**893**	719
Investment in Foundation Wind Energy I & II Limited	**-**	(13,512)
Investment in TEL	**(1,246)**	-
Advance against issue of shares to TEL	**(931)**	(377)
Advance against issue of shares to OLIVE	**-**	(20)
Investment in Fauji Fresh n Freeze Limited	**-**	-
Advance against issue of right shares to FFBL	**-**	(2,494)
Increase in other investment - net	**1,939**	425
Dividends received	**4,500**	2,150
Net cash used in from investing activities	**(865)**	(14,184)
Cash Flows From Financing Activities		
Long term financing - disbursements	**5,000**	10,470
- repayments	**(4,504)**	(4,188)
Repayment of lease liabilities	**(33)**	(31)
Grant received during the year	**-**	-
Dividends paid	**(17,334)**	(16,853)
Net cash used in financing activities	**(16,871)**	(10,602)
Net decrease in cash and cash equivalents	**(16,160)**	(2,766)
Cash and cash equivalents at beginning of the year	**55,178**	57,709
Effect of exchange rate changes	**766**	235
Cash and cash equivalents at end of the year	**39,785**	55,178

SIX YEAR ANALYSIS

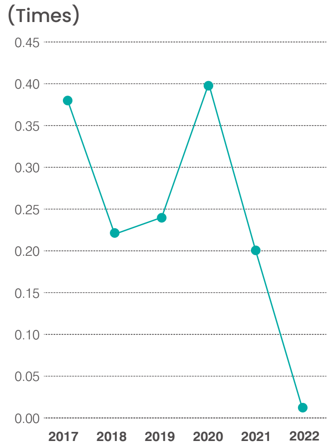
of Financial Ratios

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	%	**36.62**	35.78	32.34	29.06	26.40	19.95
Gross profit ratio (Including Subsidy)	%	**36.62**	35.78	32.34	29.06	28.03	25.38
Operating Margin	%	**27.38**	28.04	24.30	21.22	18.07	10.49
Net profit ratio	%	**18.33**	20.15	21.32	16.17	13.63	11.81
Net profit ratio (Including Subsidy)	%	**18.33**	20.15	21.32	16.17	13.32	11.01
EBITDA margin to turnover	%	**37.46**	32.27	34.58	26.96	24.06	22.44
EBITDA margin to turnover (Including Subsidy)	%	**37.46**	32.27	34.58	26.96	23.52	20.92
Operating leverage ratio	Times	**1.03**	0.33	(2.60)	(73.41)	1.68	(0.33)
Return on equity (Profit after tax)	%	**39.44**	46.08	48.94	48.11	43.25	36.49
Return on equity (Profit before tax)	%	**66.27**	63.85	69.57	66.78	64.95	53.63
Return on capital employed	%	**57.43**	50.78	59.19	62.39	55.57	40.48
Pre tax margin	%	**30.80**	27.92	30.30	22.45	20.46	17.35
Pre tax margin (Including Subsidy)	%	**30.80**	27.92	30.30	22.45	20.01	16.18
Return on assets	%	**8.35**	10.89	12.04	11.15	9.86	9.86
Growth in EBITDA	%	**10.16**	2.74	22.51	9.16	33.15	(8.18)
Earning before interest, depreciation and tax	Rs in million	**40,968**	35,064	33,773	28,514	25,490	20,359
Earnings growth	%	**(8.43)**	5.17	21.68	18.50	34.81	(9.09)
Growth in turnover	%	**17.54**	11.26	(7.68)	(0.17)	16.81	24.48
Growth in turnover (Including Subsidy)	%	**0.66**	11.26	(7.68)	(2.38)	11.35	21.86
Capital Expenditure to total Assets	%	**2.53**	1.79	1.70	2.05	0.96	3.02
Liquidity Ratios							
Current ratio	Times	**0.96**	1.13	1.37	0.91	0.95	0.95
Quick / Acid test ratio	Times	**0.80**	1.08	1.31	0.81	0.79	0.88
Cash to current liabilities	Times	**0.25**	0.49	0.71	0.30	0.26	0.30
Cash flow from operations to turnover	Times	**0.01**	0.20	0.40	0.24	0.22	0.38
Cash flow from operations to turnover (Including Subsidy)	Times	**0.01**	0.20	0.40	0.24	0.21	0.36
Long term liabilities / current liabilities	%	**17.02**	36.84	59.68	10.24	13.17	34.35
Cash flow to capital expenditures	Times	**0.26**	6.13	13.44	7.95	16.33	10.57
Cash flow coverage ratio	Times	**0.07**	1.04	2.64	2.23	1.45	1.55
Activity / Turnover Ratios							
Inventory turnover ratio	Times	**7**	102	18.57	7.61	11.70	31.36
No. of days in inventory	Days	**52**	4	20	48	31	12
Debtors turnover ratio	Times	**182**	70	12.40	12.34	28.64	22.60
Debtors turnover ratio (Including Subsidy)	Times	**22**	17	7.21	6.99	10.26	9.80
No. of days in receivables	Days	**2**	5	29	30	13	16
No. of days in receivables (Including Subsidy)	Days	**17**	22	51	52	36	37
Creditors turnover ratio - GIDC	Times	**1**	2	1.46	1.42	2.34	5.10
- without GIDC	Times	**12**	21	24.64	51.93	88.37	98.94
No. of days in payables - GIDC	Days	**271**	180	250	258	156	72
- without GIDC	Days	**30**	17	15	7	4	4
Total assets turnover ratio	Times	**0.46**	0.54	0.56	0.69	0.72	0.84
Total assets turnover ratio (Including Subsidy)	Times	**0.46**	0.54	0.56	0.69	0.74	0.90
Fixed assets turnover ratio	Times	**3.96**	4.53	4.28	4.76	4.92	4.07
Fixed assets turnover ratio (Including Subsidy)	Times	**3.96**	4.53	4.28	4.76	5.03	4.36
Operating cycle - GIDC	Days	**(269)**	(175)	(221)	(227)	(142)	(45)
- without GIDC	Days	**(28)**	(12)	14	24	10	23

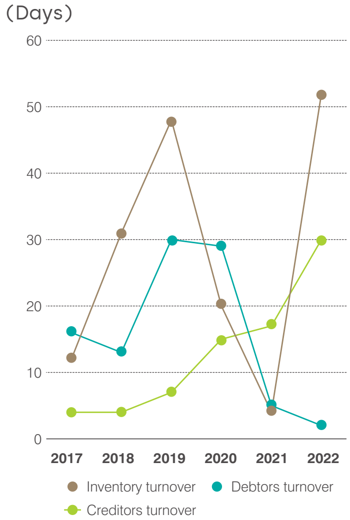
Current Ratio
(Times)



Cash Flow from Operations to Turnover
(Times)



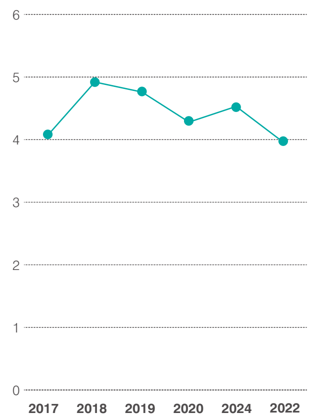
Inventory, Debtors and Creditors Turnover
(Days)



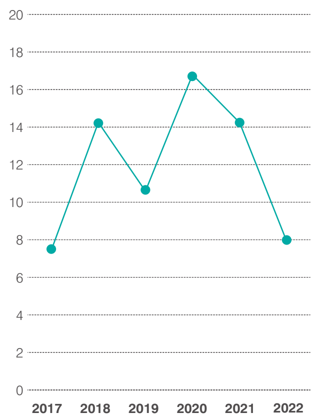
		2022	2021	2020	2019	2018	2017
Investment / Market Ratios							
Earnings per share (EPS) and Diluted EPS	Rs	**15.76**	17.21	16.36	13.45	11.35	8.42
Price earning ratio	Times	**6.26**	5.83	6.63	7.54	8.18	9.40
Dividend yield ratio	%	**11.32**	13.74	10.62	10.94	9.35	7.66
Dividend payout ratio							
- Cash (interim & proposed final)	%	**76.97**	84.25	68.44	80.30	77.98	83.14
- Cash & stock (interim & proposed final)	%	**76.97**	84.25	68.44	80.30	77.98	83.14
Dividend cover ratio	Times	**1.30**	1.19	1.46	1.25	1.28	1.20
Cash dividend per share (interim & proposed final)	Rs	**12.13**	14.50	11.20	10.80	8.85	7.00
Stock dividend per share (interim & proposed final)	%	**-**	-	-	-	-	-
Market value per share							
- Year end	Rs	**98.71**	100.26	108.50	101.47	92.85	79.11
- High during the year	Rs	**126.89**	113.68	114.54	109.12	103.68	118.96
- Low during the year	Rs	**98.35**	96.09	82.71	84.88	79.05	70.07
Breakup value (net assets per share)							
- Without revaluation reserves	Rs	**39.96**	37.35	33.43	27.96	26.24	23.07
- Investment in Related Party at fair / market value	Rs	**57.31**	60.70	54.30	44.17	51.65	46.18
Retention (after interim & proposed cash)	%	**23.03**	15.75	31.56	19.70	22.02	16.86
Change in market value added	%	**(6.61)**	(16.19)	2.11	10.36	18.86	(31.82)
Price to book ratio	Times	**9.87**	10.03	10.85	10.15	9.29	7.91
Market price to breakup value	Times	**2.68**	2.83	3.15	3.53	3.61	3.96
Sustainable Growth Rate	%	**9.08**	7.26	15.45	9.48	9.52	6.15
Total Shareholder Return (TSR)	%	**9.72**	4.47	17.20	17.37	25.51	(18.49)
Capital Structure Ratios							
Financial leverage ratio	Times	**1.57**	1.27	0.95	0.93	1.33	1.16
Weighted average cost of debt	%	**17.29**	10.91	6.44	13.71	8.18	6.61
Net Assets per share	Rs	**39.96**	37.35	33.43	27.96	26.24	23.07
Debt to equity ratio as per book value	Ratio	**24:76**	26:74	20:80	15:85	20:80	35:65
Interest cover ratio / Time Interest earned ratio	Times	**7.92**	14.24	16.79	10.59	14.25	7.44
Free-Float of shares as a percentage of total shares outstanding	%	**54.72**	54.58	54.06	54.04	54.04	54.11
Others							
Production per employee	MT/Employee	**747**	765	708	721	751	747
Revenue per employee	Rs M	**34.01**	33.18	27.81	30.60	31.57	26.97
Staff turnover ratio	%	**8.40**	15.95	7.58	4.88	4.57	4.64
Customer satisfaction index	%	**89**	97	96	96	95	91
Spare inventory as % of assets costs	%	**2.62**	2.27	2.56	2.48	2.37	3.22
Maintenance cost as % of operating expenses	%	**4.40**	3.40	2.55	2.16	1.76	1.75

Note : Breakup value with revaluation reserves does not apply as FFC has no revaluation reserves

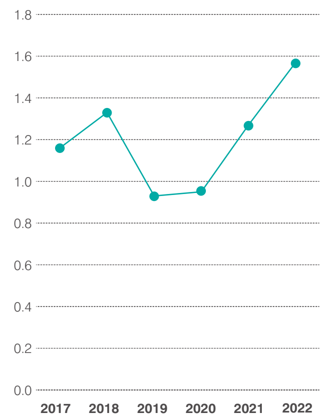
Fixed Asset Turnover Ratio
(Times)



Interest Cover Ratio
(Times)



Financial Leverage Ratio
(Times)



SIX YEAR ANALYSIS

of Financial Ratios

Ratio Analysis

Profitability Ratios

Consistent growth in operating turnover on back of better pricing coupled with decline in cost of sales due to lower offtakes and efficient cost control measures, resulted in increased gross profit ratio of 37% and net profit ratio of 18%, building on the momentum of improved profitability ratios since 2017. Both return on equity on pre-tax profit and return on capital employed reasonably improved with last six years' average whereas return on asset registered a decline mainly due to higher closing inventory of DAP.

Capital expenditure to total asset increased to 3% as compare to average of 2% since 2017 mainly due to high inflationary environment and increase in commodity prices globally.

Liquidity Ratios

The Company's current ratio for 2022 was recorded at 0.96 times, marginally higher than 0.95 times registered in 2017 but slightly lower at average of 1.05 since base year, mainly on the back of higher short term borrowing to fund working capital need. Long term liabilities by current liabilities of 17% was lower than six year average due to higher portion of GIDC liability in current liabilities.

Activity / Turnover Ratios

The Company faced slowdown in downstream demand of DAP mainly due to floods, high prices and weak farm economics and was, not able to offload full inventory. Consequently, inventory turnover days were aggressively mounted to 52 days compared to six year average of 28 days. Debtor turnover at 2 days registered significant improvement evidencing minimal reliance of the Company on credit sales, whereas creditor turnover days increased to 271 days compared to 180 days last year and also remained higher than average of 198 days since 2017.

Consequently, the Company's operating cycle clocked at negative 269 days compared to average negative of 180 days since 2017.

Investment / Market Ratios

Earnings per share stood at Rs 15.76 for the year ended 2022 registering a decline of 8% compared to last year on account of lower net profitability which combined with decrease in the market price of the Company's shares at the end of the year. The breakup value per share of the Company was recorded at Rs 39.96 for 2022, improving by Rs 2.61 compared to 2021 and was also higher than historic average of Rs 31.34 since 2017.

Total cash dividend per share for 2022 stood at Rs 12.13 per share translating into a cash payout of 77%, with no stock dividend, against average at 78% since base year.

Capital Structure Ratios

Financial leverage for 2022 increased compared to the past six year average as the Company availed large amount of short and long term borrowings to finance its working capital & other business requirements. However, debt to equity ratio is consistently improved to 24:76 from 35:65 in 2017 as the company always have muscles to payback commercial loans and resultantly despite multiple strategic investment the interest cover ratio is at 7.92 times compared to average of 11.87 times average since 2017.

Explanation of Negative Changes in Performance

All negative changes in performance over the past six years; including the vertical and horizontal analysis of the statement of profit or loss, statement of financial position, statement of cash flows and ratios have been explained in the relevant sections of this Report.

Summary of Financial Statements

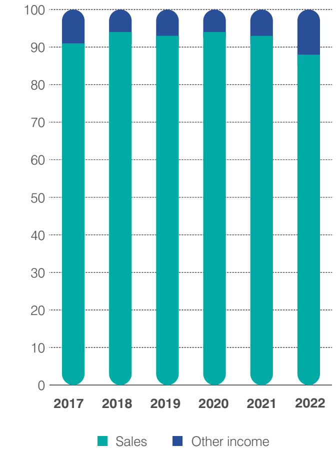
Rs million	2022	2021	2020	2019	2018	2017
Summary of Balance Sheet						
Share capital	**12,722**	12,722	12,722	12,722	12,722	12,722
Reserves	**38,113**	34,792	29,814	22,845	20,661	16,630
Equity & reserves	**50,835**	47,514	42,536	35,567	33,383	29,352
Long term borrowings - secured	**16,295**	16,740	10,627	6,473	8,584	15,572
Capital employed	**67,130**	64,254	53,163	42,040	41,967	44,924
Gas Infrastructure Development Cess (GIDC) payable	**7,941**	20,802	32,772	-	-	-
Deferred liabilities	**3,272**	3,758	5,259	4,412	4,578	4,697
Property, plant & equipment	**27,631**	23,987	22,841	22,212	21,533	22,312
Long term assets	**84,297**	74,737	61,047	56,089	51,135	52,746
Net current assets / Working capital	**(5,937)**	14,101	30,231	(9,575)	(4,590)	(3,125)
Liquid funds (net)	**52,213**	61,440	63,878	38,420	32,175	25,963
Summary of Profit & Loss						
Turnover - net	**109,364**	108,651	97,655	105,783	105,964	90,714
Turnover - net (including Subsidy)	**109,364**	108,651	97,655	105,783	108,364	97,316
Cost of sales	**(69,317)**	(69,772)	(66,072)	(75,046)	(77,986)	(72,621)
Gross profit	**40,047**	38,879	31,583	30,737	27,978	18,093
Gross profit (including Subsidy)	**40,047**	38,879	31,583	30,737	30,378	24,695
Distribution cost	**(10,108)**	(8,409)	(7,848)	(8,288)	(8,833)	(8,574)
Operating profit	**29,939**	30,470	23,735	22,449	19,145	9,519
Operating profit (including Subsidy)	**29,939**	30,470	23,735	22,449	21,545	16,121
Finance cost	**(4,868)**	(2,292)	(1,874)	(2,477)	(1,637)	(2,445)
Other gains / (losses)	**(2,789)**	(2,811)	3,940	(1,100)		
Other expenses	**(3,037)**	(2,947)	(2,639)	(2,310)	(2,108)	(1,631)
Other income	**14,442**	7,919	6,429	7,191	6,283	10,298
Other income (excluding Subsidy)	**14,442**	7,919	6,429	7,191	3,883	3,696
Profit before tax	**33,687**	30,339	29,591	23,753	21,683	15,741
Provision for taxation	**(13,637)**	(8,443)	(8,772)	(6,643)	(7,244)	(5,030)
Profit after tax	**20,050**	21,896	20,819	17,110	14,439	10,711
EPS - Rs	**15.76**	17.21	16.36	13.45	11.35	8.42

Quantitative Data

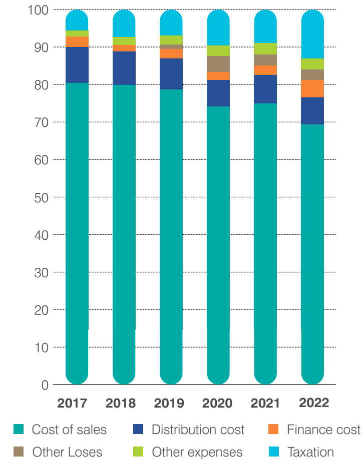
		2022	2021	2020	2019	2018	2017
Designed Capacity							
Plant I - Goth Machhi	KT	**695**	695	695	695	695	695
Plant II - Goth Machhi	KT	**635**	635	635	635	635	635
Plant III - Mirpur Mathelo	KT	**718**	718	718	718	718	718
Total designed capacity	KT	**2,048**	2,048	2,048	2,048	2,048	2,048
Plant wise Production - Sona Urea							
Plant I - Goth Machhi	KT	**787**	864	878	830	858	868
Plant II - Goth Machhi	KT	**767**	753	810	821	792	825
Plant III - Mirpur Mathelo	KT	**850**	890	799	841	872	820
Total production - Sona Urea	KT	**2,404**	2,507	2,487	2,492	2,522	2,513
Capacity Utlization							
Plant I - Goth Machhi	%	**113%**	124%	126%	119%	123%	125%
Plant II - Goth Machhi	%	**121%**	119%	128%	129%	125%	130%
Plant III - Mirpur Mathelo	%	**118%**	124%	111%	117%	121%	114%
Total capacity utlization	%	**117%**	122%	121%	122%	123%	123%
Sona Urea Sales	KT	**2,423**	2,477	2,512	2,467	2,527	2,697
Imported Fertilizer - Sales	KT	**72**	226	253	253	503	526
Others							
Market capitalization	Rs in million	**125,583**	127,555	138,038	129,094	118,127	100,647
Numbers of shares issued	Million	**1,272**	1,272	1,272	1,272	1,272	1,272
Contribution to National Exchequer	Rs in million	**29,955**	30,402	27,118	41,863	36,779	41,242
Savings through Import Substitution	Million US $	**1,650**	1,293	621	674	650	534

GRAPHICAL PRESENTATION

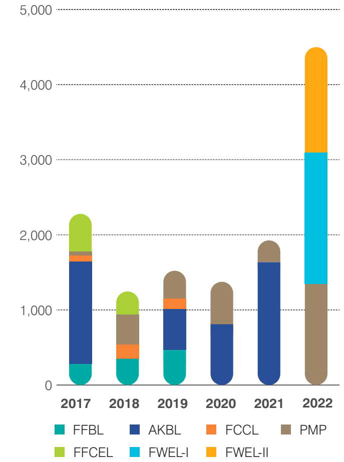
Profit or Loss Analysis - Income
(Percentage)



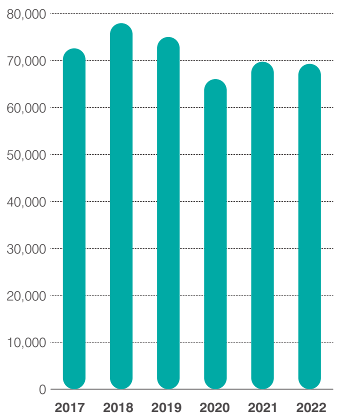
Profit or Loss Analysis - Expenses
(Percentage)



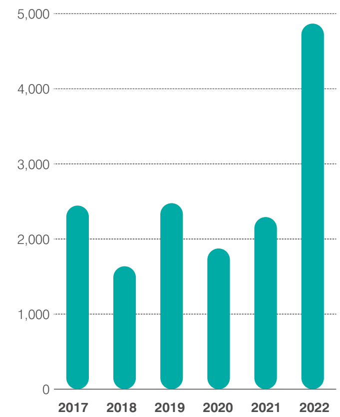
Dividend Income
(Rs million)



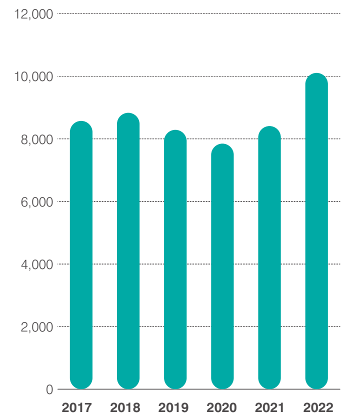
Cost of Sales
(Rs million)



Finance Cost
(Rs million)



Distribution Cost
(Rs million)



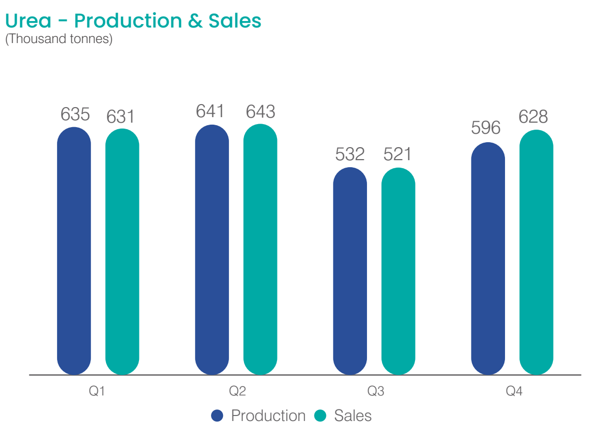
QUARTERLY ANALYSIS

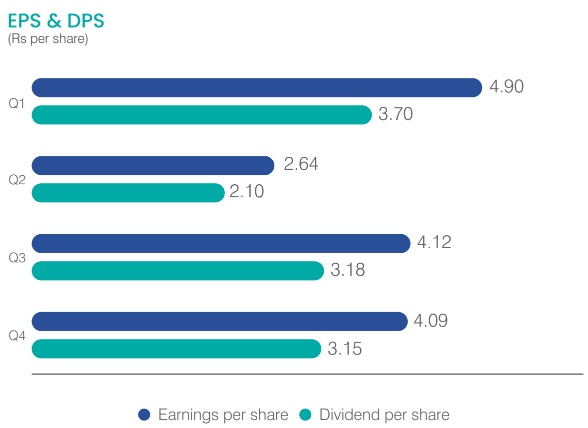
Analysis vs last year · Six years analysis · Quarterly analysis

Rs million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Turnover	26,315	28,390	24,474	30,185	109,364
Cost of Sales	(16,957)	(16,848)	(15,034)	(20,478)	(69,317)
Gross Profit	9,358	11,542	9,440	9,707	40,047
Distribution Cost	(2,186)	(2,121)	(2,616)	(3,185)	(10,108)
Operating profit	7,172	9,421	6,824	6,522	29,939
Finance cost	(1,072)	(945)	(1,210)	(1,641)	(4,868)
Other losses					
Unwinding of GIDC liability	(530)	(645)	(414)	(530)	(2,119)
ECL on subsidy	-	(350)	-	(320)	(670)
	(530)	(995)	(414)	(850)	(2,789)
Other income					
Investment Income	2,199	2,695	2,429	2,620	9,943
Dividend Income	1,260	1,256	450	1,533	4,499
	3,459	3,951	2,879	4,153	14,442
Other expenses	(727)	(915)	(630)	(765)	(3,037)
Profit before taxation	8,302	10,517	7,449	7,419	33,687
Provision for taxation	(2,062)	(7,157)	(2,205)	(2,213)	(13,637)
Profit for the year	6,240	3,360	5,244	5,206	20,050

Analysis of Variation in Interim Results and Final Accounts

Gross profit margin of Q1 decreased from 36% to 32% in Q4 mainly due to lower sale of imported fertilizer and higher fixed cost owing to inflationary factors. Despite earning a benchmark other income, the cost absorption due to GST exemption, rise in transportation and finance cost and imposition of super tax led to a reduction of net profit margin from 24% in Q1 to 17% in Q4. On overall basis, the GP margin of 37% was almost in line with last year however net profit margin of 18% amounting to Rs 20.05 billion was 2% lower than last year.

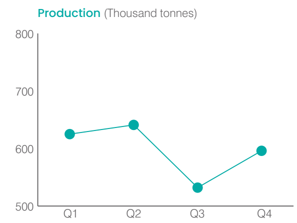


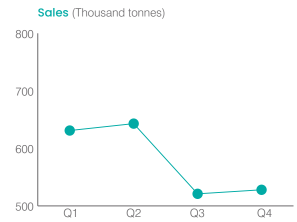


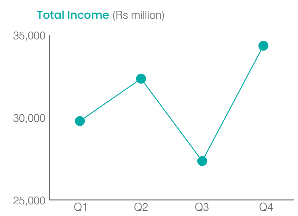
QUARTERLY ANALYSIS

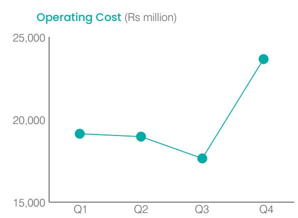
	Q1	Q2
Production	FFC's manufacturing facilities operated at a combined efficiency of 124% and delivered 635 thousand tonnes of Sona Urea, which was 1% higher than the corresponding quarter of last year. The Company also imported 49 thousand tonnes of DAP against 79 thousand tonnes imported in Q1 last year.	The Company achieved Sona Urea production of 641 thousand tonnes during the second quarter of 2022 which was 8% higher than the corresponding quarter of 2021 due to carrying out of annual maintenance turnaround during the first half of 2021.
Sales	Increased Urea availability and higher demand resulted in benchmark Sona urea offtake of 631 thousand tonnes, which was 10% higher than the corresponding quarter of last year.	FFC recorded Sona urea sales of 643 thousand tonnes during the second quarter of 2022, 16% higher than last year, achieving highest ever aggregate sale of 1,275 thousand tonnes for the first two quarters due to higher production. DAP offtake was however, lower by 35% compared to same quarter last year owing to higher import cost and selling prices.
Turnover & Other Income	Sona Urea turnover at Rs 21.44 billion was 15% higher than last year due to better selling prices as well as higher sales volumes. Turnover of Rs 4.87 billion from sales of imported fertilizers was 63% above last year due to increased selling prices and higher DAP sales volume. The Company thus achieved a record all product revenues of Rs 26.32 billion during the first quarter which was 22% above last year. FFC also achieved highest ever first quarterly investment income of Rs 2.20 billion compared to Rs 1.09 billion earned last year owing to better interest rates.	Turnover increased by 27% and was recorded at Rs 28.40 billion during the second quarter due to higher sales of fertilizer. Increase in interest rates and better treasury management resulted in achievement of a new benchmark in terms of highest ever investment income for the second quarter at Rs 2.70 billion, 121% above last year and also 23% higher than the previous quarter, this resulted in highest ever combined investment income for the first two quarters at Rs 4.89 billion. Higher dividend declaration by equity investments during the first half of the year improved dividend income to Rs 2.52 billion, 32% higher than the same period last year.
Operating Costs	Cost of sales stood Rs 16.96 billion for the first quarter which was 29% above last year mainly due to increased sales volume and higher import price of DAP marketed during the period. Distribution cost recorded at Rs 2.19 billion during the quarter increased by 9% compared to the same quarter last year owing to increase in transportation / fuel rates.	Cost of sales of Rs 16.85 billion were in line with the previous quarter and 15% higher than the corresponding quarter of 2021, whereas distribution cost of Rs 2.12 billion recorded an 8% increase compared with last year mainly due to higher import and distribution cost of DAP. Higher interest rates resulted in an increase of around two and half times in finance cost over the same quarter, in line with increased finance cost of half year 2022 vs last year.
Profit	The Company achieved gross profit of Rs 9.36 billion during the quarter compared to Rs 8.44 billion during the same quarter last year mainly due to higher revenue. Benchmark investment income enabled the Company to achieve highest ever first quarterly net profit of Rs 6.24 billion, 7% above last year. First interim dividend of Rs 3.70 per share was declared.	Gross profit for the quarter was recorded at Rs 11.54 billion, registering an increase of 48% compared to the second quarter last year. The Company's net profitability was however negatively impacted by imposition of super tax through Finance Act 2022, resulting in an increased tax charge of Rs 7.15 billion as compared to Rs 1.54 billion of the same last quarter of last year. The Board declared second interim dividend of Rs 2.10 per share.
Net Assets	Working capital requirements led to encashment of short-term investments, reducing the total assets to Rs 195 billion, 3% below the close of last year Net assets of the Company however, remained in line with the end of last year due to higher profitability during the quarter.	Total assets of the company increased by 18% compared to the previous quarter and stood at Rs 230 billion owing to higher inventory and net increase in short term investments. Net Assets, however, decreased by Rs 1.39 billion due to lower profitability.

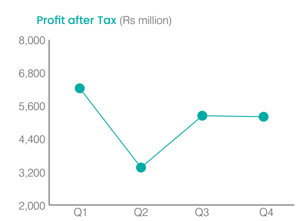
Q3	Q4
Sona Urea production of 532 thousand tonnes was achieved during the third quarter of 2022, 18% below the same quarter last year and also 17% lower than the previous quarter mainly due to carrying out maintenance turnaround of plant II.	Sona Urea production at 596 thousand tonnes was 12% above the previous quarter however 7% lower compared to last year owing to turnaround of plant I during the final quarter of 2022. Aggregate annual production of 2,404 thousand tonnes was 4% below last year on account of higher number of downtime days and turnaround of two plants during the year.
Sona urea offtake of 521 thousand tonnes was 25% lower than last year due to lower availability. Concerted marketing efforts, however enabled the Company to achieve Sona urea sale of 1,795 thousand tonnes for the first three quarters which was only 1% lower than last year.	The Company sold 628 thousand tonnes of Sona Urea during the fourth quarter of 2022, 4% below the same quarter last year. Total offtake during the year was recorded at 2,423 thousand tonnes, 2% lower than last year owing to lower production.
Sona urea turnover stood at Rs 22.36 billion which was 2% lower than last year, whereas, the Company achieved benchmark aggregate turnover during the first three quarters recorded at Rs 79.18 billion 8% above last year due to higher selling price. FFC achieved highest ever third quarterly investment income of Rs 2.43 billion, 44% above last year, owing to higher interest rates. The Company achieved yet another benchmark recording aggregate nine-month investment income at Rs 7.32 billion, 84% above the same period last year.	Aggregate sales for the last quarter were recorded at Rs 30.19 billion 14% lower than last year owing to lower offtake, however, the Company recorded highest ever total annual turnover of Rs 109.37 billion, 1% above last year due to increase in prices of Urea and DAP. The Company recorded benchmark annual investment income of Rs 9.94 billion 66% above last year, whereas fourth quarter investment income was also highest ever and recorded at Rs 2.62 billion. Dividend income was recorded at Rs 1.53 billion for the final quarter of the year.
Cost of sales at Rs 15.03 billion was 11% lower than the previous quarter and also 18% below the same quarter last year owing to lower sales. Cumulative cost of sales for the period was, however, 6% higher than last year due to rise in inflation as well as increased cost owing to exemption of output GST. Distribution cost of Rs 2.62 billion was 25% above the same quarter of last year due to rise in fuel prices.	Cost of sales recorded at Rs 20.48 billion was 13% below last year due to lower sales. Increase in oil prices and other inflationary factors resulted in distribution cost of Rs 3.19 billion, 35% above last year and also 22% higher than previous quarter..
Gross profit was 15% lower than last year and recorded at Rs 9.44 billion, whereas operating profit at Rs 6.82 billion was also 25% lower than last year due to lower offtake and higher distribution costs. Finance cost continued to increase owing to higher interest rates and was recorded at Rs 1.2 billion, 28% above the previous quarter and also 87% above last year. Decrease in fertilizer sales coupled with the rising finance cost resulted in decrease in Net Profitability by 19% compared to last year. The Board declared third interim dividend of Rs 3.18 per share.	Higher cost of sales and lower volume of fertilizer resulted in lower gross profit of Rs 9.71 billion compared to Rs 11.51 billion earned last year. Higher finance cost, unwinding of gain on remeasurement of GIDC, expected credit loss on subsidy receivable from the government and levy of super tax continued to pressurize the profitability of the Company which was recorded at Rs 5.21 billion for fourth quarter, 13% lower than last year. Overall net profit for the year recorded at Rs 20.05 billion and was also 8% below last year. The Board recommended final dividend of Rs 3.15 per share.
Timely settlement of short-term borrowings and decrease in trade creditors led to a decrease in total assets of Rs 27.66 billion compared to the previous quarter. Better retention resulted in increase in net assets by Rs 2.62 billion to Rs 49.01 billion at the end of the third quarter.	In order to utilize attractive returns, the Company made further placements in financial institution towards the year-end increasing short-term investments by 42% to Rs 100.30 billion increasing the total assets of the Company to Rs 240.12 billion at the end of the year. Net assets also witnessed an increase and were recorded at Rs 50.83 billion, 4% above the previous quarter.

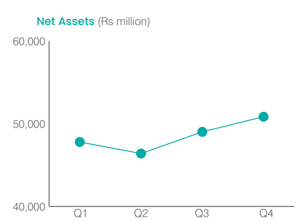












FINANCIAL CAPITAL

Legislative and Regulatory Environment and Impact of Government's Policies

The legislative and regulatory environment refers to the laws, regulations, and policies that governs fertilizer business and ensures a fair and ethical environment to protect the interests of stakeholders. Following is the non exchasutive list of relevant Government policies related to our business

- Fertilizer Policy 2001
- National Food Security Policy
- Natural Gas Allocation and Management Policy
- National Water Policy
- Agriculture Policy of each Province

For further detail please refer to "About our integrated report" page 04.

Liquidity and Cash Flow Management

Strategy to Overcome Liquidity Problems

The financing needs of the Company are managed through a robust treasury management system which ensures effective cash flow management while safeguarding against any related risks.

Cash flow management is achieved through effective forecasting and periodic evaluation of planned inflows in the form of turnover and investment income. Further, maturity profiles of assets and liabilities are regularly maintained and evaluated to ensure optimization of cash inflows and outflows as per expected business operation needs.

Liquidity Generation

The liquidity needs of the Company are catered primarily through internal cash generation from turnover, dividend receipts and income on deposits. Minimum reliance is placed on external sources, thus ensuring lower borrowing cost.

Investments and Placement of Funds

The Company maintains a highly diversified investment portfolio to maximize returns, remaining within prudent levels of risk and exposure. Funds are invested in high credit rated institutions to minimize liquidity and credit risks. Periodic evaluations are conducted to ensure that best possible options are exercised.

Significant Plans and Decisions

All major fertilizer manufacturers of the Country are mainly receiving natural gas for fertilizer manufacturing from a single supplier - Mari Petroleum Company Limited (MPCL). Depletion of the gas reservoir over the period has resulted in decline in gas pressure. The fertilizer manufactures have made sizeable investments in the gas compression infrastructure to sustain the production levels.

The Company along with other Fertilizer manufacturers (Fertilizer Manufacturers) have entered into an agreement with MPCL for a project which is aimed to maintain MPCL's Habib Rahi Limestone (HRL) Reservoir gas production plateau at the required delivery pressure for supplies to the Fertilizer Manufacturers.

The Company's wholly owned subsidiary OLIVE Technical Services (Private) Limited, has also started commercial operations during the year providing technical services pertaining primarily to engineering and information technology.

Capital Structure

Equity of the Company comprises of share capital amounting Rs 12.72 billion, representing 1,272 million ordinary shares of Rs 10 each. Fauji Foundation remains the major shareholder of the Company, controlling an equity stake of 44.35%. unappropriated profit increased by 14% to Rs 29.27 billion, primarily due to higher retention during the year. Long term debt of the Company stood at Rs 16.30 billion at close of the year. Our future plans and projections indicate adequacy of the capital structure for the foreseeable future.

Repayment of Debt and Recovery of Losses

Despite increase in borrowings during the year, the Company holds a sizeable unutilized borrowing capacity to meet any future funding requirements, including those of diversification projects. All debt repayments maturing this year were paid on their due time and there have been no defaults in repayment of any debt during the year.

Credit Rating

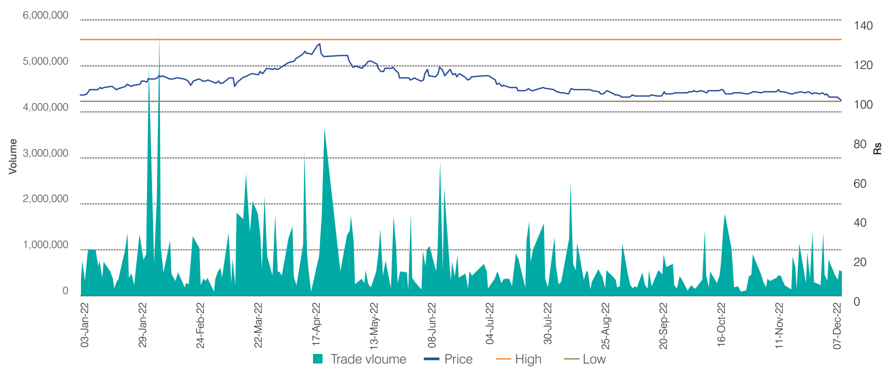
FFC's strong debt raising capacity and ability to timely settle all liabilities is also evidenced by our long term credit rating of AA and short term rating of A1+.

Market Price Sensitivity Analysis

FFC's share price is impacted by the Company's financial and operational performance; in addition to various external factors including economic and political environment of the Country, Governmental policies, stakeholders' sentiments and macro-economic indicators etc.

Market Capitalization, Price Earning ratio & Dividend Yield

Share Price Sensitivity



Sensitivities	NPAT (Rs M)	EPS (Rs)
Selling Price (% +/- 1)	613	0.48
Sales Volume (% +/- 1)	385	0.30
Downtime (Days +/- 2)	168	0.13
Gas consumption / Price (% +/- 1)	115	0.09
Dividend Income (% +/- 5)	183	0.14
Income on Deposits (% +/- 5)	270	0.21
Finance Cost (% +/- 5)	136	0.11
Exchange valuation (% +/- 5)	102	0.08

Urea Production and Cost of Sales

The Company's fertilizer production is directly impacted by the Government's policy vis-à-vis gas availability. It is also influenced by planned and unplanned plant shutdowns and maintenance turnarounds.

Sales Volume

Sales volume is driven by various factors including plant production capacities, fertilizer demand and supply situation, farm economics, natural calamities, Government interventions including price regulation and import influxes, besides environmental conditions.

Sales Price

Selling prices are determined internally but impacted by competitor prices, market conditions, international trends and Government interventions including subsidies etc.

Dividend Income

Dividend income from our equity investments depends on their performance and the announcement made by their respective Board of Directors and is, therefore, beyond the Company's control.

Investment Income

Investment income mainly comprises of returns on deposits in different banks and financial institutions, and investment in Government securities and various investment schemes. It is dependent on prevalent interest rates besides the Company's ability to generate and place excess funds.

Finance Cost

Finance cost is impacted by the Company's borrowings requirements, and although the management proficiently negotiates loans, the interest rates are subject to market and conditions that are beyond the Company's control.

Profitability

The Company's profitability and EPS have a direct bearing on its market share price.

FINANCIAL CAPITAL

Currency Risk

The volatility in exchange rates can also impact the market share price as export or import may affect the Company's margins. Financial assets and liabilities denominated in foreign currency and foreign business transactions are exposed to foreign exchange.

Interest Rate Risk

High interest rates will affect the cost of debt resulting in reduced margins, negatively impacting the market share price.

Market Risk

Market share price is also exposed to all risks faced by the stock exchange on which the Company's share is traded.

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the Government or regulatory authorities, both specific to the fertilizer sector and overall business activities; either positively or negatively, depending on whether the policy is in favor of or against the industry.

Economic Outlook

Market share price is directly linked to the overall economic outlook. A strong outlook results in rising market prices and uncertain outlook begets weak market prices.

Inflation

Inflation means higher consumer prices, which may impede sales and reduce profits. Higher interest rates to slow down inflation may also adversely impact margins.

Investors' Sentiment

Investors' sentiment can cause the market to go up or down causing stock prices to rise or fall. The general direction that the stock market takes can affect the market share price.

Industry Performance

Market prices of different companies in the same industry often move in tandem with each other; because market conditions generally have similar effect on companies of the same industry.

Goodwill

The market share price can also vary with the investor sentiments towards the Company, which changes in response to the news and events.

Market Share Information

Marketing an extended product portfolio of indigenous as well as imported products, FFC has been satisfying the diverse fertilizer needs of local farming community for more than four decades. The Company has been outperforming its competitors both in terms of sales and brand preference, as is evident from FFC / FFBL combined market share over the years.

Combined Market Share FFC / FFBL

	2022	2021	2020	2019	2018	2017
Urea	45%	47%	51%	48%	53%	52%
DAP	62%	53%	53%	46%	52%	56%

(Source: NFDC)

Significant Plans, Decisions and Business Rationale of Major Capital Expenditure and Projects

The Company is cognizant of the importance of continuous investments, innovation and diversification needs to stay competitive to deliver the highest quality and sustainable value to its stakeholders.

Detailed policies and procedures are in place to ensure proper planning and execution of significant plans, decisions, expansion/investment plans, capital expenditure and diversification projects in line with the Company's long-term strategies and objectives. The Company incurred a capital expenditure of Rs 6 billion during the year. All capital expenditure is planned and executed under strict oversight of the Board. In order to ensure business continuity and safe operations, the Company invests significantly on balancing, modernization and replacement of its manufacturing facilities. These projects are carried out after thorough evaluation procedures including business rationale, payback period, cash flow requirements and other financial analysis.

Additionally, the Company also invested a further aggregate amount of Rs 2.18 billion in share capital (including advance against share issue of Rs 931 million) of Thar Energy Limited, which has successfully achieved commercial operation in October 2022.

Dividend Declaration and Future Prospects

In view of exceptional results achieved by the Company, the Board has proposed final dividend of Rs 3.15 per share for approval by the members at Annual General Meeting bringing the total dividend for the year to Rs 12.13 per share, aggregating to an annual payout of around 77%.

Going forward, the Board remains committed to enriching the returns of the shareholders through efficiency enhancement, continued cost controls, and business diversification of the Company.

GIDC Status

The Company filed a suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out. The Court granted a stay against recovery of GIDC payable from the Company till the finalization of matter. The matter is currently pending in the Sindh High Court.

During the period, no payments were made by the Company on account of GIDC. Further, the Company has also contested late payment surcharge on GIDC payments against recovery stay granted by Sindh High Court.

In accordance with the financial reporting requirements, GIDC liability is being carried in the financial statements at amortized cost. The current and non-current portion of the liability has been segregated in the statement of financial position as at December 31, 2022 in accordance with the Supreme Court of Pakistan (SCP) decision on review petition.

Contribution to National Exchequer

During 2022, FFC's contribution to the National Exchequer by way of taxes and levies stood at around Rs 30 billion in line with last year.

Moreover, value addition in terms of foreign exchange savings was USD 1.65 billion through import substitution of 2,423 thousand tonnes of Urea sold during the year; compared to USD 1.30 billion through import substitution of 2,477 thousand tonnes of Urea sold in 2021.

CEO Presentation Video

MD&CEO's presentation regarding FFC's performance, business overview, strategy and outlook is placed on the Company's corporate website and can be accessed through the following link:

https://www.ffc.com.pk/

FINANCIAL CAPITAL

Management's Responsibility Towards the Financial Statements

The Company's management is responsible for the preparation and fair presentation of its financial statements in accordance with the applicable accounting and reporting standards and the requirements of Companies Act, 2017; and for such internal controls as the management determines necessary, to enable the preparation of financial statements, free from material misstatement, whether due to fraud or error.

Statement of Unreserved Compliance of IFRS Issued By IASB

The Company's separate and consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan; comprising:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Note 3.28 of FFC's financial statements and Note 3.30 of consolidated financial statements specify the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the said financial statements.

Adoption of International Integrated Reporting Framework

This Report has been prepared in accordance with the requirements of International Integrated Reporting Framework of International Integrated Reporting Council. The Board acknowledges its responsibility to ensure integrity of this Report, which in the Board's opinion addresses the material matters pertaining to the long-term sustainability of the Company and presents fairly the integrated performance of FFC and the impacts thereof. All these details have been covered adequately throughout the Report and also detailed in ''About our Report'', page 04.

Quarterly and Annual Financial Statements

FFC's periodic separate and consolidated financial statements were duly endorsed by both MD&CEO and CFO prior to circulation for consideration and approval by the Board. The annual and half yearly financial statements were also initialed by the external auditors prior to circulation.

These were then published and circulated along with the directors' review within one month of the reporting date in case of quarterly financial statements and within permitted limit of two months in case of half yearly financial statements.

The Company's annual separate and consolidated financial statements have also been audited by the external auditors and recommended by the Board for shareholders' approval in the upcoming Annual General Meeting (AGM).

Other regulatory requirements of reporting to governing bodies and other stakeholders have also been fulfilled in accurate and timely manner.

Auditor's Report on the Financial Statements

FFC's separate and consolidated financial statements have been audited by the Company's external auditors, A. F. Ferguson & Co., Chartered Accountants who have issued unqualified audit opinion stating that the financial statements give a true and fair view of the state of affairs as at December 31, 2022.

Independent Auditors' Reports on the audit of FFC's separate and consolidated financial statements can be referred on pages 241 and 349 of the Annual Report respectively.

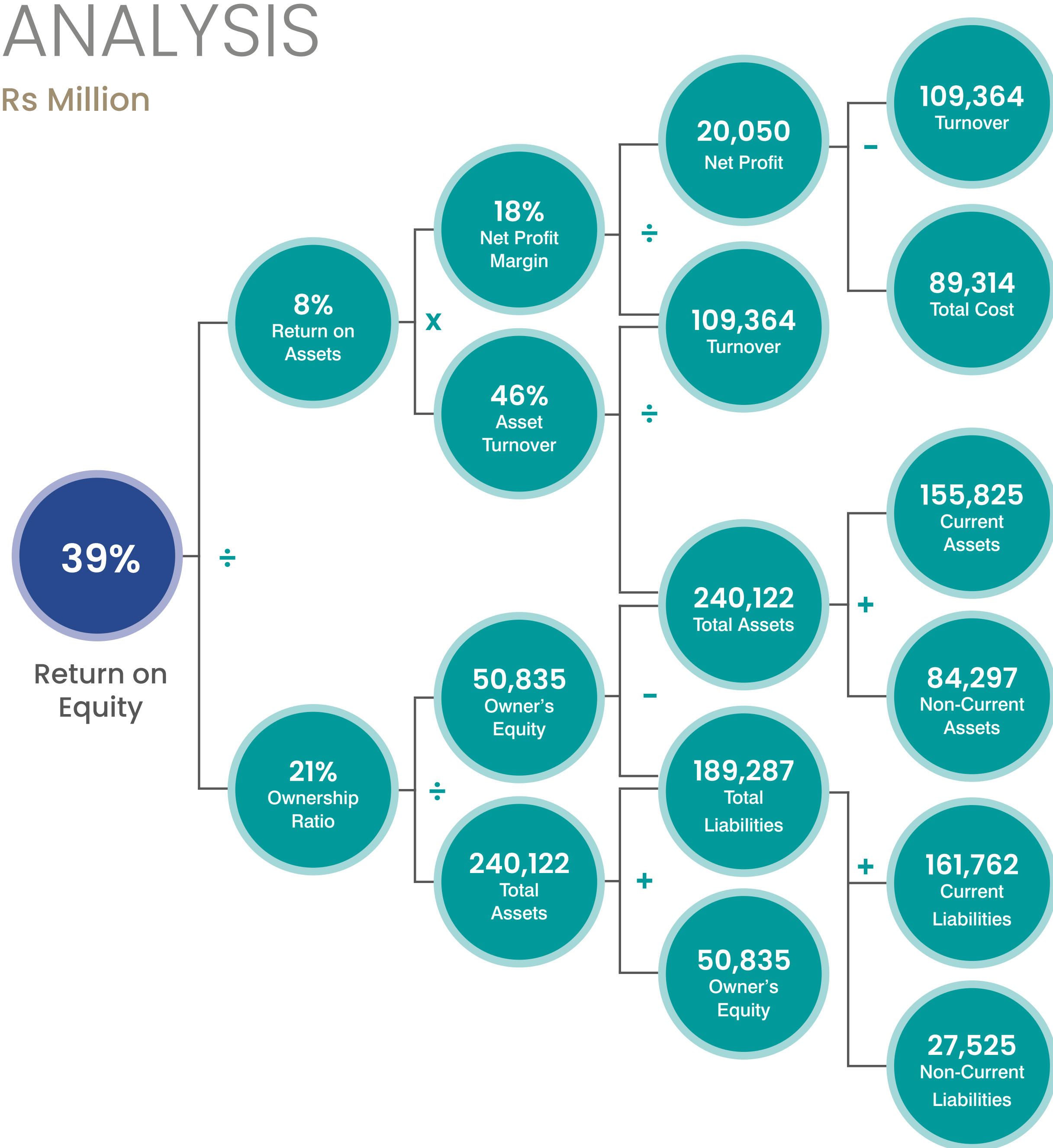
The auditors will stand retired at the conclusion of upcoming AGM, and being eligible, have offered themselves for reappointment as external auditors for the year ending December 31, 2023. The Board of Directors has recommended the reappointment of A. F. Ferguson & Co., Chartered Accountants as external auditors of the Company, for financial year 2023, on a remuneration of Rs 3.18 million.

Cost Audit

BDO Ebrahim & Co, Chartered Accountants are the cost auditors of the Company, for the financial year ended December 31, 2022, in compliance with the requirements of Companies (Maintenance and Audit of Cost Accounts) Regulations 2020.

DUPONT ANALYSIS

Rs Million



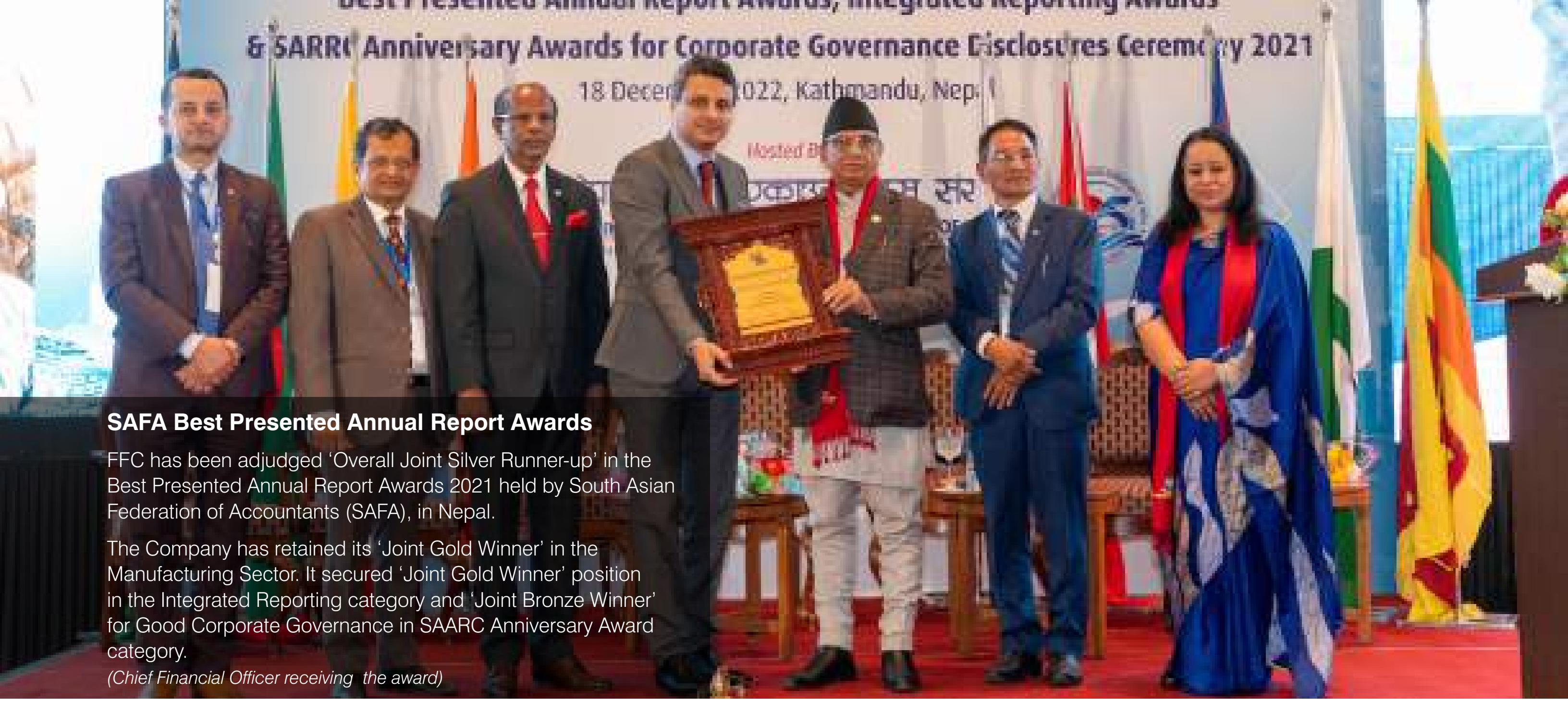
DuPont Analysis	2022	2021
Tax burden	40%	28%
Interest burden	8%	7%
EBIT margin	34%	30%
Asset turnover	46%	54%
Leverage	79%	76%
Return on Equity	39%	46%

Analysis

Non-current assets increased by 13%, majorly due to CAPEX on sustainability of plants and investment in gas pressure enhancement facilities (PEF) during the year. Stock in trade also increased from Rs 1.05 billion to Rs 19.49 billion resulting in total assets of Rs 240.12 billion and owners' equity of Rs 50.83 billion. Ownership ratio was recorded at 21%, compared to 24% of last year. The company recorded benchmark turnover and investment income, however, imposition of super tax resulted in contraction of net profitability margin from 20% to 18%, lowering return on asset to 8%. Resultantly return on equity of 39% was recorded compared to 46% in 2021.

CORPORATE AWARDS AND ACHIEVEMENTS


Overall Joint Silver in SAFA Best Presented Annual Report Awards
Joint Gold in Manufacturing Sector - SAFA Awards
Joint Gold in Integrated Reporting - SAFA Awards
Joint Bronze in Good Corporate Governance - SAARC Anniversary Awards



SAFA Best Presented Annual Report Awards

FFC has been adjudged 'Overall Joint Silver Runner-up' in the Best Presented Annual Report Awards 2021 held by South Asian Federation of Accountants (SAFA), in Nepal.

The Company has retained its 'Joint Gold Winner' in the Manufacturing Sector. It secured 'Joint Gold Winner' position in the Integrated Reporting category and 'Joint Bronze Winner' for Good Corporate Governance in SAARC Anniversary Award category.

(Chief Financial Officer receiving the award)

ICAP / ICMAP Best Corporate Report Awards

FFC's Annual Report 2021 has been awarded FIRST place in:

- Best Overall Corporate Report
- Best Corporate Report in the Chemical and Fertilizer sector
- Best Sustainability Report

The Awards are conducted by the joint committee of Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan.

(Senior Manager Finance receiving the award)

RCCI International Achievement Awards

FFC has been conferred 'Company of the Year Award' in recognition of Company's dedication, devotion, commitment and exemplary business performance for the Year 2021 by Rawalpindi Chamber of Commerce and Industries.

(Company Secretary receiving the award)

RCCI Tax Payer Recognition Awards 2022

FFC has been awarded 'Largest National Taxpayer from Manufacturing Sector (Nationwide)' in the Taxpayer Recognition Awards 2022 organized by Rawalpindi Chamber of Commerce & Industries in collaboration with Federal Board of Revenue.
(Company Secretary receiving the award)

MAP Corporate Excellence Award

FFC secured 'Corporate Excellence Award' for the 8th consecutive time from Management Association of Pakistan for the year 2021.
(Manager Corporate Affairs receiving the award)

PSX Top 25 Listed Companies

FFC once again ranked FIRST for the 12th consecutive time amongst the TOP 25 Listed Companies for the Year 2021.

IFA Industry Stewardship Champion

International Fertilizer Association (IFA) has awarded 'Industry Stewardship Champion' to FFC, for the 3rd consecutive year, in recognition of being the hallmark of operational excellence, plant safety, environment sustenance and energy efficiency.

RISK AND OPPORTUNITY REPORT

Enterprise Risk Management Framework

FFC Board has approved risk policy and a risk management framework which determine and assess the Company's level of risk tolerance; and present a mechanism to minimize the negative impact of such risks on Company's business. The framework describes the risk identification and management process; and provides guidelines that cover key risk areas.

Assessment of Principal Risks

The Board of Directors sets the risk appetite of the Company, carries out an in depth and critical analysis of the principal risks / threats faced by the Company business, including those that would threaten the business model, future performance, solvency or liquidity of the Company. The Board has delegated the responsibility of monitoring and control of business risks to the management of the Company.

Risk Governance Structure

FFC has an independent Risk Governance Structure comprising of senior management of the Company and headed by the MD&CEO, is responsible for the overall implementation and oversight of risk identification and management policy and procedures. Company's risk identification and management policy outlines mechanism for all functions and departments to cover key risk areas such as; strategic, commercial, operational, financial, reputational etc., and devise mitigating strategies. Board is apprised of the requisite status on half yearly basis. Board has also devised an internal control framework for ensuring efficient conduct of business, safeguarding of Company assets, in addition to inculcating a business environment of ethical behavior and moral conduct. Board along with audit committee, internal audit function, external auditors, evaluators and reviewers ensures that a resourceful and effective internal control system is in place to safeguard the interest of our stakeholders. Our various capitals including Risk and Opportunity Section discusses in details the role of reviewers and evaluators under their respective function.

Following are the key governance elements

- Board of Directors
- Board Committees
- Audit Committee and System & Technology Committee
- Strategy and Investment Committee
- Risk Management Champions
- Company Risk Office
- Internal Audit

Risk Management Policy

The Board also. It also provides entity-wide risk management guidelines that cover key risk areas.

Key elements of the Risk Management Process can be summarized as below:

- Risk Identification
- Risk Assessment and Evaluation
- Risk Implementation and Monitoring
- Risk Review
- Risk Reporting
- Risk Updating

Broad Types of Risks

FFC has an effective system in place for timely identification, assessment and mitigation of various risks and uncertainties it is exposed to in the normal course of business.

Strategic Risk

External in nature, generated from Company's strategic objectives and business strategy decisions. Board actively oversees the management of these risks and creates mitigating strategies wherever required.

Commercial Risk

Associated with the commercial substance affecting entity's market share, product price posing threat to the organization's profitability and commercial viability

Operational Risk

These adversely impact the value of the organization caused by operational and administrative internal actions and process failures.

Financial Risk

Financial risks are sub-divided into Credit risk, Liquidity risk, and Market risk. These risks are explained in note 38 of the Company's financial statements.

Compliance Risk

These arise from any non-compliance to any laws, regulations or procedures etc. that may impact the company in the form of warnings, show cause notices, fines, penalties, litigations, etc.

Reputational Risk

Reputational risks are those risks that may impact the reputation, image and brand of the company in the form of informal & formal complaints, national & international media coverage, etc.

Plans and Strategies for Mitigating these Risks and Potential Opportunities

The roles and responsibilities at various levels of our risk management program are outlined in our risk governance structure comprising of board and its committees key among which is audit committee which monitors the company's overall risk management process on half yearly basis. It focuses primarily on financial and regulatory compliance risks. Though, any unexpected adverse change in risks is immediately brought to the attention of the stakeholders. The Human Resources & Remuneration Committee focuses on risks in its area of oversight, including assessment of compensation programs and effective succession planning to ensure they do not escalate corporate risk to ensure availability of competent human resources in each area of critical Company operations. The System & Technology Committee evaluates the need for technological up-gradation in various processes to reduce the risk of obsolescence and inefficiency in plant operations besides determining the capital expenditure requirements to sustain plant production and efficiencies while keeping control over unnecessary cash outflows. The Strategy and Investment Committee focuses on exploring new opportunities for expansion and diversification ensuring that thorough due diligence is carried out covering all aspects of the project including risks before according its recommendation to the Board.

Policies and Procedures

Policies and procedures represent a vital part of the Company's risk governance framework and ensure management of financial, operational and compliance risks. Board and its committees have adopted a set of policies and procedures based on best practices, promoting a culture of ethics and values with authority delegated to senior management for appropriate implementation.

Control Activities

Senior management assesses the risks and places appropriate controls to mitigate and respond to these risks through preventive, investigative and corrective actions.

Performance Management

In order to avoid risks associated with performance, a continuous cycle of monitoring is carried out to evaluate and analyze the effectiveness of implemented controls and to identify areas of weaknesses to devise plans for improvement.

Internal Audit

Internal Audit function provides independent and objective evaluations and reports to the Audit Committee on the effectiveness of governance, risk management and control processes.

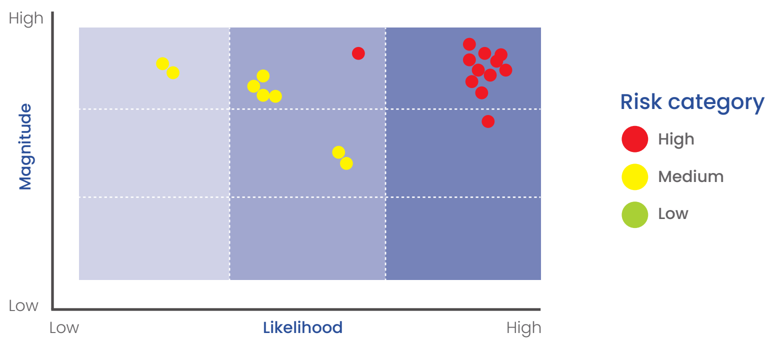
Key Sources of Uncertainty

Preparation of financial statements in conformity with the International Financial Reporting Standards involves judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

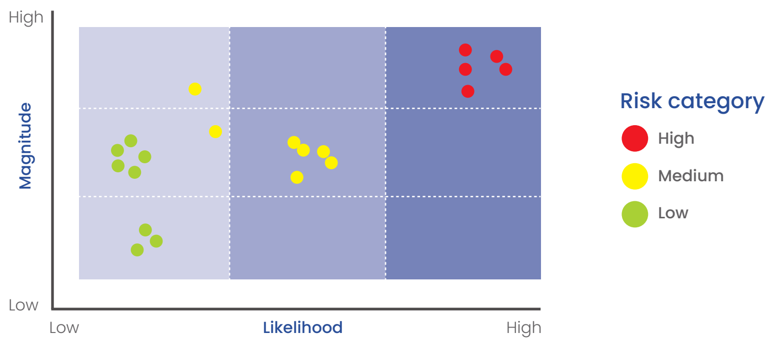
These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively. Details of significant accounting estimates and judgments have been disclosed in Note 2.4 in the financial statements of the Company.

Prioritizing our risks

Base Rating



Residual Rating



KEY RISKS AND OPPORTUNITIES

Base Risk
Rating
Likelihood
Magnitude
Residual Risk
Rating
Likelihood
Magnitude

Impact of global fertilizer price fluctuation on the local market

Capital
Financial

Type
Commercial

Source External **Nature** Immediate

Associated objective: Sustained growth in fertilizer business

Opportunities: Liaison with the Government to save/earn valuable forex for the Country.

Mitigation Measures: Engaging with the Government to protect the indigenous industry and playing an active role in accessing supply gap in the Country to ensure that only required product quantities are imported, besides maintaining margins through stringent cost controls and output optimization.

Base Risk
Rating
Likelihood
Magnitude
Residual Risk
Rating
Likelihood
Magnitude

Investing in companies that yield insufficient returns and dividend contributions.

Capital
Financial

Type
Financial Strategic

Source External Internal **Nature** Immediate

Associated objective: Diversify locally and globally through leveraging synergies and fostering strategic partnerships;

Strategize portfolio management to drive long-term growth and exceed shareholders' expectations.

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures: Investing through an extensive due diligence process, screening of projects through management and Board committees, while critically viewing worst case scenarios of return on investment, taking account of management expertise and where required, bringing onboard experts of the respective sectors. Intervention and participation in the Board announcements regarding dividend distribution by subsidiaries / associates.

Base Risk
Rating
Likelihood
Magnitude
Residual Risk
Rating
Likelihood
Magnitude

Inconsistent Government policies, regulations etc negatively affecting fertilizer industry

Capital
Financial

Type
Strategic

Source External **Nature** Immediate

Associated objective: Sustained growth in fertilizer business

Opportunities: Maximize market share and augment presence to counter any adverse impact

Mitigation Measures: FFC regularly monitors the market and ensures that increase in price corresponds the inflationary pressures. Government intervention is beyond Company control, nevertheless, the Company engages with Government and other stakeholders to address all issues impacting the industry and ultimately the farmers.

Fluctuations in foreign currency rates

Source | External | Nature | Short Term

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Evaluate possibility of fertilizer export and implement effective FX risk management.

Mitigation Measures: FFC's foreign currency exchange rate risk associated with foreign currency investments / bank balances is mitigated by resultant change in interest rates. Inflationary impacts are passed on to a certain operating level subject to market conditions / government policies. Optimized import of fertilizer to a level which enable company to generate profit.

Capital

Financial

Type

Financial

Base Risk: Rating ★★★ | Likelihood ●●● | Magnitude ▲▲▲

Residual Risk: Rating ★★★ | Likelihood ●●● | Magnitude ▲▲▲

Increasing raw material and other operating costs affecting pass through ability of the Company

Source | External | Nature | Immediate to Short Term

Associated objective: Sustain growth in fertilizer business;

Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Exploration of alternative / cheaper sources of raw material and cost optimization

Mitigation Measures: Increase in levies, duties, and gas costs are beyond the control of the Company. FFC, however, is committed to implement effective cost controls and operational efficiencies to mitigate this risk. The Company constantly engages with the Government at relevant forums to ensure availbility of fertilizer at affordable prices.

Capital

Financial, Natural

Type

Commercial, Financial, Strategic

Base Risk: Rating ★★★ | Likelihood ●●● | Magnitude ▲▲▲

Residual Risk: Rating ★★★ | Likelihood ●● | Magnitude ▲▲▲

Unfavorable farm economics negatively affecting liquidity of customers

Source | External | Nature | Immediate

Associated objective: Sustained growth in fertilizer business

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures: Ensuring provision of locally manufactured fertilizer at affordable rates in addition to offering product on credit terms. FACE centers continue to contributes towards capacity building and availability of micro-credits and quality inputs to improve farm economics and yield improvements.

Capital

Financial

Type

Financial

Base Risk: Rating ★★★ | Likelihood ●●● | Magnitude ▲▲▲

Residual Risk: Rating ★★★ | Likelihood ●●● | Magnitude ▲▲▲

KEY RISKS AND OPPORTUNITIES

Base Risk: Rating, Likelihood, Magnitude
Residual Risk: Rating, Likelihood, Magnitude

Turnover of trained employees at critical positions may render the operations incapacitated

Capital

Social, Human

Type

Financial, Operational

Source External Internal **Nature** Immediate

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions;

Sustained growth in fertilizer business.

Opportunities: Ensure a motivated and engaged workforce

Mitigation Measures: FFC has a detailed succession plan and a culture of employee training and development aided by market competitive compensation. Continuous rotation within the departments/divisions besides maintaining work procedures / work instructions for guidance of new employees.

Base Risk: Rating, Likelihood, Magnitude
Residual Risk: Rating, Likelihood, Magnitude

Natural Gas disruption / depletion

Capital

Financial, Natural, Manufactured

Type

Operational, Strategic

Source External Internal **Nature** Short Term

Associated objective: Sustain growth in fertilizer business;

Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Implementation of energy efficient technologies to conserve gas

Mitigation Measures: Investing in alternate sources of raw material to ensure sustained gas volume. Continual investment in gas compression & pressure enhancement facilities to ensure sustained pressure.

Base Risk: Rating, Likelihood, Magnitude
Residual Risk: Rating, Likelihood, Magnitude

Risk of major accidents impacting employees, records, property and surrounding community

Capital

Manufactured, Operational, Relationship, Social, Human

Type

Operational, Reputational, Compliance

Source External Internal **Nature** Immediate to Medium Term

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions;

Demonstrate sustainable social, environmental and corporate governance commitment.

Opportunities: Ensure business continuity and uninterrupted operations

Mitigation Measures: Strict Implementation of well reviewed operating procedures, employee trainings, safety audits, critical equipment inspections, emergency handling plans, monitoring systems and fire prevention. Also insurance coverage against losses. Risk Based Inspection (RBI) system is also under implementation.

Source | External Internal **Nature** | Immediate

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Ensure business continuity and uninterrupted business operations

Mitigation Measures: State of the art IT controls and firewalls are in place to safeguard confidential / proprietary information. Regular system updates, IT audits, vulnerability awareness campaigns and trainings are conducted to monitor and minimize the risk.

Information and Technology risks

Capital

Financial Manufactured

Intellectual Operational

Type

Operational

Base Risk: Rating, Likelihood, Magnitude

Residual Risk: Rating, Likelihood, Magnitude

Source | External **Nature** | Immediate to Short Term

Associated objective: Sustain growth in fertilizer business;

Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures: Robust inventory management system aided by a diversified pool of service providers.

Disruption of product supply chain

Capital

Financial Manufactured

Type

Operational Commercial

Base Risk: Rating, Likelihood, Magnitude

Residual Risk: Rating, Likelihood, Magnitude

Source | External **Nature** | Immediate

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Ensure business continuity and uninterrupted operations

Mitigation Measures: The Company has adequate security arrangements as well as media presence to cope with any law and order and reputational risk.

Protests / Volatile law and order situation

Capital

Manufactured Human

Relationship

Type

Operational Commercial

Base Risk: Rating, Likelihood, Magnitude

Residual Risk: Rating, Likelihood, Magnitude

KEY RISKS AND OPPORTUNITIES

Base Risk

Rating

Likelihood

Magnitude

Residual Risk

Rating

Likelihood

Magnitude

Technological shift rendering FFC's production process obsolete or cost inefficient

Capital

Manufactured

Type

Operational

Source External **Nature** Long Term

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Implementation of energy efficient technologies so that, saved fuel gas can be used as feed gas

Mitigation Measures: Balancing, modernization and replacements with state of the art equipment ensuring our production facilities are utilizing latest technological developments for cost/output optimization.

Base Risk

Rating

Likelihood

Magnitude

Residual Risk

Rating

Likelihood

Magnitude

Product pricing competition

Capital

Financial

Type

Commercial

Source External **Nature** Short Term

Associated objective: Sustained growth in fertilizer business

Opportunities: Increase / value addition in product line covering macro and micro nutrients

Mitigation Measures: Efficient marketing strategies, better customer service, product quality and superior brand are FFC's key measures to counter the competitors' pricing strategies owing to their lower input / feed gas cost.

Base Risk

Rating

Likelihood

Magnitude

Residual Risk

Rating

Likelihood

Magnitude

Natural disasters / Climatic uncertainties

Capital

Financial Human

Manufactured

Type

Commercial Operational

Source External **Nature** Immediate

Associated objective: Sustained growth in fertilizer business;

Improve operational efficiency through cost economization and enhanced synergies among functions.

Opportunities: Ensure business continuity and uninterrupted operations

Mitigation Measures: FFC has established disaster recovery / business continuity plans that have been implemented at all locations and the staff is fully equipped to quickly recover from any natural disaster/pandemic. The Company also has insurance coverage to safeguard against any monetary losses.

Source | Internal | Nature | Medium Term

Associated objective: Strategize portfolio management to drive long-term growth and exceed shareholders' expectations

Opportunities: Horizontal as well as vertical diversification

Mitigation Measures: Investing through a comprehensive due diligence process, screening of projects through management and Board committees, while critically viewing worst case scenarios of return on investment, taking account of management expertise and where required, bringing onboard experts of the respective sectors.

Over-diversification leading to inadequate management expertise for managing investments

Capital

Intellectual

Type

Strategic

Base Risk: Rating | Likelihood | Magnitude

Residual Risk: Rating | Likelihood | Magnitude

Source | External | Internal | Nature | Short to Medium

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions

Opportunities: Explore investment avenues to capitalize on high rate of return, Efficient customer relationship management and robust financial risk management

Mitigation Measures: Treasury management system at FFC is proactive and adequate funds/credit lines are kept available for any adverse interest rate risk and liquidity risk. Our efficient business finance ensures credit risk management is in line with Company's credit policy.

Interest rate risk, credit risk and liquidity risk affecting business and financial performance

Capital

Financial

Type

Financial

Base Risk: Rating | Likelihood | Magnitude

Residual Risk: Rating | Likelihood | Magnitude

Source | External | Internal | Nature | Long Term

Associated objective: Maintain outstanding brand image by providing premium quality innovative products and services;

Demonstrate sustainable social, environmental and corporate governance commitment.

Opportunities: Focused brand management to augment the Company's business profile

Mitigation Measures: The Company has built its brand recognition through years of quality fertilizer supply and agri-services. FFC ensures proactive engagement with all stakeholders through a comprehensive stakeholders' engagement program (i.e. farm advisory, advertisments, documentaries, technical literature etc) leading towards a positive corporate image / goodwill.

Loss of stakeholder confidence in "Sona" brandname adversely impacting goodwill and affecting operations

Capital

Relationship | Social | Natural | Human

Type

Reputational | Compliance

Base Risk: Rating | Likelihood | Magnitude

Residual Risk: Rating | Likelihood | Magnitude

KEY RISKS AND OPPORTUNITIES

Base Risk: Rating, Likelihood, Magnitude

Residual Risk: Rating, Likelihood, Magnitude

Non-compliance of laws and regulations

Capital

Financial, Relationship, Natural

Type

Compliance

Source External, Internal **Nature** Immediate to Medium Term

Associated objective: Demonstrate sustainable social, environmental and corporate governance commitment;

Improve operational efficiency through cost economization and enhanced synergies among functions;

Maintain outstanding brand image by providing premium quality products and services.

Opportunities: Inculcating compliance culture throughout the Company

Mitigation Measures: Rigorous checks on latest updates in regulatory framework are carried out to prevent any breach of law. Trainings are conducted to keep employees abreast of all latest developments in laws and regulations. External experts are engaged for consultations

Base Risk: Rating, Likelihood, Magnitude

Residual Risk: Rating, Likelihood, Magnitude

Inadequate assessment of strategic, operational, commercial and financial risk

Capital

Financial, Intellectual, Manufactured, Relationship

Type

Reputational, Operational

Source Internal **Nature** Immediate to Short Term

Associated objective: Improve operational efficiency through cost economization and enhanced synergies among functions;

Maintain outstanding brand image by providing premium quality innovative products and services.

Opportunities: Inculcating risk culture throughout the Company

Mitigation Measures: Implementation of Company-wide Risk Governance structure governed by the Board; and integrating it with strategy setting and performance management

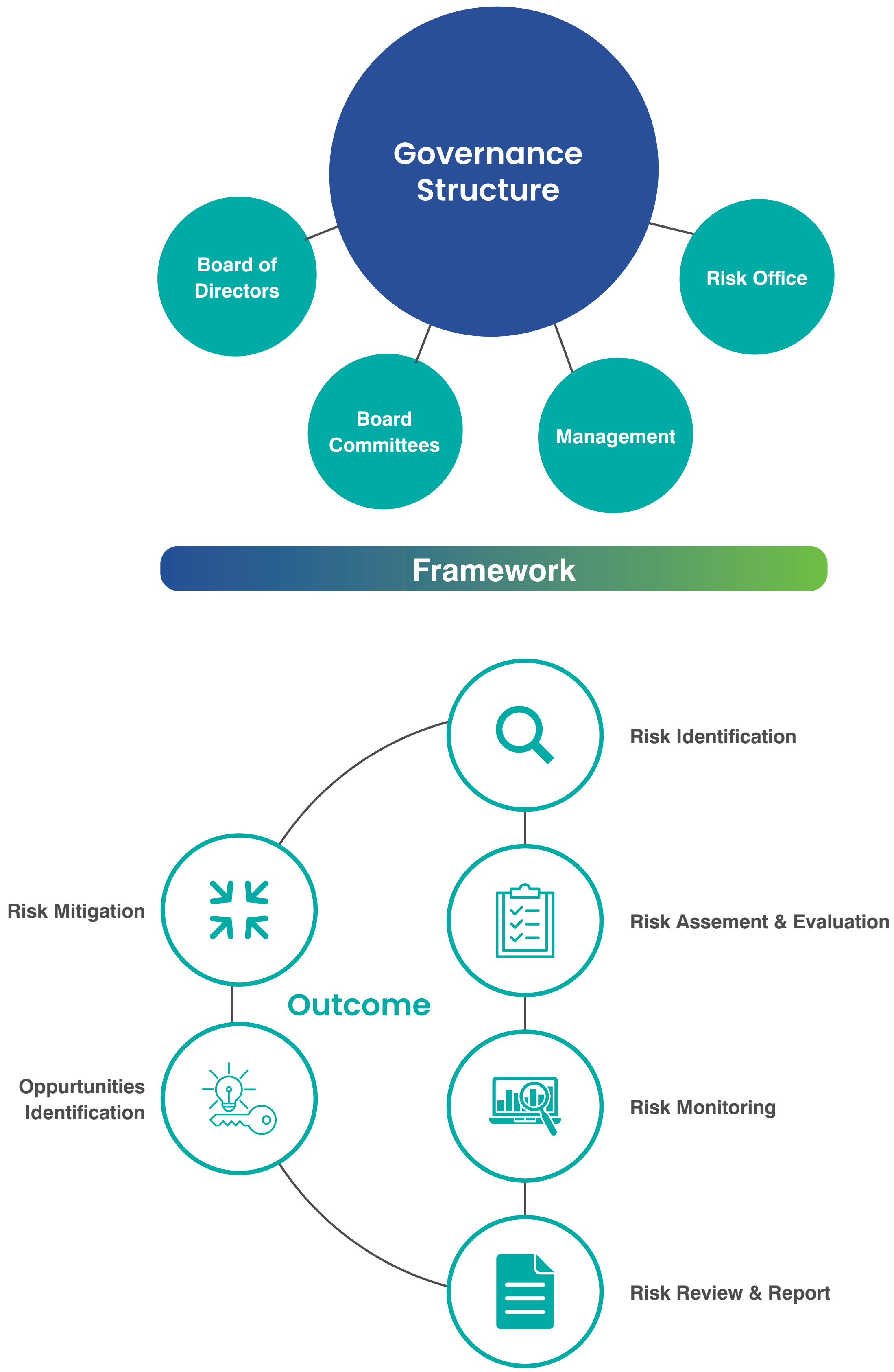
Legend

Rating: Low, Medium, High

Magnitude: Low, Medium, High

Likelihood: Low, Medium, High

Enterprise Risk Management (ERM)



CORPORATE GOVERNANCE

Good corporate governance is the foundation for a long-term sustainable success of an entity that enhances the transparency, stakeholders' trust and credibility besides ensuring high standards of professionalism, adherence to ethical practices and accountability.

FFC's governance framework is based on global best practices; exceeding the compliance and disclosure requirements of applicable legal and statutory framework in addition to meeting the informational need of all stakeholders.

The Board, being conscious to its fundamental responsibility towards shareholders and upholding FFC's reputation both at national and international levels, has established a robust governance mechanism to achieve Company's objectives. A formal Code of Conduct, Code of Business Ethics, Internal Control Framework, Risk Management Framework and Whistle Blowing Policy etc. have been implemented as pivotal ingredients of the said Governance framework.

Composition of the Board

The qualification and composition of Company's Board of Directors is in compliance with the requirements laid down by the Companies Act 2017, Code of Corporate Governance and best practices adopted under the Articles of Association.

Diversity in the Board

A diverse Board ensures effective, efficient and independent decision making. FFC's board comprises of highly qualified professionals from varied disciplines, appropriate mix of competences, knowledge, skill-base and mix professions. This helps in gaining a unique combination of knowledge, experience and expertise to run the affairs of the Company.

The Board consists of 13 directors, effectively representing the interest of shareholders including minority stockholders. Present composition of Board is as follows:

Category	Name
Independent Directors (excluding Female directors)	Mr Saad Amanullah Khan
	Mr Jehangir Shah
Non-Executive Directors	Mr Waqar Ahmed Malik
	Dr Nadeem Inayat
	Maj Gen Naseer Ali Khan, HI(M) (Retired)
	Mr Peter Bruun Jensen
	Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
	Syed Bakhtiyar Kazmi
	Mr Shoaib Javed Hussain
	Mr Iftikhar Ali Sahoo
Executive Director / MD&CEO	Mr Sarfaraz Ahmed Rehman
Female Directors (Independent)	Ms Maryam Aziz
	Dr Ayesha Khan

None of the directors hold directorship of more than seven listed companies.

Profile of the Board

Directors' profiles including name, status (independent / non-executive / executive), education, industry experience and involvement with other companies have been detailed in the Company Overview section of this Report.

Independent Directors

The Company has four independent directors on its Board, representing the non-controlling interests. These directors are selected after due diligence from a database maintained by Pakistan Institute of Corporate Governance (PICG) and they have provided their consent to act as director, along with 'Declaration to the Company' that they qualify the criteria of independence notified under the Companies Act 2017.

CORPORATE GOVERNANCE

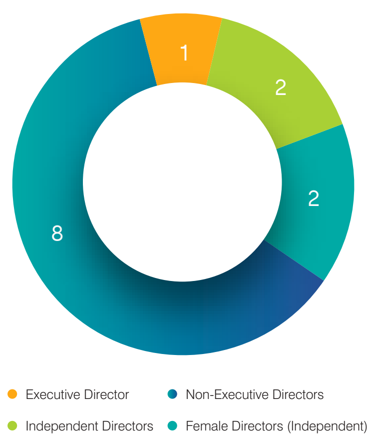
Executive and Non - Executive Directors

There are twelve non-executive directors and only one executive director, exceeding the regulatory requirement of two third representation by non-executive directors on the Board.

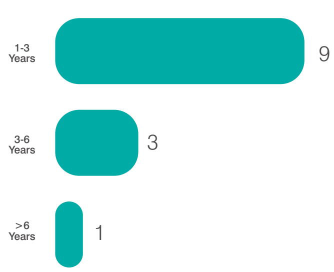
Female Directors

FFC Governance framework strives for gender diversity on the Board of Directors. At present there are two female directors on the Company Board, exceeding the regulatory requirement of one female director on the Board of a listed company.

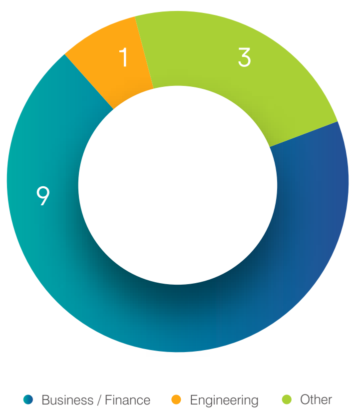
Composition of the Board
(Number)



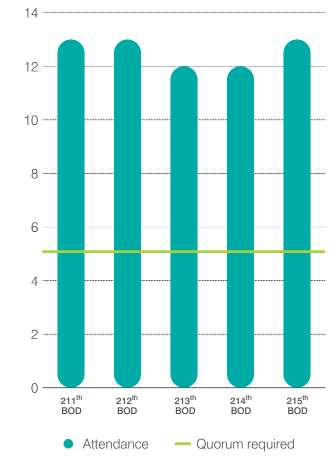
Directors' Tenure
(Number)



Directors' Qualification
(Number)



Attendance at BOD Meetings
(Number)



Changes to the Board

The current board was formulated in October 2021 and will complete its tenure in October 2024.

The two directors - Dr Hamid Ateeq Sarwar and Syed Zafar Ali Shah resigned during the year whereas Mr Iftikhar Ali Sahoo joined the Company's Board of Directors. The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing directors, and also extends a warm welcome to the incumbent director.

Board believes the team would continue to operate effectively towards the attainment of Company's objectives and enhancement of shareholders' wealth.

Meetings of the Board

Under the regulatory framework, the Board is required to meet at least once every quarter to ensure effective monitoring of Company's Performance in addition to any special meetings which may be held during the year to discuss other important matters.

FFC's Board of Directors held five meetings during the year to discuss routine and special matters, along with guidance to the management to achieve Company's objectives. In compliance with the applicable laws, notices and meeting agendas were circulated in a timely manner.

As prescribed by the Companies Act 2017 and other applicable regulations; the minimum quorum requirement of attendance was exceeded in all Board meetings. Chief Financial Officer and Company Secretary were also in attendance in all the meetings.

The proceedings of the meetings were precisely recorded by the Company Secretary, and timely circulated to all directors for endorsement and were approved in subsequent Board meetings.

Attendance at Board Meetings

DIRECTORS	Status	211th BODM 28th Jan	212th BODM 27th Apr	213th BODM 28th Jul	214th BODM 26th Oct	215th BODM 28th Dec
Mr Waqar Ahmed Malik	Non-Executive	👤	👤	👤	👤	👤
Mr Sarfaraz Ahmed Rehman	Executive	👤	👤	👤	X	👤
Dr Nadeem Inayat	Non-Executive	👤	👤	👤	👤	👤
Mr Saad Amanullah Khan	Independent	📹	📹	📹	📹	👤
Ms Maryam Aziz	Independent	👩	📹	👩	👩	👩
Maj Gen Naseer Ali Khan, HI(M) (Retired)	Non-Executive	📹	👤	👤	👤	👤
Mr Peter Bruun Jensen	Non-Executive	📹	📹	📹	📹	📹
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	Non-Executive	👤	👤	👤	👤	👤
Syed Bakhtiyar Kazmi	Non-Executive	👤	👤	👤	👤	👤
Mr Shoaib Javed Hussain	Non-Executive	📹	📹	📹	📹	👤
Dr Hamid Ateeq Sarwar	Non-Executive	👤	N/A			
Dr Ayesha Khan	Independent	📹	📹	👩	👩	👩
Mr Jehangir Shah	Independent	📹	📹	📹	📹	👤
Syed Zafar Ali Shah	Non-Executive	N/A	👤	N/A		
Mr Iftikhar Ali Sahoo	Non-Executive	N/A			👤	👤

Casual Vacancies filled during the Year

APPOINTED	DATE	RESIGNED	DATE
Syed Zafar Ali Shah	20 April 2022	Dr Hamid Ateeq Sarwar	10 Mar 2022
Mr Iftikhar Ali Sahoo	01 Sep 2022	Syed Zafar Ali Shah	30 May 2022

Board Meetings held Outside Pakistan

In line with cost economization drive, all Board meetings were held in Pakistan, regardless of SECP provision and Company's business requirements in reference to prospective offshore ventures.

Roles and Responsibilities of the Board

Members of the Company's Board of Directors are fully cognizant of the level of trust reposed in them by the members for ensuring sustained high performance of the business, safeguarding their interests and consistent value creation. Board fulfills responsibilities conferred to it in the Company's governance framework which exceeds the requirements of the regulatory framework

Matters reserved for the Board

In compliance with the Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019, and the Company's Articles of Association, the Board exercises all its powers with responsibility and diligence after due deliberations.

These include but are not limited to:

- monitoring and review of governance practices;
- influence and monitor the strategic direction of the organization;
- appointment / removal, determination of remuneration and renewal of contracts, terms and conditions of key management positions;
- matters recommended by the Board's committees
- significant issues, placed by the Chief Executive Officer, for the information, consideration and decision of the Board or its committees;

- review and monitor the internal controls framework;
- investments in new ventures;
- evaluation of effective risk management framework;
- monitoring of integrity and ethical issues;
- approval and periodic reviews of annual business plan, cash flow projections forecast and strategic plans;
- approval of related party transactions;
- review of internal audit reports;
- review of management letter issued by the external auditors; and
- approval of the Company's Financial Statements including interim and final dividend and review of internal / external audit observations regarding the overall control environment

Company's significant policies, with their respective dates of approval and / or amendment are diligently documented with the Board.

Board Committees

Responsibilities have been delegated to the Committees by the Board and they function as per the approved Terms of Reference. They are responsible for review of requisite matters and make necessary recommendations.

Functioning of each committee is detailed as Board Committees in the Company Overview section of this Report.

Governance of Risk and Internal Control:

Company's Risk Identification and Management Policy outlines mechanism for all functions and departments to cover key risk areas such as; strategic, commercial, operational, financial, reputational etc., and devise mitigating strategies. Board is apprised of the requisite status on half yearly basis.

Board has also devised an Internal Control Framework for ensuring efficient conduct of business, safeguarding of Company assets, in addition to inculcating a business environment of ethical behavior and moral conduct.

Board along with Audit Committee, Internal Audit Function, External Auditors, Evaluators and Reviewers ensures that a resourceful and effective internal control system is in place to safeguard the interest of our stakeholders. Our various Capitals including Risk and Opportunity Section discusses in details the role of reviewers and evaluators under their respective function.

Internal Audit

Head of Internal Audit is appointed by the Board. He functionally reports to the Audit Committee and administratively to the Chief Executive Officer; whereas the performance appraisal is jointly carried out by the Chairman Audit Committee and Chief Executive Officer.

The Board ensures that Head of Internal Audit is suitably qualified, experienced and conversant with global best practices in addition to Company's policies and procedures. The Internal Audit team comprise of experts from relevant disciplines, to identify all major risk areas and review them alongwith related mitigation strategies to ensure that such risks are minimized to an acceptable levels.

The Head of Internal Audit function also continuously monitors formal policies and effectiveness of the internal controls framework designed and implemented by the Board.

Matters Delegated to the Management

Respective roles of the Board and management are pre-defined explicitly, while MD&CEO has been entrusted with the routine business operations in an effective and ethical manner, in compliance with the Company's Articles of Association.

The Board has approved strategies and goals including but not limited to annual targets of production, sales, turnover, cost, profitability, identifying new areas of investment for the Company and compliance with legal and regulatory requirements.

The management is also responsible for identification and administration of key risks, opportunities, establishment and maintenance of internal controls and preparation / presentation of financial statements in conformity with the applicable financial reporting framework consisting of approved accounting and financial reporting standards, Companies Act 2017 besides other Rules and regulations issued by Securities and Exchange Commission of Pakistan.

Formal Orientation at Induction

Comprehensive induction training is received by all new directors; to have a better understanding of the Board's operations and scope of their responsibilities towards managing Company's interest for and on behalf of shareholders.

These session orients them on business operations, environment, long-term strategy of the Company, and applicable laws and regulations. Members are also familiarized with their duties, powers, term of office and remuneration as per the Companies Act 2017, the Code of Corporate Governance and the Articles of Association of the Company.

Directors' Training Program

Members of the Board regularly attend trainings to remain abreast with the latest developments and trends in the areas of governance, management and leadership.

These trainings are aimed at increasing directors' familiarity with the Company and its industry, equipping them with sufficient information and resources to facilitate educated decision-making.

In compliance with the regulatory requirements, SECP approved Director Training Programs are not only attended by the Directors but also by various Heads of Departments and Female Executives.

Board of Directors

All members of the Board have been appropriately certified under the Directors' Training Program from SECP approved institutions, well ahead of the stipulated timeframe except for two, who are scheduled to acquire the certification within the current year as allowed under the Code of Corporate Governance.

Mr Jehangir Shah has availed exemption from the said training based on fulfilling the minimum requirement of education and experience needed as per the Code.

Heads of Departments

Exceeding the requirements of the Code of Corporate Governance, Syed Atif Ali, Chief Financial Officer and Col Salar Malik (Retired), received certification under the Directors' Training Program during the year.

Female Executive

In compliance with the Code of Corporate Governance, during the year Mrs. Sabina Asim an executive dealing with Corporate Affairs also received the said certification.

Policy for Security Clearance of Foreign Directors

Every foreign director serving on the Board is required to furnish relevant documents to SECP, within the prescribed timeframe, for security clearance by the Federal Ministry of Interior. All necessary arrangements pertaining to clearance are facilitated by the Company.

Appointment of a foreign director is subjected to provision of security clearance certificate from the Ministry. In case clearance cannot be arranged, the Company shall take steps for replacement of such director as considered appropriate.

Directors' Remuneration

A formal and transparent policy for directors' remuneration has been implemented by the Board, in accordance with the applicable laws and regulations.
The policy entails:

- Remuneration levels are commensurate with the level of responsibility and expertise of the Directors
- To encourage value creation, remuneration is designed to attract and retain experienced and well qualified directors
- It should not in any way be perceived to compromise the independence of directors
- No director is involved in determination of their own remuneration
- Executive Directors are not paid any remuneration for attending meetings of the Board and its Committees

Details of remuneration paid to executive and non-executive directors during the year are given in Note 35 of the financial statements.

Policy on Non-Executive and Independent Directors' Remuneration

In line with Company's Articles of Association and regulatory requirements, every non-executive director including independent directors is entitled to remuneration for attending Board and Committee meetings and rendering their services, as decided by the Board.

The remuneration package for Directors was approved in the Company's 43rd Annual General Meeting held on March 18, 2021 by the shareholders:

Chairman	Rs 300,000 for attending Board meetings
Directors	Rs 200,000 for attending Board and Committee meetings

Directors are not paid any other remuneration, except for the meeting fee and reimbursement of expenses incurred in connection to attendance of the Board or its Committees meeting.

External Search Consultancy and its Connection with the Company

Selection of Chairman and Non-Executive Directors

For selection and appointment of the Chairman or any other non-executive

CORPORATE GOVERNANCE

directors on the Company's Board, no external search consultancy was sourced.

Selection of Independent Directors

Selection of an independent director is carried out from a data bank maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

PICG has no other connections with the Company, except for providing access to the databank on independent directors, directors' training and evaluation of Board and / or individual directors' performance.

Evaluation of the Board's Performance by Consultant

In order to ensure objectivity in the performance evaluation process, Pakistan Institute of Corporate Governance (PICG) has been appointed to evaluate the performance of the Board, its Committees and Members, through third party assessment. Their goal is to identify performance issues impeding Board's effectiveness and recommend ways of addressing them in accordance with best practices.

Evaluation is carried out in two phases, covering the three basic components as required by the Listed Companies (Code of Corporate Governance) 2019.

PHASE 1

- Board (as a whole)
- Board Committees

PHASE 2

- Individual members of the Board

Deliverables as detailed below are then shared in the forthcoming meeting to formulate a strategy for improvement in Board's performance.

Board Assessment Report
(Board as a whole & Committees)

PICG Board Performance Evaluation
(Analysis Report)

Individual Director Evaluation Report

As per strategic performance index, the overall performance of the Board, its committees and members remained outstanding.

Roles and Responsibilities of the Chairman and CEO

The Chairman of the Board and Chief Executive Officer of the Company have well defined, separate but complimentary roles as identified through legal and regulatory requirement.

Chairman of the Board

Chairman represents the non-executive directors and is entrusted with providing effective leadership and direction to the Board. He ensures a conducive environment that encourages directors to carry out Board's business as per statuary compliance.

Chairman sets the agenda of Board meetings; ensures reasonable time is available for respective discussion and minutes of the meetings are kept in accordance with the requirements of Companies Act 2017.

Significant Commitments of the Chairman

Mr Waqar Ahmed Malik was elected Chairman of the Board in April 2020. He is the Managing Director of Fauji Foundation and serves as Chairman on the Boards of various associated and subsidiary companies of Fauji Foundation.

Mr Malik is also Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he co-founded.

He does not have any significant commitment other than those mentioned in his profile under Profile of the Board in the Company Overview section of this Report.

Chairman's Review on the Performance of the Board

The Chairman's Review outlines the overall performance of the Board and its effectiveness in achieving the Company's objectives, in conformity with the requirements of the Companies Act 2017.

Detailed explanations are covered in various section, throughout the Annual Report 2022.

Managing Director & Chief Executive Officer

MD&CEO is an executive director, responsible for providing effective leadership to the management. He oversees the routine operations along with management of the Company ensuring implementation of the Board's policies, within delegated limits.

CEO's Performance Review by the Board

The Board reviews CEO's performance in reference to assigned KPIs and his roles and responsibilities, including those identified by regulatory frameworks.

During the year, CEO's achievements are evident by the successful attainment of production, sales, turnover, profitability and market share targets, while maintaining highest standards of employee health and safety.

The Board is also satisfied with the progress of diversification projects and continuous evaluation of new investment opportunities. Recognition of Company's transparency and good governance at various local and international forums is also testament to the CEO's exceptional performance.

Policy of Retention of Board Fee by the Executive Director on Other Companies' Boards

As per Directors' Remuneration Policy, executive directors are not paid any fee for attending the Board, committee or general meetings. On the other hand, the policy does not restrict an executive director from retaining meeting fee earned for the services as non-executive director to other companies.

CEO is an executive director on FFC's Board and holds position as non-executive director on the Boards of various other companies. The Fee remunerated by these companies are in line with their respective policies, approved by their Board of Directors.

List of Companies in which the Executive Director is Serving as Non-Executive Director

Mr Sarfaraz Ahmed Rehman being an executive director of FFC and its subsidiary companies by virtue of being the Chief Executive Officer, holds non-executive directorship on the Board of following companies:

Listed companies:

- Askari Bank Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Unilever Pakistan Foods Limited

Unlisted entities:

- FFC Energy Limited
- OLIVE Technical Services (Private) Limited
- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II Limited
- Thar Energy Limited
- Pakistan Maroc Phosphore SA
- Fauji Meat Limited
- FFBL Power Company Limited
- Hisaar Foundation
- Patients Aid Foundation
- International Packaging Films Limited (IPAK)
- International Fertilizer Association
- Foundation University Islamabad

Directors' Compliance Statement

The Board is pleased to state that:

- The financial statements prepared by the Company's management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity
- Proper books of account of the Company have been maintained
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there has been adequately disclosed
- The system of internal controls is sound in design and has been effectively implemented and monitored
- There are no significant doubts regarding the Company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations
- Information regarding outstanding taxes and levies, as required by Listing Regulations, is disclosed in the notes to the financial statements

Statement of Value of Investments in respect of employees' retirement plans has been disclosed in Note 10.2 to the Financial Statements.

Compliances with Best Corporate Practices

In adherence to Global Best Practices and Standards of Corporate Governance, FFC continues to demonstrate incessant commitment for over four decades.

Report of the Audit Committee on adherence to the Code of Corporate Governance, Statement of Compliance by the Chairman and MD&CEO and Auditors Report thereon form part of this Report and are stated on page numbers 234, 237 and 240.

Ethics and Compliance

Comprehensive ethics and compliance framework of the Company ensures that high standards of ethical behaviour are embedded in all aspects of business conduct, decision-making and compliance of laws and regulations.

It's mandatory for members of the Board and employees to read, acknowledge, and abide by the Principles of Framework along with the Code of Conduct (readily available on Corporate Website), on joining and throughout their tenure.

The framework is regularly updated in line with changes in applicable laws and regulations, ensuring sustained business growth and stakeholders' confidence in the Company. Grievances arising due to any unethical practices are promptly identified and redressed to mitigate any occurrence in future.

Furthermore, an insider information register is maintained at corporate office and is regularly updated as per the applicable regulatory requirements.

Governance Practices Exceeding Legal Requirements

FFC continues its commitment towards adherence to highest moral and ethical standards by further optimizing its governance framework by voluntary adoption and implementation of governance practices exceeding legal requirements, these adoptions include:

- Pakistan Stock Exchange criteria for selecting top companies
- Best reporting practices recommended by ICAP / ICMAP and SAFA to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies
- Ensuring presence of non-executive and female directors exceeding the prescribed limits by the Code of Corporate Governance.
- Directors' Training Program ahead of prescribed timeframe
- Aggressive Health, Safety and Environment Strategies to ensure safety of employees, equipment and surrounding communities
- Various social projects for welfare of the community as part of its Corporate Social Responsibility
- Framework for UN Global Compact Ten Principles
- International Integrated Reporting Council (IIRC) Integrated Reporting Framework
- Global Reporting Initiative (GRI) Standards
- Various financial analysis including ratios, reviews, risk matrices and graphs etc disclosed in the Annual Report

In addition, we have also complied with ICAP / ICMAP BCR 2023 requirements.

Trading in Shares by Directors and Executives

During the year, the Company's executives traded a total of 5,015 FFC shares.

Besides this, no other trading was performed by the directors, executives, their spouses and minor children.

Any trading by management employees is regularly monitored and informed to the Stock Exchange.

Shares Held by Sponsors Directors and Executives

Number of shares held by the sponsors, directors and executives of the Company, as on 31 December, 2022 are as follows:

Particulars	Numbers of Shares
Sponsors	564,204,254
Directors	1,700
Executives	256,822

Detailed Pattern of Shareholding is disclosed on page 446 of the Report.

The thresholds for identification of Executives in addition to those already specified by the Code of Corporate Governance, is determined by the Board in compliance with the Code, which is reviewed on annual basis.

Report of the Audit Committee

Report of the Audit Committee, describing the work carried out by the Committee in discharging its responsibilities, can be referred on page 234 of the Report.

Related Parties

Company's Related Party Transactions Policy governs transactions between FFC and its related parties. It provides a framework for governance and reporting of all related party transactions in compliance with the applicable legal and regulatory requirements.

Transaction other then Ordinary Course of Business

Transactions with related parties arising in the ordinary course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Pursuant to the regulatory requirements, all related party transactions are placed before the Audit Committee every quarter, for review and recommendation to the Board of Directors. The same are then considered and approved by the Board; keeping in view the Committee's recommendations.

Disclosure of Directors' Interest

All members of the Board are required to disclose their interests held in their individual capacity. Any related party transactions, where majority of FFC's directors are interested, are referred to the shareholders in a general meeting for ratification / approval.

Names of all related parties with whom the Company had entered into transactions during the year, along with the nature of their relationship and percentage holdings have been appropriately disclosed in Note 39 of the Financial Statements.

In compliance with the requirements of Fourth schedule of the Companies Act 2017.

Policy for Disclosure of Conflict of Interest

FFC has implemented a formal code of business ethics that promotes an ethical culture and prevents known or potential conflict of interest among all stakeholders of the Company, having direct or indirect interest, including the Board of Directors.

The Board of Directors are bound to formally disclose any vested interest held by them in their individual capacity. The Company Secretary finalizes agenda points of Board meetings after obtaining information regarding interests and extent thereof.

The directors are required to disclose their interests beforehand and are not allowed to be involved in the decision making regarding any transaction or matter in which they have vested interest. In case majority of directors are interested, the matter is laid before the general meeting for approval.

Board's Policy on Diversity

As a progressive organization, FFC strongly believes in providing everyone with an equal opportunity to work, learn, grow and succeed. The Board is committed to promoting and maintaining a culture of diversity throughout the organization enabling a unique blend of

multiculturalism based on age, gender, ethnicity, physical and mental ability, and other such characteristics.

FFC has been on the forefront of advocating alleviation of gender discrimination in the Country, a principle that is instilled in our human capital strategy. As per SECP guidelines Company's Gender Diversity Policy has also been made public on the corporate website.

Upholding our social responsibility and reinforcing our commitment to diversity, FFC also gives due importance to the recruitment, development and retention of differently-abled in the Company.

The Company provides one of the most rewarding career opportunities in the Country while providing a motivating working environment, thereby attracting competent professionals, and transforming them into future global leaders.

Investors' Grievance Policy

FFC values its relationship with all its stakeholders, including shareholders and investors; and strives to protect and safeguard their interests. It recognizes the importance of timely and fair disclosure of all material information to all stakeholders; enabling them in making informed decisions.

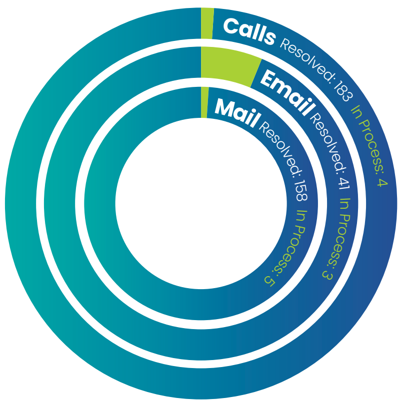
The Company's Investor's Communication / Relation & Grievance Policy outlines the mechanism for handling shareholders' complaints and queries. As per the policy, the shareholders can lodge their complaints or queries through a designated email address (shares@ffc.com.pk) or by using telephone, fax or conventional mail.

The policy ensures that grievances notified by the shareholders are handled and resolved efficiently; and record is maintained along with respective actions taken for resolution.

The Company's contact details are disclosed in the Investor Relations section on corporate website and mentioned in the Company Information section of this Report.

Redressal of Complaints

Shareholders / investors logged numerous complaints during the year; from unclaimed and undelivered dividends to queries pertaining to transmission cases, loss, revalidation or simple clarifications etc



Each shareholder is personally contacted and in collaboration with paying agent and registrar; complainants are amicably satisfied.

Disclosure on Enterprise Resource Planning (ERP) System

FFC is among one of the very few companies of Pakistan having fully implemented state of the art SAP ERP system a decade ago. The entire project was approved by the BOD and a dedicated management team under supervision of board was entrusted to document, evaluate, negotiate and implement the ERP across company in its respective functions.

- All our business operations manufacturing and technology, marketing, finance, human resources, procurement functioning in head office and all locations ensure through team leads effective implementation.
- IS division in our company ensures proper training has been imparted as per the training program. All new inductees are provided respective trainings related to their function.
- Every critical change or a new project is approved by respective management structure while CAPEX approval is requisitioned from Audit Committee through Board.
- Information security unit has responsibility to ensure the system security and segregation of duties. More details are covered in Intellectual Capital section of the Report.

Policy of Safeguarding of Records

Company's Record Retention Policy is part of its comprehensively formulated Business Continuity Plan (BCP). It provides preservation of Company records of significant or permanent value for periods exceeding the legally stipulated timeframe, at secure locations for an efficient and instantaneous retrieval.

The record includes books of account, documentation pertaining to secretarial, legal, contractual, taxation and other matters, which have been archived where needed, in a well-preserved manner as follows:

- Real-time back up of data at on and off-site locations
- Storage of data at secure location with state-of-the-art protections against physical deterioration, fire, natural disasters etc.

- Management hierarchy-based record retrieval authorization coupled with password security, including the Company's SAP-ERP System
- Whistle Blowing - Immediate reporting of breach of security or damage of record to the management
- Establishment of remote Disaster Recovery site to provide immediate backup of all primary data, in line with business continuity practices
- Delegation of responsibility for all Company departments regarding safeguarding of their respective record
- Electronic backup of printed data enabling prompt retrieval of relevant documents in a secure environment based on appropriate access controls and authorization systems

Whistleblowing Policy

In line with FFC's commitment towards transparency and ethical behavior in business conduct, a comprehensive Whistleblowing Policy is an integral part of the Company's governance. It provides a platform to all stakeholders to raise alerts in a transparent and efficient manner to maintain accountability and integrity in all areas of Company operations.

The policy enables stakeholders to not only raise queries but monitor the progress, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding.

Mitigating protocols against abuse of the mechanism are also in place by defining consequences for the person making false accusations resulting in unwarranted convictions.

The policy is publicly available on the Corporate Website for ready reference / consult.

Instances During the Year

All minor events requiring management's attention were properly addressed, during the year. No material instance was reportable to the Audit Committee regarding improprieties in financial, operating, legal or other matters of the Company.

Other Policies

The policies covered in other sections of the report are as follows:

- Disaster Recovery and Business Continuity Policy - Intellectual Capital
- IT Governance Policy - Intellectual Capital
- Human Resource Management Policy - Human Capital
- Social and Environmental Responsibility Policy - Social and Relationship Capital

Disclosures Beyond Best Corporate Reporting criteria

To facilitate stakeholder in better understanding various aspects of Company's operational and financial performance, FFC strives to go beyond the essential reporting requirements. In addition to ICAP / ICMAP BCR criteria, significant disclosures have also been presented, listed below:

- About our integrated Report
- Navigating through this Report
- Highlights 2022
- Management Committees
- Chairman's Review
- MD & CEO's Overview
- Macro-Economic Overview
- Contribution to National Exchequer
- Credit Rating
- Corporate Awards
- Operational Performance
- Marketing Overview
- Human Capital
- Health and Safety
- Directors' Report on the Consolidated Financial Statements
- Directors' Report in Urdu
- Sustainability Report including:
    - Global Reporting Initiative (GRI) Standards: Comprehensive Option
    - Sustainability Accounting Standard Board (SASB) Chemical Industry Standard
    - United Nations Global Compact (UNGC) "Ten Principles"

In addition, we have also complied with ICAP / ICMAP BCR 2022 requirements relating to IT Governance and Cyber-security and Enterprise Resource Planning, depicting the Company's operational excellence.

Oversight by External Specialists

Maintaining compliance with applicable laws and regulations and upholding ethical standards is crucial to our success. To this end, our critical business structures and units are engaged with external auditors both statutorily and voluntarily to ensure standardized discipline. Oversight and reviews by the external specialist, auditors or reviewers is adequately covered in Governance section, Manufactured, Intellectual and Financial Capital.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Regulation		Compliance Status
Regulation 3	**Number of Directorships**	✔
No person to be elected or nominated or hold office as a director of a listed company of more than seven listed companies simultaneously		
Regulation 4	**Diversity in the Board**	✔
Board members to have an appropriate mix of core competencies, diversity, requisite skills, knowledge and experience etc., deemed relevant for company's operations		
Regulation 5	**Minority Shareholder**	✔
Minority members as a class are to be facilitated by the Board to contest election of directors by proxy solicitation and provision of requisite information by the candidates who seeks to contest		
Regulation 6	**Independent Director**	✔
Listed company to have at least two or one third members of the Board, whichever is higher, as independent directors		
Regulation 7	**Female Director**	✔
The Board to have at least one female director when it is reconstituted		
Regulation 8	**Executive Director**	✔
The executive directors, including the Chief Executive Officer, shall not be more than one third of the Board		
Regulation 9	**Chairman of the Board**	✔
The Chairman and the CEO of a company, shall not be the same person		
Regulation 11	**Agenda and Discussion in Meetings**	✔
Board Agenda set by Chairman and reasonable discussion time ensured. All written notices and relevant material, to be circulated at least seven days prior to the meeting		
Regulation 12	**Minutes of Meeting**	✔
Minutes of the Board meetings are kept in accordance to Act requirements. Company Secretary as Board Secretary ensure minutes are satisfactorily recorded		
Regulation 13	**Attendance at Meeting**	✔
The CFO and Company Secretary or in their absence, the nominee appointed by the Board, shall attend all meetings of the Board		
Regulation 15	**Related Party Transactions**	✔
All transactions to be placed periodically before the audit committee and upon recommendation(s), same to be placed before Board for review and approval		
Regulation 16	**Formal Policy**	✔
The Board to have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the Board and its committees		

Regulation		Compliance Status
Regulation 17	**Determination of Remuneration**	✔
No director to determine his own remuneration. The levels of remuneration to be appropriate and commensurate with the level of responsibility and expertise		
Regulation 18	**Directors' Orientation Program**	✔
Orientation for directors to be carried out to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders		
Regulation 19	**Directors' Training**	✔
All directors to be certified under any director training program, and a newly appointed director may acquire the certification within a period of one year from the date of appointment Training for at least one female executive and head of department are ensured every year		
Regulation 25 & 26	**Financial Statements**	✔
CFO and CEO to endorse the quarterly, half-yearly and annual financial statements prior to Board consideration and approval		
CEO and CFO to have the annual and interim financial statement (both standalone & consolidated) initiated by external auditors before audit committee presentation and Board approval		
Regulation 27	**Audit Committee**	✔
Constitution of Audit Committee as per requisite requirements and the terms of reference		
Regulation 28	**Human Resource & Remuneration Committee**	✔
Constitution of HR&R Committee as per requisite requirements and the terms of reference		
Regulation 31	**Composition of Internal Audit Function**	✔
Composition and Functioning of an internal audit function		
Regulation 32	**External Auditor**	✔
Terms and conditions to appoint an external auditor		
Regulation 33	**Rotation of Auditors**	✔
All listed companies, other than the financial sector, to rotate the engagement partner after every five years		
Regulation 35	**Disclosure of Significant Policies on Website**	✔
Company to post information pertaining to its significant policies, synopsis of Board's committees terms of reference etc., on its website		
Regulation 36	**Compliance Statement & Auditor Review**	✔
The statement of Compliance, reviewed and certified by statutory auditors (non-compliance with the Regulations highlighted by auditors, if any), is published and circulated with company's annual report		

STAKEHOLDERS' ENGAGEMENT

Analysts' Briefing

To ensure transparency in relationship with our stakeholders; FFC conducts inclusive and regular interaction sessions to share financial and operational outlook, the regulatory amendments, and economic changes etc.

As a practice, Company holds bi-annual analysts' briefings to present its business perspective to the investors enabling them in making sound investment decisions.

During the year, FFC held three analysts' briefings where CFO apprised all stakeholders with Company's performance and its future plans.

Analysts' Briefings were attended by investment analysts from all over the Country, representatives of Pakistan Stock Exchange, Banks and other stakeholders. The presentations were followed-up by detailed question & answer sessions; queries were satisfactorily responded to, exhibiting FFC's commitment to a transparent and continuously evolving stakeholders' engagement approach.

Detailed presentations of briefings can be accessed below:

Shareholders Encouraged to Attend General Meetings

The Notice of Annual General Meeting along with Company's Annual Report, is emailed to all shareholders at least 21 days prior to the day of meeting. Notice and report is simultaneously published in leading newspapers (in both Urdu and English languages) having Countrywide circulation and placed on the respective websites of Pakistan Stock Exchange and Company (FFC).

Period	Date	Place	Agenda
Year ended Dec 31, 2021	Feb 01, 2022	Head Office Video link facility	• Review of the business environment and FFC's performance • FFC's achievements during the period • Progress on ongoing diversification projects • Future challenges and outlook
Period ended Jun 30, 2022	Aug 24, 2022	Head Office	
Period ended Sept 30, 2022	Nov 14, 2022	Head Office Video link facility	

https://www.ffc.com.pk/ffc-first-corporate-briefing-01-february-2022/

https://www.ffc.com.pk/ffc-second-corporate-briefing-24-august-2022/

https://www.ffc.com.pk/wp-content/uploads/3rd-Corporate-Briefing-2022-PRPres.pdf

All shareholders irrespective of their shareholding can appoint proxy, participate through video conference (VC) and vote through e-voting. They can suggest, propose, comment or record their reservations during the meeting, and enjoy full rights to propose and second any presented agenda item.

They can demand the draft minutes of meeting within stipulated time post the event and are privileged to object on any intended major investments, planned acquisitions, mergers and takeovers or any other corporate / capital restructuring.

FFC values and honors the shareholders' inputs; records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions.

Encouraging Minority Shareholders to Attend General Meetings

The Company encourages minority shareholders to participate in the analyst briefing sessions, the date of which are announced through the Stock Exchange.

Meeting requests of minority shareholders are also entertained where their queries are addressed appropriately to their satisfaction.

Investor Relations Section on FFC Website

Information is comprehensively disseminated to FFC's investors, shareholders and other stakeholders through multiple platforms including the Corporate Website. In compliance with the requirements of applicable regulatory framework, the website is maintained in both English and Urdu languages.

The website is regularly updated to provide exhaustive information including but not limited to business strategy, governance, products & services, financial highlights, investor relations/ information, and dividend history etc.

The following QR code may be scanned to access the Company's website for all requisite information, including financial reports.

The online pdf version of this Annual Report will be considered the most current version and takes precedence over any previously printed version. The online pdf version can be accessed at https://www.ffc.com.pk/investors-relations/annual-reports/

General Meetings

FFC held 44th Annual General Meeting of its shareholders, on March 25, 2022.

Presence of Board Members

In compliance with the Code of Corporate Governance, all directors of the Company to attend the general meetings unless precluded from doing so due to any reasonable cause.

Presence of the Chairman Audit Committee

The general meeting held during the year was attended by the Board Members including the Chairman of the Audit Committee, Chief Executive Officer and other senior management of the Company to address queries and clarifications sought by the shareholders.

Issues Raised at Last AGM

General queries and clarifications were sought by shareholders regarding the agenda points and were resolved to their satisfaction. No significant issue or concern was raised.

Identification of Key Stakeholders

The Company is empowered to equitably allocate its capitals towards obligatory relationships and activities; through meticulousness in the key stakeholders' identification. Company basis it's assessment of stakeholders on following criterion:

- Does the stakeholder have a fundamental impact on the Company?
- Can the Company identify what it wants from the stakeholder?
- Does the Company want the relationship to grow?
- Can the Company exist without or easily replace the stakeholder?
- Has the stakeholder already been identified through another relationship?

The process of engagement with Stakeholders, how particular relationships are managed, frequency of requisite engagements during the year, elaboration on how these relationships are likely to affect the performance and value of the entity, are detailed as 'stakeholders' engagement'.

STAKEHOLDERS' ENGAGEMENT

Institutional Investors / Shareholders

Management of Stakeholders' Engagement	FFC acknowledges and honors the trust our investors pose in the Company by providing a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.
Frequency of Engagement	Regular
Engagement Process	General meetings, Corporate Briefing etc.
Effect and Value	The providers of capital, allow FFC the means to achieve its vision.

Customers & Suppliers

Management of Stakeholders' Engagement	FFC has invested significantly in customer relationship management, going beyond extending credit facilities and trade discounts. Through Agri. Services FFC has been inducing changes in agricultural production, transferring evolving knowledge (information) to farmers for their sustainable economic growth and engaging reputed and dependable suppliers as business partners.
Frequency of Engagement	Regular
Engagement Process	Periodic formal and informal meetings / conferences and technical support services
Effect and Value	FFC's success and performance depends on customer's loyalty, preference to the brand 'Sona' over competitors and Company's supply chain management.

Banks and Other Lenders

Management of Stakeholders' Engagement	Banks and other financial institutions are engaged, on an on-going basis, by the Company to negotiate rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit, payments to suppliers and any disbursement of operational nature.
Frequency of Engagement	Regular
Engagement Process	Meetings on negotiation of rates on various financing matters
Effect and Value	Dealings with banks and lenders is key to FFC's performance in terms of better access to interest rates and loan terms, minimal fees, higher level of customer service and effective planning for the future.

Media

Management of Stakeholders' Engagement	Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of FFC.
Frequency of Engagement	Occasional
Engagement Process	Different communication mediums such as., press releases in leading newspapers intimation in the News Section of corporate website etc., are used on need basis to apprise the general public about new developments and activities
Effect and Value	By informing the media of the developments and activities of FFC, effective awareness is created regarding the Company and offered products and services, indirectly having a positive impact.

Regulators

Management of Stakeholders' Engagement	FFC prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan. Company consciously ensures that all the legal requirements of other countries are also fulfilled while conducting business abroad. FFC has paid a total of Rs 30 billion in taxes and duties this year and continues to be one of the largest tax payers of Pakistan; Rawalpindi Chamber of Commerce & industries in collaboration with Federal Bureau of Revenue also adjuged FFC with an award to acknowledge its contribution.
Frequency of Engagement	Regular
Engagement Process	Meetings with officials, submissions of data for review and compliance
Effect and Value	Laws and regulations, determination of prices and other factors controlled by the Government affect FFC and its performance.

Analysts

Management of Stakeholders' Engagement	To attract potential investors, FFC regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and / or trading, to avoid any negative impact on the Company's reputation or share price. The Company held three Analysts' Briefings during the year and apprised the attendees on FFC's operational and financial performance.
Frequency of Engagement	Bi Annually
Engagement Process	Analysts' Briefing
Effect and Value	Providing all the required information to analysts helps in clarifying any misconception / rumor in the market and creates a positive investor perception.

Employees

Management of Stakeholders' Engagement	FFC's human resource strategy is based on commitment to its most valued resource - a dedicated and competent workforce, and provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. FFC also invests in health and fitness activities for its employees, along with the monetary compensations.
Frequency of Engagement	Regular
Engagement Process	In-house newsletters, televised broadcasts, employee portals and electronic bulletin boards
Effect and Value	Employees are Company's biggest asset; implementing every strategic and operational decision and representing the Company in the industry and community.

Local Community And General Public

Management of Stakeholders' Engagement	In addition to local communities near plant sites, FFC engages with general public at large through its CSR Department. It helps to identify needed interventions in the field of education, health and general economic uplift of the society. The Company has also aligned its interventions with the UN's Sustainable Development Goals.
Frequency of Engagement	Regular
Engagement Process	Meetings and one-on-one engagements
Effect and Value	The people of the Country provide the grounds for FFC to build its future on.

MANUFACTURED CAPITAL

FFC's Manufactured Capital comprises of its plant-sites, IT systems, Head Office infrastructure and extensive marketing, distribution and agri-services network. This capital plays a pivotal role in implementation of strategic objectives of the company. In order to create and maintain its competitive advantage by keeping up with latest developments in technology, FFC makes a conscious effort on investing in new technologies, systems and other assets.

Operational Performance

Despite unprecedented challenges throughout the year, with untiring efforts and commitment towards strategic objective of operational excellence, FFC managed to achieve its urea production target for the year by producing over 2.4 million tonnes, translating into an aggregate contribution of around 69 million tonnes since the Company's inception.

During the start of the year, Mirpur Mathelo site achieved highest daily urea production record of 2,545 tonnes.

Plant I & II – Goth Machhi

Operational performance of both the Goth Machhi plants remained satisfactory during the year 2022 and Sona Urea production of 1,554 thousand tonnes was achieved despite turnarounds at both plants.

Plant III – Mirpur Mathelo

Mirpur Mathelo plant achieved annual urea production of 850 thousand tonnes despite unprecedented challenge of plant shutdown due to secondary reformer top head failure.

Major Projects at Plantsites

A number of new projects related to sustenance, HSE, energy efficiency and reliability are underway to sustain company's profitability and maintain its position as the leading fertilizer manufacturer in the country.

Plant Turnaround

FFC successfully accomplished turnarounds of both Plant-I and Plant-II at Goth Machhi during the year with safety objective of "No Injury No Fire". Following major projects of efficiency and reliability improvement were executed in Plant-I turnaround.

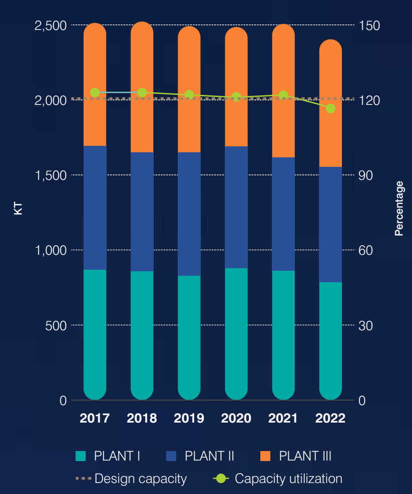
Refer page 158

- Primary Reformer and Partial Tubes / Catalyst Replacement
- Primary Reformer's ID Fan Replacement
- Catalysts replacement in shift reactors and catalyst skimming in Secondary Reformer
- Replacement of Urea Stripper
- Inner casing replacement in CO_2 compressor turbine
- Replacement of boiler
- Upgradation of Control System in Gas Turbine,
- Tube Bundle Replacement of Final Gas Cooler
- Bundle Re-tubing of Synthesis Gas Cooler
- Replacement of Separator Overhead Absorber

Plant-II turnaround was successfully completed in harsh weather conditions of July 2022. Major completed projects include:

- Convection Section Module Replacement in Primary Reformer
- Burners Replacement in Primary Reformer
- Outer Casing Replacement of Turbine for Synthesis gas Compressor
- BFW Preheater Replacement
- Desulphurization Section Upgrade & Catalyst Replacement
- Medium Temperature Shift Convertor Catalyst Replacement
- Replacement of Medium Voltage Switchgear
- Stator Replacement in CO_2 Compressor Motor
- Control Systems' Upgrade in Air Machine
- BMS Upgrade of Auxiliary Boiler
- Control Upgrade of Gas Turbine

Plant wise Production



Reliability Improvement

Some key projects for improving reliability of our plants are:

Plant I

- Fitness for service study of Ammonia storage tank
- Upgrade of Burners in Super Heater

MANUFACTURED CAPITAL

- Cooling Tower Rehabilitation
- Natural Gas Lines Rehabilitation
- Medium to Low Voltage Transformers Replacement

Plant II

- Natural Gas Lines Rehabilitation

Sustainability

The following projects relate to sustainability of Company's production process:

- Pressure Enhancement Facilities (PEF) Project
- Installation of new compressor package completed in October 2022 and order of another compressor package initiated
- Alternate gas connection with national network.

Energy Conservation

The Company is carrying out the following activities for energy conservation:

- Satisfactory performance of Plant I in IFA energy efficiency and CO_2 emissions benchmarking
- Installation of ammonia preheater at urea Plant-I to recover heat from plant process condensate
- Process condensate recovery in air preheater coil at Plant II was completed and became ready for operation

Initiatives for Promoting and Enabling Innovation

FFC is carrying out the following initiatives to promote innovation:

Neem Oil Coated Urea (NCU) Production

For increasing product use efficiency in term of crop productivity and N_2 uptake, growth in application of slow-release urea fertilizer is being promoted through neem coating of

our urea product. Production target for the year was increased compared to the previous year.

Developing Enhanced Efficiency Fertilizer

The Company, in collaboration with its national and international partners is developing value added solid / liquid enhanced efficiency fertilizers; and allied co-products to maximize crops yield and to reduce greenhouse gases

Marketing Overview

FFC's nationwide network of about 3,600 dealers and 152 field warehouses enables it to achieve an annual sales volume of over 4 million tonnes (FFC and FFBL combined), thereby making it one of the most eminent fertilizer producing and marketing company of the Country. Having a consumer-centric approach and strategy focused on the promotion of high quality products backed by effective agriculture support services, the Company has amassed a devoted clientele over time.

International Fertilizer Market

Throughout the year, the global market witnessed unprecedented fluctuations in fertilizer prices mainly on account of the geopolitical situation.

Urea

Due to changing global geopolitical situation and significant challenges faced by Russian producers in accessing some markets in the wake of western sanctions, international urea market price remained volatile during the year. Urea prices at the start of the year were USD 862 per tonne reaching a high of USD 935 per tonne in March before beginning downward correction and declining to current price of USD 572 per tonne.

DAP

Phosphate International market kept on fluctuating as the year progressed. The Russian-Ukraine conflict had a considerable impact on phosphate producers and also tightened the global supply balance of raw material. The threat of further sanctions on Russian firms, soaring raw materials and surging urea price levels propelled phosphate prices. After over half a year of high prices, demand in major markets started getting adequately met, resulting in a drop in prices. Currently, the phosphate global market has been witnessing lower demand with greater product availability leading to a drop-in benchmark prices.

FFC Sales By Province

All Products | Thousand Tonnes

Province	Sales
Punjab	1,770
Sindh	446
KPK	181
Balochistan	95
Islamabad	1
Kashmir	2

Domestic Fertilizer Market

All major commodities like rice, maize, cotton etc increased in prices compared to last year. Overall, market sentiments and farmers' financial condition during 2022 in the main crop growing areas remained positive. In rain/ flood hit areas, farmers' economic condition was weak due to loss of Kharif crops. Generally, returns from rice, wheat and maize remained better than previous year which improved cashflow situation of the

MANUFACTURED CAPITAL

farmers. High prices of DAP/potassic fertilizers, diesel, electricity and other inputs remains a concern for the farmers. Resource poor farmers of flood affected areas will also not be able to apply recommended inputs to the crops to get better harvest.

Urea

Urea domestic demand remained high during the year due to increased phosphate prices. FFC began the year with opening inventory of 32 KT while overall industry opening stock was around 71 KT, which was 76% lower than opening inventory of 299 KT last year.

Industry urea production for 2022 was estimated to be approximately 6,766 thousand tonnes, 10% higher than last year's production. Around 6,618 thousand tonnes of urea were sold throughout the year, which is 4% more than in 2021.Industry's closing stock was around 186 thousand tonnes.

DAP

Despite healthy returns from DAP application to crops as well as reduced DAP prices due to Kissan Subsidy package, farmers were mostly unwilling to purchase DAP at existing prices considering comparatively economical urea prices. At domestic level, anticipation of further declining International Market price hindered in DAP saleability. Panic selling was witnessed by dealers and DAP domestic market prices plunged deep. Based on farmers' sentiments, average per acre consumption for DAP is expected to drop significantly in coming months amid high prices which may cause a serious dent to crop production and farm economics of current and upcoming crops.

During the year, the industry sold about 1,176 thousand tonnes, almost 38% less than 1,885 thousand tonnes last year while closing inventory of industry was 433 thousand tonnes,more than double of last year's closing inventory of 210 thousand tonnes.

FFC Marketing

Like every year, 2022 also brought new opportunities and difficulties but some of them were unprecedented in scale, domestically and internationally. FFC continued to hold the top spot in the market and managed to achieve its yearly sales objectives.

The demand for urea increased as a result of rising DAP prices, and the companies found it challenging. However, we were able to preserve margins at sustained levels while maintaining a balance of product supply across the country on due to adoption of a careful approach to managing shipments and prices.

Urea

Combined FFC / FFBL urea sales of 2,946 thousand tonnes were made during the year, including 523 thousand tonnes of Sona Granular made by FFBL.

Urea Market Share

The combined FFC / FFBL urea market share decreased to 45% from 47% last year.

DAP

The company sold 846 thousand tonnes of FFBL Sona DAP during 2022, compared to 147 thousand tonnes of FFC DAP.

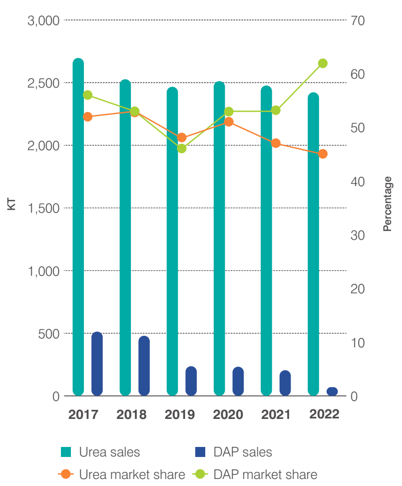
DAP Market Share

FFC achieved highest-ever combined FFC/FFBL DAP market share of 62%, compared to 53% in 2021. DAP industry inventory as close of year 2022 is estimated to be 433 thousand tonnes, 105% higher against inventory of 211 thousand tonne during same period of last year.

Effect of Seasonality on Business

The two main crop seasons of Pakistan, known as "Kharif" and "Rabi", have an influence on the country's fertilizer offtake. Through advance sales, effective inventory management and production/import planning, FFC regulates seasonality and keeps our products accessible in accordance with client's demand.

Urea and DAP Performance & Market Share



INTELLECTUAL CAPITAL

Value Creation Business Model
Intellectual Capital
Refer page 158

Intellectual capital refers to our Company's collective knowledge and resources that can be leveraged to boost income, attract new clients, develop new products, or generally expand our operations and outreach.

Information System

In order to provide accurate data processing, effective communication support, optimized business operations, and to aid in the gathering of market intelligence and efficient decision-making, FFC places great emphasis on development of its information systems resources infrastructure. The Company also continues to embrace and use cutting-edge IT tools to improve operational effectiveness and increase efficiency of operations.

IT Governance and Cybersecurity

IT Governance Policy

The information technology assets of the company have been aligned to give management an effective and efficient method for decision-making, allowing the accomplishment of operational and strategic goals while boosting shareholder value.

The company's information services adhere to the Information Technology Infrastructure Library (ITIL) framework and have received ISO 27001:2013 best practices certification for their Information Security Management System (ISMS).

FFC's IT Governance Policy encompasses:

- Engaging stakeholders to establish priorities for technology investment that are aligned with institutional goals and objectives
- Promoting governance, transparency, accountability and dialogue about technology that facilitates effective strategy adoption
- Maximizing return on technology investment with controlled spending, while providing FFC with a coherent and integrated IT architecture and management structure
- Influencing development and design of technology services, policies and solutions
- Ensuring compatibility, integration and avoidance of duplication of effort
- Securing the Company's data
- Improving user awareness on IT security to detect and prevent vulnerabilities
- Keeping the IT function proactive from an innovation perspective, providing ideas to the business

Board's Oversight on Cybersecurity

The management of the company frequently updates the board of directors on the status and performance of the IT infrastructure. IT-related risks are continuously evaluated and updated in the company's risk register, which includes risk profiles, mitigation tactics, and corrective action plans. These are then examined by the Risk Office before being submitted to the Board twice a year.

Board Committees' Oversight on IT Governance and administration of Cybersecurity Matters

The Board audit Committee is responsible to assess potential risks relating to IT governance and cybersecurity (including the confidentiality, integrity, and availability of IT infrastructure and assets) and update the risk register to apprise the board on defined regular intervals with a view to safeguard the IT assets from cyber threats.

Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

FFC governance structure led by its board ensures that the company's information system, strategies and underlying functional processes and practices are able to effectively evaluate, enforce and meet the relevant legal, regulatory, commercial needs of the organization. In this respect, evaluation of legal and regulatory framework by Information Security unit is conducted regularly. to assesses the legal and regulatory environment in light of cyber risks. Best practices are regularly researched and applied with the goal of effectively managing and monitoring cyber hazards. In collaboration with the legal department, the function keeps track of any amendments to laws and regulations, such as the Prevention of Electronic Crimes Act 2016 and the Copyright Ordinance of 1962. During the year, there was no cyber security breach noted.

INTELLECTUAL CAPITAL

Cybersecurity Programs, Policies and Procedures

Management of the company is committed to ensure the highest standards of IT Governance and Cybersecurity system within the company in order to protect our customers, employees, and business partners from cyberattacks and data breaches by placing a secure and compliant IT system through implementation of relevant policies and procedures. Several policies such as Information Security Policy, Access Control Policy, Network Security Policy, Password Policy , SDLC Policy etc. and procedures for the protection of IT assets and data integrity, access control, network security, etc. have been defined, in line with the ISMS standards.

Information Security

Information security has become an area of concern worldwide, particularly during the "work from home" environment. Leading local and multinational companies have recently experienced security breaches. In effect, FFC conducted a thorough and critical inspection of its information security function and identified and implemented number of steps to further strengthen protective measures. The Board of Directors' proactive guidance and encouragement facilitated implementation.

Following improvements were made during the year to enhance information security of the Company:

- Development of Software Defined Wide Area Network
- Privilege Accounts Management (PAM) solution has been implemented using a leading software brand.
- Multi-Factor Authentication (MFA) has been deployed.
- Location based geofencing service has been implemented to safeguard FFC from cyber-attacks originating outside Pakistan.
- A Web Application Firewall has been successfully deployed for protecting Company's web applications

Major Projects Carried Out During the Year

Some of the projects carried out by Information Systems Division during the year are:

- Improvement in Corporate Data Centre including reduction in energy consumption and enhancement of physical protection against fire via installation of fire rated steel doors

- Development of Mobile App named Kashtkaar Rahnuma for farmers which provides guidelines regarding fertilizer recommendations for crops depending on the soil structure of their geographical location in Pakistan
- Digitization of Fertilizer Data Book

Early Warning System

Information security at FFC adheres to the NIST framework of identify, protect, detect, respond, and recover. Threat detection, protection, and identification of attack surfaces are continual processes.

Independent Comprehensive Security Assessment

Annual audits are performed by external assessors like M/S SGS to determine if the IS Division is adhering to the ISMS standard. A thorough report is released following the external evaluation to attest to the FFC IS Division's compliance with the standard. The IS Division also assesses and implements pertinent recommendations and improvement areas as appropriate.

During the year, the following security assessments were performed:

- Payment Card Industry Data Security Standard (PCI-DSS) v3.2.1 certification for FFC Cloud Hosting Services at both Corporate Data Centre and DR Site Goth Machhi which certifies compliance with globally accepted information security standards of highest order. The PCI-DSS certification is required for Financial Institutions and Fintechs in order to have necessary confidence while choosing a cloud hosting provider. FFC Cloud Services achieved the Re-certification after rigorous evaluation by M/s Compliance Wing Pvt. Limited.
- Detailed security assessment of Company websites like FFC, FFCEL, FFF, OLIVE Technical Services, FACE and web

INTELLECTUAL CAPITAL

applications like SAC integration with SAP Portal, Bank Integration API, Equipment Deletion Note(EDN) System, Kashtkaar Rehnuma Mobile App & Virtual Assistant Sona Sales (VASS), Mobile App for Heads of Sales(Districts, Regions & Zones) to identify critical flaws and plug any loopholes

Impact of Digital Transformation to Improve Transparency, Reporting and Governance

The following projects were carried during the year out to aid governance and decision-making:

- Deployment of Agri Services Dashboard with Google Map that provides visualization of different Agri Services' activities throughout Pakistan
- Development of BoD Meetings Feedback App that gathers online feedback from BOD members anfter each BOD meeting
- Digitalization of CV Management System to enable faster decision-making for filling of vacancies
- Development of Mobile Apps for Heads of Sales Zones and Regions for daily business information requirements
- Visualization of Product Distribution Dashboard for providing insights on optimization of freight cost

Cloud Computing

A high VM-to-Server density ratio characterizes the completely virtualized IT architecture of FFC. Our private cloud deployment lowers total cost of ownership and reduces the time required to develop new and creative solutions as and when the business requires them.

OLIVE Cloud provides a platform where international sanctions and cloud outages do not affect the local business so it is being marketed to clients as Infrastructure as a Service (IaaS) too.

Robotic Process Automation

It is employed in routine tasks managed by the IS Division.

Artificial Intelligence (AI)

Our in-house touchless facial recognition solution developed using AI and Machine Learning (ML) is successfully being utilized for staff attendance / access control

Internet of Things (IoT)

Our IoT-based Vehicle Tracking System is widely utilized throughout the organization to track down corporate vehicles, monitor driver conduct, and more. Performance indicators for fuel and safety have significantly improved.

Education and Training on Cybersecurity Risks

All Company sites regularly hold awareness workshops on "Cybersecurity Risks" and how to prevent them. Additionally, all users of the Company receive emails that provide information about new cyber threats. To gather user input, feedback surveys are also distributed to the users and active involvement is ensured. Additionally, on a departmental basis or as needed, specific trainings on cybersecurity problems are also offered.

During the year, Vulnerability assessment and audit activities were carried out at FFC Head Office where on-spot informal information security awareness sessions were also conducted to educate computer users on desirable working practices and risks associated with computing resources.

Review of Business Continuity Plan & Disaster Recovery Plan

FFC's Board of Directors acknowledges the national significance of the Company's business continuity. Therefore, extensive vigilance is exercised through ongoing risk monitoring and risk mitigation techniques. To reduce the likelihood of an operational disruption in the event of a disaster, the Company's comprehensive Business Continuity Plan, which includes the Disaster Recovery Plan, is reviewed and tested on a regular basis.

Business Continuity Planning

FFC has implemented a comprehensive business continuity plan that enables an appropriate response to any adversity with the least amount of operational disturbance since it recognizes the importance of uninterrupted company operations for preserving competitive advantage.

The system for identifying and developing risk mitigation measures for crucial business operations involves both internal and external stakeholders from across the Company. Throughout the year, a number of simulation exercises were undertaken to improve staff preparedness for a crisis.

BCP also accomplishes the following goals:

Employees

Guarantees that workers are happy with the company's capacity to protect their safety and security.

Investors

Encourages investor faith in FFC's capacity to successfully navigate any challenge in order to preserve enterprise value.

Organization

An effective business continuity plan supports the company's reputation, brand, and corporate image.

Customers

Assures customers that, in the event of any unforeseen circumstances, sufficient steps are in place to ensure the company continues to fulfil its obligations to them.

Disaster Recovery Planning

The cornerstone of the FFC's overall Business Continuity Strategy is its Disaster Recovery Plan. To minimize operational inconvenience in the event of a disaster, the Company has arranged an alternative Disaster Recovery site with backup servers and other essential equipment.

With assigned responsibilities for critical roles, policies and procedures are in place to ensure a smooth transition of operations from the primary site to the disaster recovery site, ensuring the recovery of data, communications, and network operations in the event of an unplanned and unexpected interruption.

Further, management of company is dedicated to protect its asset against any type of damage or loss. In this regard, company has secured insurance protection for all of its assets including IT assets.

Offline Back-Up Solution for Business Critical Assets

In modern times, maintaining the integrity, confidentiality and access to an organization's information systems is essential. Cyber/ransomware attacks are on the rise these days and can jeopardize any or all of these areas. Backup of data is an integral part of business risk management that protects business critical data loss in case of malicious attacks, hardware failure, software corruption, inaccessibility of primary business data center, fire, earthquake etc.

As offline backup copies of systems/ data is deemed extremely necessary for safely rebuilding/restoring business operations to their normal / recent state, FFC has procured and implemented a Tape Library for offline data backups of business data to restore in an event of Ransomware / cyberattack. Since these backup copies are kept completely offline (after making backup copy in online mode), therefore they have beter possibility of remaining safe from ransomware objects.

Enterprise Resource Planning

Management and Integration of Core Business Processes

FFC is amongst a small number of businesses that have deployed all of SAP's business applications, including FI/CO, SD, MM, HCM, PM, BI, and BPC, in one go in 2011. The SAP ERP architecture strongly integrates each of these elements.

Effective Implementation and Continuous Updation

The management fully supports ERP in terms of the resources needed and prioritizing system utilization. For licensing, recurring budgetary support is offered. Through frequent upgrades, the system is kept updated. Currently running on S/4 HANA, FFC makes active use of desktop (GUI), online, and mobile interfaces to carry out business operations. To handle support requests and complaints from business users about the system, a ticketing system is in place. Analytical reporting is also provided support by business warehouse.

User Trainings of ERP Software

Each location holds frequent user training sessions for each SAP module. The power user concept also prevails at the function level (Finance, Materials, Human Resources etc.). For infrequent procedures like yearly reviews and budgetary cycles, focused sessions are held.

RISK MANAGEMENT ON ERP PROJECTS

As part of IMS and ISMS audits, a risk matrix is provided and is regularly evaluated and audited. Through the DEV / QA / PRD landscape, business process configuration and development is carried out. Before introducing a modification to the production system, each process change or development is extensively tested on the QA system.

System Security, Access Rights and Segregation of Duties

With consideration to each organization's business user role and need and in accordance with the least-privilege way, authorization is given for ESP transactions and reports. Users can request authorizations through site IT offices or power users. Once the request has been properly vetted by system administrators and relevant ERP module consultants, authorization is granted for access.

HUMAN CAPITAL

Managing Human Resources

Proper management of human capital is an essential component of any successful business. The Company's human capital is amongst the foremost assets that enables it to create value for stakeholders. We understand that it is vital to not only have an exceptional talent pool on-board but also highly-motivated and committed employees who see their long-term future with the Company and are always prepared to handle multiple and diverse issues. Therefore, FFC makes dedicated efforts to attract, nurture and retain the right talent by continuously investing in the growth of its more than 3,000 employees.

Compensation & Benefits

A well-designed compensation program is essential for the attraction of talented employee and their long-term motivation and dedication. FFC offers its employees a complete package including provision of comprehensive health coverage to permanent employees and their eligible dependents. It also pays special attention to offering post-retirement financial security to its employees including funded company pension benefits, gratuity and contributory provident fund.

During the year, VPP (Variable Pay for Performance) philosophy was introduced to align employees' performance and incentive payouts through KPI based performance management.

Job evaluations were also performed to review organizational structure and determine if employees' remuneration is needed to be aligned with the market. These were completed in-house in consultation with M/s Abacus.

Succession Planning

FFC's succession planning policy was updated during the year in line with Company's objectives. Business critical positions were identified and detailed succession plans were put in place. The existing Talent management system is being revised in consultation with M/s Seido HR to align it with contemporary best HR practices to further enhance leadership bench depth and strength.

Organizational Cultural & Engagement Survey

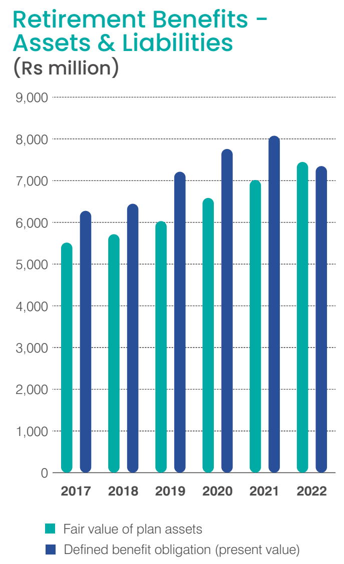
In line with FFC's strategic objective to nurture an innovative thinking & team-oriented culture, work continued to build on the areas of concern identified by the culture survey diagnostic in 2021. Results of Organizational Culture & Employee Engagement Survey were shared with the employees and translated into KPIs to initiate organizational change in a contemporary, practical and measurable manner. Change champions were trained on Change Acceleration Process to successfully execute and monitor this entire change cycle.

Employee Development

Employee development initiatives in 2022 continued to build on foundations laid last year. Online Learning, through LinkedIn platform and Operational Excellence utilizing Six Sigma adoptions were further expanded. senior management, through its Annual Strategy Retreat, deliberated on the futuristic plans and execution strategies. Competency based customized trainings were executed by leading trainers/consultants to improve behavioral, managerial and functional competence of our human capital. These achievements reflect FFC's commitment and resolve towards continued investment in development of our employees and nurturing a learning culture.

Competencies Framework & Curriculum Based Training

Competencies framework derived from Company's core values was approved



Refer page 158

during the year. In the next phase, the Vision, Mission & Values (VMV) rollout will be implemented in collaboration with leading consultants/trainers to enhance employees' awareness, commitment and ownership lesson. Customized in-house trainings on empathy, self-awareness and result oriented teams, were launched, amongst a series of competency-based trainings, with the aim to increase training man-days while improving relevance and efficacy.

Linkedin Learning

Online training has been adopted as part of FFC's core learning philosophy by acquiring advanced LinkedIn learning solution, extending learning reach from 200 employees in pilot project in 2021 to 400 employees in 2022. Licenses have been allocated proportionately across the organization and learning paths have been developed to further complement competency-based trainings. Learning dashboards are providing real-time statistics for improved monitoring and better planning.

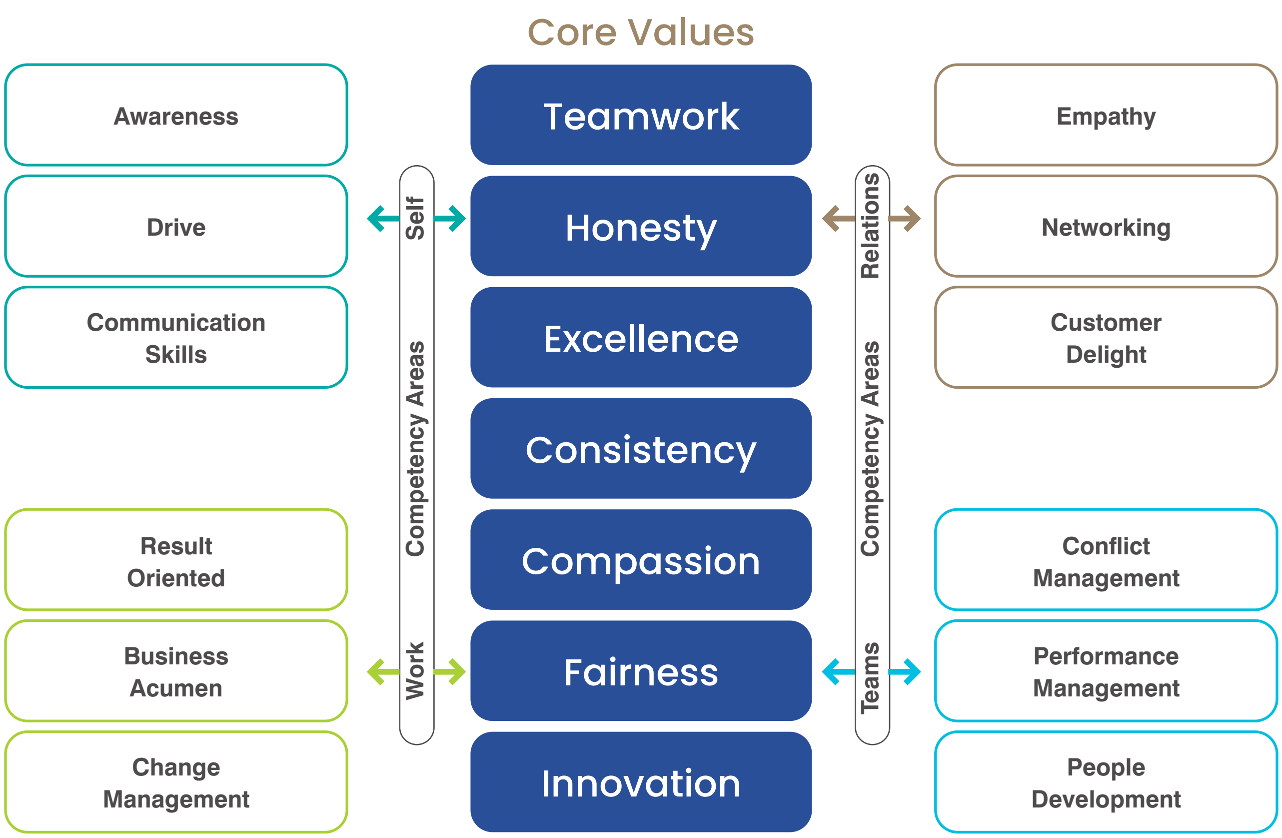
Six Sigma at FFC

Ongoing Green Belt projects were completed in Manufacturing and Procurement Division, with a recurring estimated saving of Rs. 25 million per year. 2 new projects are in progress and will further add to the bottom line in 2023. 132 employees have been trained on six sigma methodology (32 Green Belts and 100 Yellow Belts) and are participating in these projects. In-house trainers will be utilized to accelerate pace of Six Sigma trainings & implementation.

Employees' Wellbeing

The Company is well-aware that its employees well-being is of paramount importance for employers and employees alike as a healthy work-life balance offers several advantages, such as reduced stress and a decreased chance of burnout. FFC is dedicated to offering a supportive work environment that promotes work-life balance for its employees, which leads to lower expenses, a decline in absenteeism, and a more devoted and effective staff. For a healthy and active workforce, all of our facilities at various locations offer a variety of amenities like gym, café, childcare and additional recreational amenities at plant sites, including swimming pools, golf courses, movie theatres, tennis courts and squash courts, etc for use of employees and their families.

The FFC Value-Competencies Framework



OUR HUMAN CAPITAL

Putting our people at the heart of everything we do go beyond empowering and valuing their voice, it's also about creating a working environment that enables them to thrive










HEALTH AND SAFETY

FFC's commitment towards occupational health, safety and environment involves strengthening physical, mental and social well-being of employees. The objective of Company's Environmental, Health and Safety policy is to protect workers, habitants and the environment in which they work and live. Approach is proactive and oriented towards long-term development; inculcating safe & healthy culture through regular training and awareness programs, incentives and effective management systems. Occupational safety of contracted workforce is also ensured through contractor's Code of Conduct.

Initiatives at Plantsites

IFA Environmental Performance Benchmark Survey 2022

FFC participated in IFA Environmental Performance Benchmark Survey 2022 where in FFC plants environmental emission parameters were benchmarked with global producers. FFC emission results are satisfactory with Nitrogen Oxides (NOx) and process CO_2 emissions falling close to the best 20% of the benchmark plants.

Hydrogen Recovery Unit | Plant – I

There is an increasing trend of carbon dioxide concentration in natural gas supply. Installation of Hydrogen recovery unit (HRU) will reduce CO_2 footprint. Fabrication of HRU package is in progress at vendor's facility. Tie-ins of the project have been taken in Plant-I TA-2022 and foundation works is in progress.

Risk Engineering Survey

Risk Engineering Survey of Goth Machhi and Mirpur Plants was conducted by M/S Energy & Chemical Professionals, Dubai on October 31, 2022. The survey was completed successfully without any major observation.

Risk-Based Process Safety Management System:

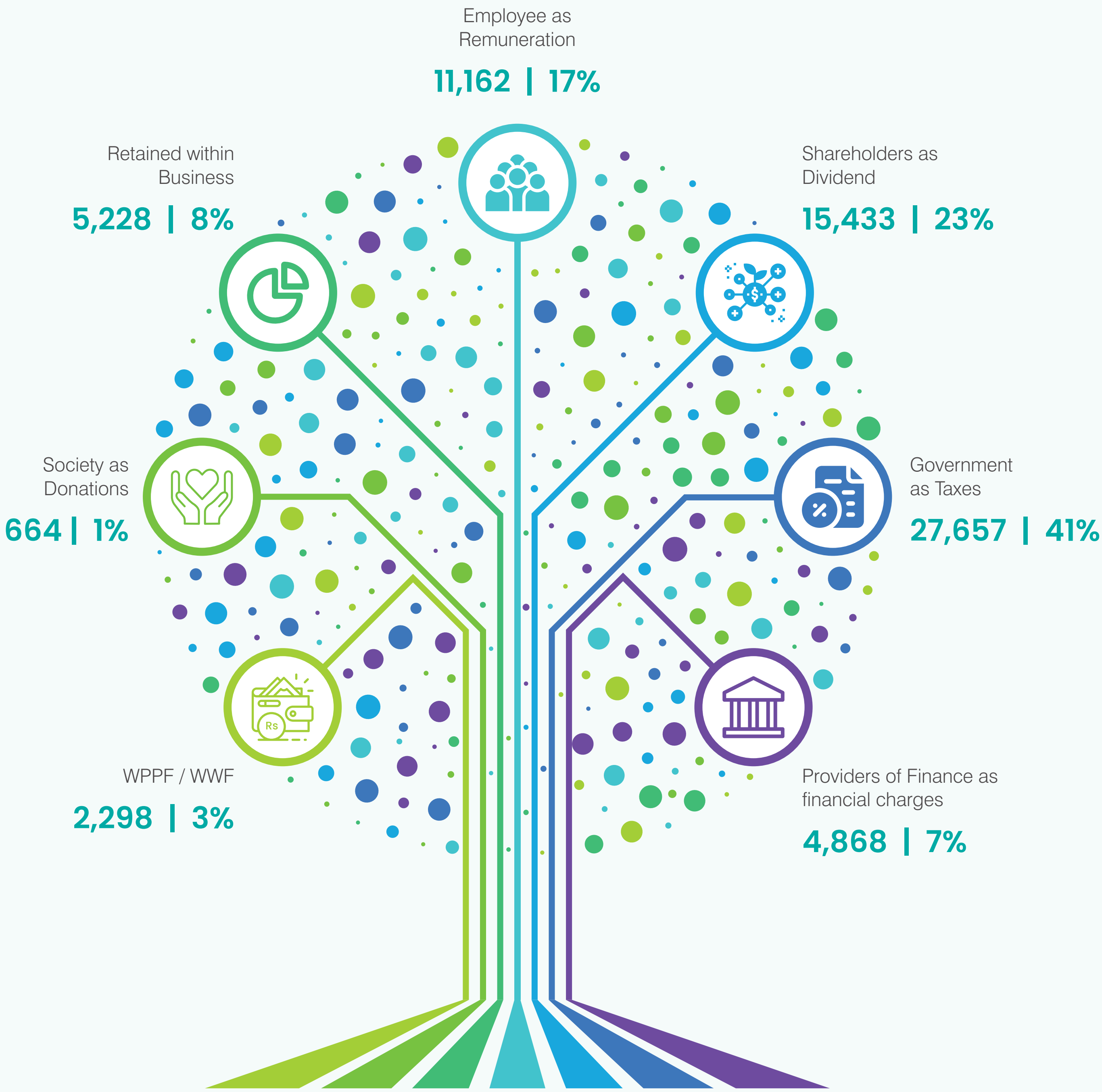
FFC, being one of the leading organizations in Pakistan, espouses a vision of leadership and excellence in safety management within the industry. The management of FFC has pledged to maintain the highest levels of safety at its plant, with the aim of achieving world-class safety standards. This is a clear indication of FFC's unwavering commitment to safety, as well as its dedication to creating a workplace that conforms to global standards.

In furtherance of this objective, the Company has decided to implement a state-of-the-art and internationally renowned safety model of "Risk-Based Process Safety Management System". This system shall bring a paradigm shift in the safety culture and performance. A consultant has been engaged to perform a comprehensive Gap Analysis of FFC, with the aim of identifying areas of improvement. Implementation of this system shall be completed in Year - 2025.

STATEMENT OF VALUE ADDED

Rs Million

Revennue		Purchases		Wealth Generated
124,995	-	57,645	=	67,310



Wealth Delivered

67,310

Rs Million

SOCIAL AND RELATIONSHIP CAPITAL

Social and Environmental Responsibility Policy

General: Security Exchange Commission of Pakistan (SECP) Guidelines for CSR-2013 recognized and formalized corporates as a critical stakeholder in the nation's development by providing broad necessary framework for compliance around spending and reporting on CSR activities. FFC CSR program has already been working to improve lives and the planet, to fully utilize human potential, through innovative outreach and solutions suited to the needs of people. Our CSR program is dedicated to the principles that all men and women of Pakistan have the right to good health, food, education, economic mobility, and seeks to achieve these goals through collaborations (Public Private Partnerships), better use of science and data to provide breakthrough solutions, ideas to disrupt the status quo and forge new path towards resilient future co-owned by all stakeholders. FFC CSR Committee established since 2013 has been ensuring CSR programs transparency, structure, policy and direction for all welfare initiatives across the country, while maintaining the best business and operational procedures in line with internationally recognized standards and goals.

Floods -2022

More than thirty million people have been affected by monsoon flooding across Pakistan since June 2022. The country has faced extensive damages to homes, roads, bridges, and power stations with the Sindh and Punjab provinces being hit the hardest. The country has declared this a humanitarian disaster of epic proportions and has appealed the local and international organizations / communities to step forward in reaching out to the affectees. Although, Govt has mobilised all its resources to reach out the affected population, but it cannot do this alone. Thus, FFC being a responsible corporate entity, took the initiative of providing immediate relief to the affectees. While rescue and relief stages are almost over, FFC needs to plan the rehabilitation phase diligently.

Purpose.

To provide guidelines for smooth conduct of relief / rehabilitation efforts being undertaken by the FFC.

1. **Strategic Contours**

a) Priority assistance be rendered to the areas in the close proximity of plant-sites.

b) Integrate relief support plan with agencies / civil administration to create synergetic effects.

c) Execution / implementation of relief / rehabilitation effort through own resources.

d) 3rd party involvement as a last resort to assist in fulfilling our purpose.

e) Provision of health and food facilities be accorded priority.

f) Provide post flood rehabilitation to the affected areas after assessment of tasks.

g) Projection of relief efforts by FFC through social / electronic / print media in coordination with Corporate Communication.

2. **Immediate CSR Activities**

a) Sustain the displaced populace in the flood affected area within proximity of plant-sites through provision of health and food facilities.

b) Provision of temporary shelters wherever possible.

c) Maintain close liaison / coordination

with other flood relief organizations / agencies for synergy of efforts.

d) Projection of relief efforts through social / electronic / print media in coordination with Corporate Communication Department.

e) FFC immediately constituted flood relief teams to provide immediate relief assistance to affected people.

1. Mirpur Mathelo food and medical camps.
2. Goth Macchi food and medical camps.

3. Future Course of Action

a) Relief provision

1. Tackle health fallout among the displaced people.
2. Provision of clean drinking water to affectees in the targeted areas.
3. Provide rations to returning individuals.

b) Rehabilitation. Plant management to constitute teams for assessment of tasks and recommend the kind of assistance required. The kind of assistance which we should be looking at but not limited to is as under:-

1. Adoption of villages / schools / medical centers
2. Agri support to include provision of seed / fertilizer and agronomic testing of soil / advise
3. Establishment of clean drinking water sources
4. Provision of household and winter clothing
5. Repair communication networks
6. Media connectivity
7. Health and food- Livestock
8. Facilitate small loans through banks

FFC has been member of United Nations Global Compact (UNGC) since 2010 and has been submitting advance level Communication on Progress (CoP) Report to the UN body on its 10 principles around themes of Human Rights, Labour, Environment and Anti-Corruption. In Feb 2016, Pakistan Parliament approved Sustainable Development Goals (SDGs) as national development agenda. FFC also adopted SDGs and started reporting on progress towards the goals. In 2020, FFC started the process of embedding SDGs into company policies in which a systematic process of embedding SDGs into company policies was followed and following 10 x SDGs were selected for embedding into company policies:-

a. SDG - 2 End Hunger
b. SDG - 3 Good Health and Well Being
c. SDG - 4 Quality Education
d. SDG - 5 Gender Equality
e. SDG - 6 Clean Water & Sanitation
f. SDG - 7 Affordable and Clean Energy
g. SDG - 8 Decent Work and Economic Growth
h. SDG - 9 Industry Innovation and Infrastructure
j. SDG - 12 Responsible Production & Consumption
k. SDG - 13 Climate Action

Highlights of Corporate Social Responsibility

All social interventions are carried out through an official implementing partner of FFC, Sona Welfare Foundation (SWF) which is a registered Non-Profit Organization (NPO). Brief of all social interventions during the year are highlighted below:-

Zero Hunger

Food Security is one of the most significant challenges faced globally and rightly recognized by United Nation in its Sustainable Development Goals preceded only by "No Poverty" for the Vision 2030 of a sustainable and inclusive tomorrow, for our future generations. Globally, approximately 821 million people sleep with hunger, and Pakistan is no exception with over 40% population vulnerable to food security. The floods 2022 have made this equation even more alarming.

FFC, as one of the leading agriculture stakeholder, established its NPO Food Security and Agriculture Center of Excellence (FACE) in 2019, with the mandate of transforming agriculture sector in Pakistan to cope with growing challenges, including climate change, low per acre yield, water scarcity, lack of mechanization amongst others. FACE, being an all inclusive solution is equipping our rural farmers with global best farming practices powered through climate smart agriculture, precision farming technologies, access to low cost loans, quality and certified agriculture inputs amongst a vast array of other services, under one roof. For details please see page No. 201.

Good Health & Well Being

FFC Believes that quality Healthcare is at the core of human rights, future human capital development and to ensure sustainable development for the future generations. FFC has always endeavored to improve medical facilities around underprivileged communities to ensure provision and improvement of essential medicines along the footprint of its operations. We are providing free of cost, quality healthcare to the communities, through health facilities. During 2022, medical support was extended to thousands of deserving patients. The details of interventions include:-

Sona Welfare Hospital (SWH) , Mirpur Mathelo,

SWH is flagship health care initiative solely serving the underprivileged and deserving

SOCIAL AND RELATIONSHIP CAPITAL

community of Mirpur Mathelo with mostly free of cost as well as subsidized health services. SWH has state of the art facilities, including a special unit for Mother and Child healthcare under the supervision of a dedicated lady-doctor. In current year 2022 treatment of more than 30,000 patients was given free of charge. SWH is recognized as one of the best medical center in the area because of the quality services provided by the hospital.

Hazrat Bilal Trust Hospital (HBTH) Goth Machhi, Rahim Yar Khan HBTH is partner facility providing quality and free of cost health facilities to over 100,000 patients annually in the surrounding areas at Goth Machhi, Rahim Yar Khan.

Shaukat Khanum Memorial Hospital and Research Centre (SKMH&RC)

FFC taking cognizance of the alarming mortality and morbidity related to breast cancer every year commemorates breast cancer awareness month in October to show solidarity with women across Pakistan. FFC organized awareness sessions for women across the country around its area of operations and sponsored treatment of patients at SKMH&RC, Lahore.

Quality Education

Investment into quality education ensures development of human capital to reduce poverty and increase sustainable economic growth of communities and nation at large. At FFC, special emphasis is given to promotion and adoption of quality education, in remote areas of the Country. Our scholarship programs and schools assists brilliant and deserving students to continue their educational pursuits all across Pakistan. Highlights of some of our contributions in the field of education, during the year 2022 are appended below:-

Sona Public School & College (SPS&C):

School has been established with an aim to provide quality education to the poor and needy children of Mirpur Mathelo and surrounding areas of District Ghotki. Present strength of the students are 1021 and it is expected that it would increase to 1500 by the end of next year due to ever increasing demand. As compared to the other local institutes free of cost education is provided to 500 x students out of the present strength and rest of the students at subsidized fee structure. Keeping in view the expected increase in strength during 2023 a planned extension is being carried out in terms of classrooms, furniture and play area equipment. Various awareness sessions are held on yearly basis. This year a team of faculty members from Lahore University of Management Sciences (LUMS) were invited to the school for interaction and to counsel them for higher educational opportunities.

Sona Ward of Farmers Scholarship (SWOF) program

The program is directed towards farmer's community belonging to underprivileged areas of Pakistan with maximum landholding upto 50 acres. Yearly 67 vacancies are extended to deserving students from across the country. Currently 158 students have availed this scholarship and completed their education whereas 191 Students are availing this scholarship.

Merit Scholarship Scheme at Sadiqabad, District Rahim Yar Khan
This program was launched in 2013 in which 20 Scholarships are exclusively provided to deserving students of Rahim Yar Khan area every year. These students are availing scholarships for Post Matric and Higher Education. As of today 68 students have availed this scholarship and completed their education.

Sponsorship of Students through Al-Mujtaba Trust.

In order to create impact at larger scale FFC has collaborated with reputable NGO Al-Mujtaba Trust providing scholarships and financial assistance to targeted students from underprivileged families to enable them to study and excel in existing or higher quality schools and colleges and arrange for technical education for those who do not show aptitude for higher education to develop skilled workforce of the future.

FFC Scholarship Scheme at Cadet College (CCG), Ghotki

Sona Scholarship programe is established by FFC for brilliant students interested to join CCG. 21 students have already completed their degrees through this Scholarship.

FFC School Adoption Program

FFC under a comprehensive program for adopted schools, extends infrastructure, education, study aid and other admin support to Govt schools and colleges in selected areas. Currently the program is active in Goth Machhi, Sadiqabad area where 5 x Govt schools have been adopted, benefitting more than 1750 x students. The program aims at providing qualified teachers, teacher training, provision of books and stationary items, library facilities and other admin support to the schools.

Technical Training Center (TTC), Jhimpir

FFCEL Technical Training Center (TTC) has been successfully registered with Sindh Technical Education and Vocational Training Authority (S-TEVTA), Government of Sindh. Training program of TTC is now formally recognized as 2-years Diploma for Electrical Technician by relevant authority. This year in January 2022, 2nd batch of TTC graduated while the session for 3rd batch commenced from February, 2022 and is in progress. Certificates were also distributed to the graduated trainees of 2nd batch. Two former TTC apprentices from 2nd batch were also offered employment with FFCEL as regular employees.

Clean Water & Sanitation

Access to safe water, sanitation and hygiene is the most basic human need for health and well-being. FFC supports and strengthen local communities by improving and installing water and sanitation management facilities. In year 2022 Reverse Osmosis Plant was installed at Chak No. 130 P, Tehsil Sadiqabad.

Decent Work and Economic Growth

FFC social interventions are directed towards inclusive and sustained economic growth creating productive employment opportunities through skill training and empowering human resource to increase their economic well being

Training Programs & Certifications

TTC Jhampir successfully completed 2 year S-TEVTA registered Apprenticeship Program for 2nd batch. The training center aims to provide specific training related to Wind Industry for building local capacity. Program has accreditation for providing Basic Technical Training (BTT) and Basic Safety Training (BST) programs under the Global Wind Organization (GWO) training standards. This year in January 2022, 2nd batch of TTC graduated while the session for 3rd batch commenced from February, 2022 which is in progress.

Ladies Vocational Training Center (LVTC)

As a step towards women upliftment in underprivileged areas, FFC CSR Program is in process to establish Ladies Vocational Training Center (LVTC) at Jhimpir to revive and give the women of the area necessary skills / guidance related to cloth cutting, sewing, embroidery, rilly making, Nazra e Quran. Project is planned to target above 600 women in neighboring villages.

Sustainable Cities and Communities

Underprivileged communities especially in remote areas have been centric to FFC's approach towards community development. Our endeavors include, but are not limited to, the following:-

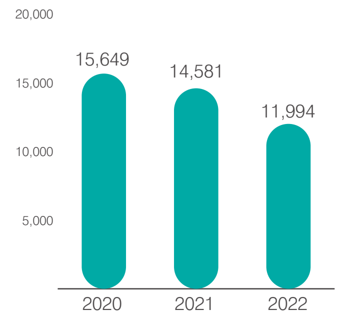
Partnership With Akhuwat Islamic Microfinance

FFC donated and amount of Rs 18 million to Akhuwat Islamic Microfinance, by signing a 5 year Memorandum of Understanding (MOU), which aims to empower marginalized community by providing interest free loans in order to make them self-reliant by starting or expanding small scale businesses. Loans were disbursed among both genders catering to small business enterprises. At the end of year 2022, a total of 1320 loans worth PKRs 41.40 million, out of which 939 loan to women have been disbursed in Mirpur Mathelo and surrounding area. It is a matter of great pride and satisfaction that the system adopted is ensuring 99.97% return rate.

Relief Activities for the Flood devastated areas and effectees.

In year 2022 Pakistan's monsoon season produced significant rainfall, devastating floods and landslides, affecting millions of people, livestock and agriculture. The floods have affected all four of the country's provinces and approximately 15% of its population. FFC developed a comprehensive strategy of dealing with the catastrophe, where rescue and relief operations were carried out during initial phase as short term measure to support children and families affected and to protect them from the ongoing dangers of waterborne diseases, malnutrition and

Economic Value Added
(Rs million)



other health risks. FFC's commitment rests beyond the initial short term assistance to our brethren in need, we are working with the communities and assisting them in rebuilding lives through our long term infrastructure support program for flood affectees which is underway in affected areas.

Climate Action

Tree Plantation in Schools and other areas

In 2022, Plantsites in collaboration with local administration and Govt / Private schools, launched a planned tree plantation campaign. During the drive 2390 trees have been planted in schools and on both sides of the roads leading to plant sites in GM&MM.

Neem Tree Project

Keeping with the Govts goal for clean, green Pakistan, FFC CSR Program implemented Green Drive Initiative for Climate Change by sowing 5,000 neem plant seedlings at Jhampir. The purpose of the project is to provide employment opportunities to local manpower and to uplift environmental conditions of Jhampir region.

Refer page 158

NATURAL CAPITAL

FFC and fertilizer industry, as a whole, plays an important role in supporting and enhancing value to the country's agricultural sector which is a back bone of our economy. We rely on natural capital to operate efficiently and add value to the sector also ensuring food security in the Country. The Company is aware of the impacts of climate change, scarcity of fresh water, mounting waste, biodiversity loss due to use of natural resources and ecosystems and how we can influence through our business activities and relations. These environmental issues require efforts to preserve and restore natural capital. Therefore we invest in and adopt clean and green technology, efficiently manage the water resources to reduce environment impact and shift/invest in the renewable energy sectors.

We are investing to upgrade our plants, adopt cleaner technology, shift to renewable energy sources, and efficiently manage water resources to reduce our environmental impact. We are also exploring the science-based targets for reducing GHG emissions in line with climate science. However, the complex nature of operations and the non-availability of reliable energy sources are major challenges in this regard that are being explored for resolution.

We are aware that excessive use of fertilizers can degrade soil quality, reduce biodiversity and cause pollution. Therefore, we focus on maintaining soil health and quality for the long-term sustainability.

FFC understands that water pollution caused by industrial effluent discharge can degrade the quality of water resources, leading to health hazards and reduced agricultural productivity.

We are cognizant of the fact that soil is an essential natural resource and its deteriorated quality can affect the yield and growth of crops. Pakistan's soil is naturally low in nutrients and farmers rely heavily on synthetic fertilizers to improve soil fertility.

Water is an essential component in the agricultural landscape and fertilizer requires significant amounts of water for production and Pakistan's water resources are already under stress due to climate change and increasing population. Therefore, efficient use of water resources is crucial to ensure the sustainability of the fertilizer industry. We also believe that bio diversity plays a vital role in regulating ecosystem.

Climate change is a significant challenge for Pakistan's agriculture sector and fertilizer industry. Rising temperatures, changing rainfall patterns and extreme weather events can significantly impact crop yields and fertilizer demand. Therefore, there is a need to invest in climate-resilient agriculture practices and technologies for which we are focused to play our relevant role.

FORWARD LOOKING STATEMENT

Our forward looking statement aims to inform our stakeholders about factors that may affect our growth, performance and position in the future based on management's expectations. It also sheds light on how we plan to adapt and evolve to better respond to known disruptive elements and market drivers. The statement will help equip our stakeholders in making more informed decisions about their relationship with the Company. Actual results, however, may differ from our estimates presented herein. Other sections of our Report e.g. Chairman and Chief Executive Reviews, Financial Capitals etc., also provide further information.

Analysis of Last Year's Forward Looking Statement / Status of Projects

2022 Overview

The Company's operations and performance were impacted by the altering external environment of the country. Various economic, environmental, political, social, technological and legal factors had a direct bearing on FFC's ability to achieve its objectives. Detailed assessment of effect on capitals is provided in "strategy and resource allocation' on Page No. 24 while 'risk and opportunities' present in external environment are elaborated on Pages 89-97 and section on 'external environment' in our "Sustainability Report". Broad external environment overview is provided below:

Economic & Policy Context

The Russia-Ukraine conflict affected the global economic recovery resulting in multiple challenges and uncertainties including:

- Rising commodity prices
- Supply chain disruptions

Fertilizer Supply

- The geo political situation, besides export restrictions by some countries, resulted in short supply of DAP. This caused a severe price hike in the global market in 2022.
- Urea market prices also spanned broad ranges due to changing geopolitical situation internationally.

Fertilizer Demand

- Urea domestic demand remained high in 2022 due to increased DAP prices.
- Farmers started applying more of nitrogenous fertilizers and other Phosphatic fertilizers as substitute to DAP due to low affordability.

Fertilizer Outlook

- Domestic average per acre consumption of DAP expected to drop significantly in coming months as farmers are unwilling to purchase at existing prices despite price reduction by Government in form of Kissan Subsidy package.

Comparison Against Last Year's Forward Looking Statement

Like last year, the Company managed to achieve its production and revenue targets despite multiple challenges.

Post acquisition of FWEL I and II in 2021, they have started paying dividends with Rs 3.15 billion received by FFC in 2022. The Board believes that our wind energy projects will continue to contribute successfully to the Company's profitability.

We had informed last year that our coal-power project Thar Energy Limited (TEL) was expected to be completed in 2022. On 1st October 2022, TEL successfully started commercial operations and is generating revenue. We believe that the project will provide the country with electricity at a significantly lower cost, cutting energy import bills and saving foreign exchange reserves against fossil fuels. We expect the project to start paying dividends in the coming years.

To deal with the depletion of HRL reservoir for business sustainability, FFC along with other fertilizer manufacturers has entered into an agreement with MPCL to establish PEF Project to ensure sustained gas supplies at required pressure from HRL reservoir to fertilizer manufacturers.

Execution of a new pipeline project has also started to connect SNGPL network with FFC plant site Mirpur Mathelo.

The GIDC case regarding factual determination of actual pass on of the levy to the customers remains sub-judice with no update during 2022. In view of the stay granted by the Sindh High Court, the installments of GIDC liability are being withheld and will be discharged after finalization of the factual determination of GIDC pass through by the apex court.

From July 2022, the supply of fertilizers became exempt from sales tax which resulted in no further increase in GST refund amounts after June. Although this has resulted in increased costs to the company, the mismatch between input/ output rates has been prevented from increasing further so no additional GST refund will accumulate. The refund claims however remain unprocessed and there has also been no progress on fertilizer subsidy receivable.

Source of Information and Assumptions Used for Projections / Forecasts

Future financial and operational plans are developed in line with corporate strategy and business objectives of the Company keeping in view historic trends, foreseeable changes and economic outlook.

External information that is utilized for preparation of projections is obtained from sources like Governmental regulatory / taxation authorities, market analysts, forecasted interest and foreign currency rates etc. Industry reports and information on competitors' actions, market trends, micro and macroeconomic indicators, international fertilizer prices and supply situation etc are also reviewed for incorporating impact on projections.

Internally generated information that impacts forecasts is sourced from various functions of the Company including Marketing, Finance, Manufacturing & Operations, Technology & Engineering, Human Resources etc. This information is then corroborated with external information sources before inclusion in formal plans. The internal and external environment is continuously monitored for any changes and required modifications are made to the planned forecasts accordingly.

In case Company decides to pursue any new venture, it conducts comprehensive internal due diligence from financial, legal and technical angles before moving forward to hiring of external consultants for thorough project feasibility and analysis in line with best practices. Stakeholders are duly apprised at various stages about project progress and any changes in expected results.

Future Outlook

International Economic Outlook

According to IMF, a third of the global economy is expected to be in recession in 2023 as the US, EU and China see their economies slow due to the impact of the war in Ukraine, rising prices, higher interest rates and the spread of Covid in China. Renewed demand for commodities is likely to further enhance inflation. Further disruption in the natural gas supply to Europe could plunge many economies into recession and trigger a global energy crisis.

Before the start of the Russian conflict, Pakistan, Sri Lanka and various other countries were each heavy regular buyers of Russian fertilizers and also secured up to 40% of their grain imports from Russia and Ukraine. Many Asian nations are currently scrambling to boost their own grain output to better protect domestic supplies .

Economic Outlook of the Country

According to Asian Development Bank (ADB) , Pakistan's economic outlook for 2023 has deteriorated due to the flood disruption in addition to the macroeconomic and fiscal instability. Domestic economy is expected to be impacted by weaker currency and higher domestic energy prices along with flood-related crop and livestock losses and supply disruption, which have caused transitory food shortages and price spikes.

Future Outlook of FFC

Volatility in the local economy and policies affecting the fertilizer industry directly impact FFC's performance and profitability.

Unpredictable course of the Russian conflict could affect FFC's imported fertilizer shipments as supply chain is affected by heightened costs for insurance and shipping.

The Company will have to invest substantial capital for implementation of sustainability projects for which FFC needs to build-up reserves. Severe fluctuation in foreign exchange parity and imposition of super tax is expected to negatively impact the build-up of such reserves.

The Company's historical revenue and projected figures are given below. According to management's estimate, the Company will strive to achieve greater volume of sales in 2023, however change in DAP prices may impact our revenue projections.

Rs in billion	2019	2020	2021	2022	2023
Revenue	105.7	97.6	108.6	109.4	Plan to achieve higher revenue than 2022, however dependent on various external factors

Response to Future Challenges and Uncertainties

Key Risks and Uncertainties Affecting FFC

FFC's profitability is dependent on a number of external factors including adequate supply of raw materials, demand for its products within the country, international fertilizer prices, macroeconomic indicators as well as changes in prevailing environment of its associated companies. Climatic disasters as witnessed in 2022 floods, also impact our sales and are beyond our control.

The greatest uncertainty in the long-term, that is plaguing the fertilizer industry, is continued availability of gas at reasonable prices as the country's gas reserves are depleting fast. We are investing in gas compression infrastructure while also beginning project to connect our plant to SNGPL pipeline to ensure alternate supply of gas.

Our immediate challenge in the short to medium term is timely implementation of these projects to maintain production at steady levels. However, the depreciating Rupee and the measures taken by the government to arrest its fall by imposing import-related restrictions has made it difficult to open letter of credits for essential capex for gas compressors and spare parts for plant. Timely repair and maintenance and replacement of parts of aging plants is vital for sustained production, so support from the Government is required for resolution of these issues.

The imposition of super-tax, pending GST refunds and outstanding subsidy receivables continue to adversely impact Company's profitability. There appears to be no immediate resolution for these issues although the Company is actively coordinating with the Government for amicable solution. The Company has filed a writ petition with Islamabad High Court against the imposition of super-tax, the matter is sub-judice.

Looking ahead, economic instability appears to be the most pressing problem that may impact FFC in the next year. The Government is considering increase in gas prices which are expected to rise sharply for the fertilizer industry which will have to be passed on by the Company to remain sustainable. Strong Government support is crucial for long term sustainability of the fertilizer industry in view of the multitude of challenges it is currently facing.

Recent relaxation of Covid restrictions in China and consequent rapid increase in Covid-19 transmission there also increases possibility of a new wave of contagious variants.

Our regulators, customers and suppliers are the stakeholders with the most significant impact on our profitability. Details on measures we take for effective stakeholder engagement are provided in "Stakeholders' Engagement' on Pages 112 & 160 while Company's risk profile assessment has been presented under "Capital" and "risk and opportunity" section.

Key Projects to Support Future Performance

Investment to enhance gas compression infrastructure is underway to tackle declining gas pressures. In parallel, long term growth in core business through new products development and its launch is also being evaluated.

Our subsidiary FFF's performance is also improving gradually and is expected to become a successful venture in the near future.

OLIVE, using FFC's technical excellence, has also started active operations by providing various services like plant inspection, maintenance, information technology and training services etc. It is expected to grow organically with the passage of time.

Going forward, the Company's profitability is expected to be supported through dividend streams from FWEL I&II, FFC Energy Ltd and other associated companies. Thar Energy Limited is also expected to supplement the Company's earnings within a few years. Details of on-going operational projects is also explained in respective Capitals including, Manufactured Capital, Intellectual Capital, Human Capital Social and relationship Capital and Natural Capital

Waqar Ahmed Mailk
Chairman

Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 30, 2023

Future outlook of International fertilizer market

The global demand for fertilizer appears largely positive in the long run, owing to production of essential compounds, technological advances in crop production, increasing population and rising affluence. This would also contribute toward global economic stability and food security. The increased awareness to protect the environment is expected to lead towards development of environment-friendly fertilizers. This is likely to drive the growth of the organic fertilizer market, as well as the development of new, more efficient technologies for the production of synthetic fertilizers.

Some key challenges related to rising cost of inputs (e.g. cost of raw materials such as natural gas, phosphate rock and sulfur etc.), volatility in product supply/demand and pricing of international commodities, will have to be managed by leading fertilizer businesses.

Source: IFA Public Summary Medium-Term Fertilizer Outlook

	Possible outlook scenrios					
View	**Evolution of conflict in Ukraine**	**Sanctions on Russia and Belarus**	**Logistical ability to export to "friendly" countries**	**Protectionist policies in other fertilizer exporters**	**Agricultural backdrop including fertilizer affordabilit**	**"Potential Outcome"**
Optimistic	N0 land-bridge between Russia and Crimea, Ukraine regains control of Black Sea ports.	"Economic sanctions soften, Russian exports mostly recover,	Freight bottlenecks resolve, friendly" countries import max volumes	Supply shortage fears ease, Stopage stockpiling of food and fertilizer	Crop growth outpaces fertilizer price growth, improving affordability	Enough supply, affordability improves"
Middle Ground	Russia occupies large parts of Ukraine, exports resume from a shared Black Sea coast	Some "friendly" countries restart / continue partial trade with Russia	Partial volumes exported to ""friendly"" countries, but not normalcy	Key exporters hold back, fragile regions hardest hit	Product-specific affordability vs availability squeeze	Trade reroutes & affordability squeeze
Pessimistic	Extended conflict, Exports blockage from Black Sea, Russia stops gas supply to Europe	Western sanctions grow, US$ sanctions spread even to some "friendly" countries	Exports to "friendly" countries capped , seaborne exports from Belarus blocked	Leading exporters restrict exports on shortage fears, government tenders increase	Fertilizer price growth outpaces crop price growth, worsening affordability	Severe global demand shortfall

Medium-Term Fertilizer Outlook 2022 - 2026, IFA Market Intelligence Service

03

SUSTAINABILITY REPORT

Assessment of the Company's value creation ability and contribution towards Sustainable Development Goals

CONTENTS

01 Dedicated To Sustainability Integration

02 Delivering Value & Best Practices

03 Strategically Positioning Towards Low Carbon Shift

04 Creating A Fair, Safe, & Inclusive Work Environment

05 Fostering Prosperity

06 Appendices

01

Dedicated To Sustainability Integration

2022 PERFORMANCE HIGHLIGHTS

At, FFC we pursue sustainable business practices to do well. We adopt a holistic approach to measure our impact and success while creating value for our stakeholders. We believe strong purpose and sustainable business practices are the way to sustain and grow over longer run. We manage and measure the value creation along three pillars, Planet, People and Prosperity.

Planet

1,863,800
CO2e GHG Emissions

13,387
ML Water Consumption

31,506,356
GJ Energy Consumption

5,000
Neem Trees Planted

People

85%
Employee Engagement Index Score

13,696
Training Hours

0.05
Total Recordable Injuries per million working hours for employees and contractors

10,500
Million Salaries and Benefits to the Workforce

Prosperity

97,920
Farmers Briefed on Sustainable Agriculture Solutions

664
Million contributed in Community Investments

17,334
Million Dividends Paid to Shareholders

6,892
Million Paid to Local Supply Chain Partners

SUSTAINABILITY JOURNEY

A timeline of our achievements and embracing sustainability practices over the years: from the incorporation of FFC to becoming a leading fertilizer manufacturer and marketer.

2004

ISO 14001 certification Goth Machi Plant

2008

Major upgrade of plants to curtail environmental impact

2009

ISO 14001 certification Mirpur Mathelo Plant

2010

Joined United Nations Global Compact (UNGC)

2011

Adopted GRI Framework for sustainability reporting

2014

ISO 14001 certification Head office and Karachi office

2015

- Engaged Sona Welfare Foundation to implement CSR activities
- Established Fertilizer Research Center Faisalabad
- Adopted Integrated Reporting Framework to demonstrate how we create and share value

2016

- Product Life Cycle assessment IFA (Protect and Sustain) Membership
- Incorporated Sustainable Development Goals into the reporting
- Introduced sustainability targets for important sustainability areas

2017

Corporate conversation on SDGs at Karachi

2018

Corporate conversation on SDGs at Karachi

2019

- Food Security & Agriculture Centers of Excellence (FACE) launched
- Neem (Azadirachta indica) coated urea-enhanced efficiency fertilizer launched
- Corporate conversation on SDGs at Lahore
- Adopted SASB Chemical Industry Standards

2020

- Started to embed SDGs into Corporate Strategy and policies
- Issued PSX SDGs Report on 6 SDGs and 32 indicators
- Corporate conversation on SDGs at Karachi

2021

- Finalization of Core SDGs and short, medium, and long-term targets 2021

2022

- Aligning policies and procedures and defining projects to support core SDGs

OVERVIEW OF FFC

Fauji Fertilizer Company Limited is a chemical sector company and the leading player in the fertilizer industry in Pakistan. We manufacture and market crop nutrition products, offer solutions with a farmers-centric approach, and use our agronomic knowledge to create value for our farmers, communities, and economy. FFC is a publicly listed company with business across Pakistan, a head office in Rawalpindi, an office in Karachi, a marketing group office in Lahore, and manufacturing plants at Goth Machhi, and Mirpur Mathelo. There were no significant changes in the size or capital structure of our operations, supply chain, and business relationships with entities beyond our value chain during 2022.

Refer to pages 18-19 for group structure and details of the subsidiary, associated, and joint venture companies.

Our products and solutions

FFC manufactures and markets own as well as associated companies' fertilizers in Pakistan. In addition to the marketing of locally manufactured fertilizers, FFC also markets imported fertilizers under different brand names.

Refer to pages 10-11 for further details about products.

PRODUCT	USE	CONTRIBUTION TO TOTAL REVENUE
UREA FERTILIZER (SONA UREA)	Major plant nutrient	94.25 Billion
	Raw material for manufacturing of plastics, adhesives, and industrial feedstock	
DAP FERTILIZER (FFC DAP)	Basal fertilizer at the time of sowing for better root proliferation and inducing energy reactions in the plants for better yields	14.68 Billion
	Commercial firefighting products and metal finisher, yeast nutrient and sugar purifier	
Potash FERTILIZER (FFC SOP & MOP)	Quality nutrient for the production of crops, especially fruits and vegetables	0.29 Billion
	Manufacturing of glass	
Boron FERTILIZER (SONA BORON)	Micronutrient for plant nutrition	0.14 Billion
Zinc FERTILIZER (SONA Zinc)	Micronutrient for plant nutrition	–

Manufactured Imported Agriculture Industrial

We market and sell products throughout Pakistan through a strong market presence spread over three zones, thirteen regions divided into 63 sales districts with 194 warehouses and 3,700 dealers across Pakistan. FFC does not sell any product that is banned in Pakistan or which is a subject of stakeholders' questions or public debate.

Commitments, Membership, and Awards

FFC is a member of various associations and follows several externally developed voluntary initiatives in the areas of the economy, environment, and social management. Our R&D officials also hold honorary positions with international research organizations like the University of Nottingham, the British Geological Survey, and the Society for Environmental Geochemistry and Health (European Chapter).

- United Nations Global Compact (UNGC)
- Marketing Association of Pakistan (MAP)
- Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC)
- Fertilizer Industry Public Relations Committee (FIPRC)
- International Fertilizer Industry Association
- Arab Fertilizer Association
- Farmers Association of Pakistan
- World Wildlife Fund (WWF)

Accreditations

- Best sustainability report 2021 award by the joint committee of ICAP and ICMAP – 1st position
- Best presented report 2021 award by ICAP and ICMAP – 1st position
- Overall Joint Silver Runner-up at SAFA Best Presented Annual Report Award 2021
- Joint Gold Winner in the integrated reporting category at SAFA Best Presented Annual Report Award 2021
- Joint Gold Winner in the manufacturing sector at SAFA Best Presented Annual Report Award 2021
- Joint Bronze Winner for Good Corporate Governance in SAARC Anniversary Award
- First company to consecutively win 12th first position placements in PSX Top 25 Companies Award

SOLUTIONS FOR TODAY AND TOMORROW

We offer solutions to support farmers to preserve the productive potential of lands and produce nutritious food to contribute to food security. With tomorrow's solutions, we intend to transform the agriculture sector.

Today

Farming Solutions

Our farming solutions help farmers with balanced fertilizer use, better monitor and manage their crops and achieve higher yields more sustainably.

- Quality crop nutrition solutions
- Agronomic knowledge
- Digital precision farming solutions

Neem Coated Urea

We developed and manufactured Neem Coated Urea an enhanced efficiency fertilizer to increase product (urea) nitrogen use efficiency translating into higher yields along with fewer emissions benefiting climate. The use of Neem coated Urea would increase crop yields to benefit farmers.

Refer to pages 199 to 203 for further details.

Tomorrow

Zincated Urea

We are working to offer cost-effective high-efficiency Zincated Urea to address zinc deficiency in soils, increase yields, and improve human health. The Zincated Urea is expected to increase the average yield up to 10%. Moreover, FFC's share in Enhanced Efficiency Fertilizers (Value added Fertilizer) would increase to 12%.

Digitalizing Agri-solutions

We are developing solutions to support the adoption of digital technology in agriculture, enhance benefits for farmers, and promote sustainable agriculture practices.

- Higher output and quality food
- Waste reduction
- Increased livelihood

LEADERSHIP COMMITMENT TO SUSTAINABILITY

Increasing demands from investors, regulators, and the upcoming reporting standards and regulations entail the adoption of sustainable practices and integrating sustainability at the highest governance level for strategic oversight of sustainability issues and value creation. Since 2010, the leadership spearheaded by FFC's CSR Committee has been critical in delivering FFC sustainability integration and performance that resulted in value creation for the company, its stakeholders, and the economy.

FFC has in place a dedicated sustainability portfolio i.e. CSR Committee amongst Pakistani companies headed by the MD&CEO. It has a mandate for key structural and control responsibilities related to sustainability. It evaluates and guides all sustainability efforts, as efficiently and effectively as possible, at every level of the organization and ensures that all relevant strategic sustainability initiatives and activities are in agreement with FFC's governance bodies. It evaluates challenges and trends, sets the company's medium and long-term objectives, and recommends sustainability initiatives accordingly. It is responsible for steering CSR activities from donations and welfare activities to mainstream sustainability initiatives, reviewing and approving the annual sustainability report, and ensuring adherence to UNGC's Ten Principles.

To achieve effective integration of sustainability throughout FFC, the MD&CEO chairs the Committee, while Finance, Internal Audit, Marketing, Production, and CSR heads are members of the committee. The execution and implementation of Committee decisions are entrusted to Sr. Manager CSR. Heads of Departments (HODs) and their line managers are held accountable for the implementation of sustainability policies, compliance with applicable laws and international conventions, and sustainability performance, which is captured in their annual performance appraisal that is linked to their remuneration and promotion. A dedicated sustainability team with departmental representation provides support for the annual reporting and promotes sustainability efforts within the company.

Moreover, the processes, procedures, and measures are monitored through external audits of the management systems. The final results are deliberated at CSR Committee meetings and the results are included in the risk control system which is then analysed for urgency and relevance and implemented as per requirement.

Our commitment to sustainability also entails the impacts of our value chain and we are working with value chain partners to strengthen sustainability practices.

Refer to page 206 for further details about our work in the value chain.

To re-evaluate the risks, identify opportunities, strengthen the competitive position, and make meaningful contributions toward SDGs, FFC is undertaking activities to integrate SDGs into business strategy and policies.

Refer to page 154 for further details about integrating SDGs.

Sustainability Governance Structure

Board of Directors

CSR Committee

Sr. Manager CSR

Senior Management/ HODs

Sustainability champions/ Reporting team


"
Creating Value
is a Cooperative
Process

02

Delivering Value & Best Practices

SUSTAINABLE DEVELOPMENT GOALS

CREATING SUSTAINABLE GROWTH WHILE DELIVERING ON SDGS

Sustainability integration is critical to our strategy, long-term value creation, and future-proofing our business. In the wake of global issues including climate change, healthcare disruptions, rising inequalities, and economic challenges, our adoption of sustainability practices helped us to remain dedicated as a responsible business while pursuing long-term value beyond short-term profits.

At FFC, we envisage SDGs to inform our sustainability strategy and initiatives and aligning with SDGs will not only help to position the company strategically in the marketplace but also result in making a more meaningful contribution towards Sustainable Development. We are working to align our corporate strategy and policies with the priority SDGs. These priority SDGs were shortlisted considering our sector, value chain, ability to make and scale up the impact, Pakistan Stock Exchange (PSX) Minimum SDGs Reporting Requirements, and Government of Pakistan Priority SDGs. The prioritization was made on the principles of beneficial SDG-related products, services, investments, and risks to people and the environment. The process resulted in four core SDGs for FFC with a focus on additional six SDGs to comply with the requirement of Pakistan Stock Exchange (PSX) Minimum SDGs Reporting Requirements and Government of Pakistan Priority SDGs.

We are working to align existing policies as well as develop new policies and targets in support of our priority SDGs. Leveraging on six capitals - financial, organizational, natural, manufactured, human and social & relationship, our corporate strategy, business operations, and sustainability advocacy are well aligned with relevant SDGs.

"Integrating un sdgs has added purpose for a more balanced triple bottom line for FFC

FFC Core SDGs

Our services to grow farm productivity and food security and sustainable agriculture help in the selection of good quality seeds, balanced use of fertilizer along with guidance to farmers on new cultivation techniques. Sustainable agriculture practices result in increased production and food rich in nutritional value.

Refer to pages 199-203 for our activities supporting SDG 2.

Our water management at plants through increased recycling and reuse of water results in reduced withdrawal of fresh water, and by decreasing effluents, minimizing the release of hazardous chemicals and materials well below the legal limits helps to reduce the impact on water. Moreover, promoting efficient water management through Agri-services results in reduced water use in agriculture.

Refer to pages 178-179 and 199-203 for our activities supporting SDG 6.

Through product life cycle assessment and certifications, FFC is committed to advancing sustainable management of materials in all processes and in the value chain, attaining greater environmental transparency and improving health and safety performance.

Refer to pages 173-182 and 199-203 for our activities supporting SDG 12.

FFC is working together with value chain partners to increase energy efficiency and reduce the environmental footprint of the products, and build resilience and adaptive capacity in response to the impact of climate change.

Refer to pages 173-176 and 206 for our activities supporting SDG 13.

FFC is also working on the SDGs which are identified as relevant based on PSX Minimum SDGs Reporting requirements and Government of Pakistan Priority SDGs. The icons below will appear in addition to the core SDGs in the report where we believe that our work contributes towards the achievement of these relevant goals.

ON TRACK TO ACHIEVING 2026 COMMITMENTS

Our 2026 commitments build on our work on embedding SDGs into our corporate strategy and policies. The commitments focus on creating a resilient future for our planet, farmers, the value chain, and communities. The availability of capitals, the operating environment, and macroeconomic conditions affect our progress toward our goals. Our key 2026 and interim goals, targets, and progress are tracked and reported annually. In addition to our operational impact, the majority of our impacts lie in the agriculture sector through product use and inevitable role in food security supporting zero hunger, no poverty, and good health and well-being. Refer to page 199-203 to read about our impacts and progress in the Agri-value chain.

FFC SDGs	TARGETS 2026	INTERIM 2022 ANNUAL TARGETS	FY 2022 PERFORMANCE
7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	1% reduction in energy intensity from the 2020 level	–	0.33% reduction in energy intensity from the 2020 level achieved
13 CLIMATE ACTION	Maintain emissions intensity at the 2020 level	–	2.5% emission intensity increased due to high level of CO2 in gas
6 CLEAN WATER AND SANITATION	Limit increase in water intake to 3% from the 2018 level	–	5% increase in water intake due to deteriorating water quality
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	1 % per year reduction in paper use	–	for all targets defined this year
3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	Total Recordable Injury Rate (TRIR) < 0.1	–	
4 QUALITY EDUCATION	Average 10 training hours per employee per year	–	
5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	80% of active local suppliers will be engaged and briefed on supply chain impacts	–	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	5% increase in farmers' outreach from the 2022 level	–	

Legend: Progress Tracking

- ● ● ● Meeting interim targets, maintain performance towards meeting 2026 targets.
- ● ● ● Falling short of interim target for one year, review current practices.
- ● ● ● Falling short of interim target for more than two years, review and revise targets (if necessary).

VALUE CREATION BUSINESS MODEL

Our value-creation business model is the center of everything we do. It defines the availability and quality of our capital inputs, our strategy, and activities we carry on, and the outputs and outcomes (value creation, preservation, and erosion activities), we desire to achieve over different time horizons and optimize value for all stakeholders.

The availability and quality of our six capital inputs | **Empowers us to deliver on our strategy**

Natural capital The direct use and impact on natural resources and ecosystems through our own operations including material, water, energy, emissions, waste, and our influence through our business activities and relations.	We impact the natural environment directly and indirectly. We optimize resources and energy consumption at our ISO 14001-compliant plants and aspire to minimize effluents and waste. • 31,506,355 GJ energy and 13,387 ML water usage	Emissions Energy material Water Waste
Human capital Our people and our culture, our investments in the development of skills and collective knowledge of our workforce and experience enable innovation.	• A workforce of 3,216 talented and motivated employees (2021: 3,272) • A distinguished culture that is people-centric, and innovative with a strong focus on health & safety and employee well-being. • Spent Rs. 275 million on training and skill development (2021: 69.9 million)	Employment and labor relations Market presence Training Health and safety Human rights
Intellectual capital Our intangible assets, including brand, reputation, research and development, Agri services knowledge and expertise, innovation capacity, and partnerships help us grow our business.	• Brand and corporate reputation • Knowledge of our people, and the expertise of our Agri-services department • Market leadership across products	Farmers advisory
Social and relationship capital Our strong relationships with communities, farmers, and other key actors in the operating environment where we operate and we recognize the role that we need to play for prosperous communities and food security.	• Strong dealers' network with 3700 dealers across Pakistan • Training on sustainability requirements for supply chain partners • Good relationships with stakeholders	local communities indirect economic impact Supply chain impact
Manufactured capital Our manufacturing plants, business structure, and operational processes including fixed assets such as property and equipment, and information technology systems provide the basis and procedure for doing business and creating value.	Our manufacturing plants, marketing network, warehouses, and distribution partners deliver our products to end customers to increase productivity. • 3 manufacturing plants, head office, and marketing offices • 152 warehouses • 5 Farm Advisory Centers (FAC) and 21 Agri. Services Offices (ASO) • 01 Research Center for development and testing of value-added fertilizers	Farmers advisory Marketing and labelling
Financial capital Our strong capital base and funding from investor/lenders are used to support our business and operational activities and reward shareholders and investors for the capital invested.	Our strong financial position, consistent growth, diversification strategies, and disciplined capital allocation drives sustainable returns. • Equity and reserves Rs. 50,835 Millions (2021: Rs 47,514 million) • Long-term finances Rs. 21,740 Million (2021: Rs.21, 244 million)	Economic performance Anti-corruption Procurement practices

The availability and quality of our six capital inputs

Our mission: Taking a lead role in agricultural & industrial development by delivering premium products and services while maintaining a high level of social and environmental responsibility for all the stakeholders, thus providing a dynamic and challenging environment for our employees.

FFC maintains relationships with different organizations in addition to its value chain partners to provide support to the local community and share knowledge and best practice with the farming community.
(Refer to pages 203 and 209 for details of such organizations.)

The availability and quality of our six capital inputs and outcomes

Natural capital

- Rs. 122 million spent on enviromental protection
- R&D to produce environmentally friendly products
- Planted 5,000 Neem Trees
- GHG emissions decreased by 44,563 MT on account of plant turnaround
- Energy consumption decreased by 1,318,909 GJ on account of plant turnaround
- Water consumption increased by 99 ML

Human capital

- Rs. 10,500 million paid in salaries and benefits
- Employee engagement score increased to 85%
- Attrition decreased by 11%
- Average 4.3 training hours per employee
- Gender diversity ratio

Intellectual capital

- R&D to offer products for better human health and reduced environmental impact
- 23 booklets, crop documentaries, and SMS material developed by Agri-services for better farming practices
- 72% of farmers witnessed increased productivity after balanced fertilizer use

Social and relationship capital

- Annual and SR report ranking enhanced
- Maintained top position at PSX for consecutive 11 years
- Rs. 29,955 million direct and indirect tax contributions
- Rs. 664 million socio-economic investment
- Creating livelihood opportunities through 1,320 interest-free loans worth Rs. 41.40 million in collaboration with Akhuwat till 2022.
- No complaints from value chain partners

Manufactured capital

- Rs. 1,325.3 million was invested to upgrade manufacturing plants
- 97,920 farmers outreach through the Agri-services department
- Produced 207 KT of Neem Coated Urea (production volume swelled to over 12 times in a period of 2 years)

Financial capital

- Highest ever Turnover Rs 109.36 billion
- Highest ever Investment Income Rs 9.94 billion
- ROE decreased by 6.64 %
- Strong balance sheet (Debt to equity ratio 24%)
- Net asset value per share is up by 7%
- Share price decreased by 1.54% on December 31, 2022

For long-term value for our stakeholders

Capital	Employees	Farmers	Shareholders	Regulators	Society
Natural capital	Value preservation	Value preservation	Value preservation	Value preservation	Value preservation
Human capital	Value creation	Value preservation	Value creation	Value preservation	Value creation
Intellectual capital	Value preservation	Value creation	Value creation	Value preservation	Value creation
Social and relationship capital	Value creation	Value preservation	Value preservation	Value creation	Value creation
Manufactured capital	Value preservation	Value creation	Value creation	Value preservation	Value preservation
Financial capital	Value creation	Value preservation	Value creation	Value preservation	Value preservation

Value creation Value preservation Value erosion

OUR STAKEHOLDERS – THEIR NEEDS AND EXPECTATIONS

As a manufacturer of fertilizer products, we are deeply connected to food security of the nation and its widespread impacts on stakeholders. Our stakeholder-centric business approach positions us to deliver long-term prosperity and supports our license to operate. Our ability to create and protect value is dependent on our relationships, our activities, and the management of our impacts on stakeholders. By understanding the positive and negative impacts of our business activities and business relationships on stakeholders, we can create and protect value and minimize value erosion.

We define our stakeholders as individuals or groups that have interests that are affected or could be affected by our operations. Relevant stakeholders are profiled, mapped, and prioritized for consultation based on factors of influence, responsibility, proximity, dependency, willingness to engage, and representation. To ensure meaningful engagement, stakeholders are engaged through relevant departments which provide information in an understandable manner and use communication channels appropriate for relevant stakeholders while respecting their human rights. The major issues and concerns identified as a result of the engagement are incorporated in the ERM for formulating appropriate strategies and response to the risks and opportunities. Relevant stakeholders are informed of the outcome of these activities in follow-up sessions.

Employees	Engagement Platform	Needs and Expectations	Key Objectives and Metrics we Track	Relevant Material Matters
	• AMCON, zonal meetings, annual recreation day, annual dinner • Training and coaching • Employee engagement survey • Engagement with CBA • Employee grievance handling procedures	• Corporate direction and growth plans • Remuneration and benefits • Career development and training opportunities • Occupational safety, health, and well-being • Labour and human rights	• Healthy workplace and people-centered culture • Continuing to improve health and safety performance • Employee satisfaction metrics • Abiding by applicable labour and human rights laws • Training hours per employee	• Employment and labour relations, training, health and safety, human rights, indirect economic impacts, and market presence
Capitals Impacted	Intellectual Human Social and relationship			

Farmers/ Customers	Engagement Platform	Needs and Expectations	Key Objectives and Metrics we Track	Relevant Material Matters
	• Farm Advisory Services (FAS) • Customer satisfaction surveys and feedback • Farmer meetings, field meetings, and crop demonstrations/trials • A dedicated helpline, and the "Kashtkar" Desk	• Fertilizer prices • Crop yield and quality • New products launch • Digital solutions • Sustainable farm management aligned with climate change • Increase in FAS coverage area	• Farmers' outreach through FAS • Digital solutions developed and delivered • Improving farming techniques for increasing productivity • Number of farmer meetings, field meetings, and crop demonstrations/trials • Research and development to develop climate-friendly fertilizers	• Marketing and labelling and farmers' advisory
Capitals Impacted	Intellectual Natural Social and relationship			

Shareholders/ Investors

	Engagement Platform	Needs and Expectations	Key Objectives and Metrics we Track	Relevant Material Matters
	• Corporate affairs department • Corporate website and social media platforms • Annual reports • General meetings	• Share price appreciation and attractive dividends • Sustainable growth strategy • Management of climate change impacts • Strong and experienced management • Transparent reporting and disclosure • Sound sustainability practices	• Price-earnings ratio • Dividend payout ratio • ROE and NP ratio • Strengthening our corporate reporting and position at awards • Compliance with governance regulations • Investment in cleaner technologies • Research and development to develop climate-friendly fertilizers	• Economic performance, anti-corruption, marketing and labelling, energy, emissions, water, material, waste, local communities, indirect economic impacts, and supply chain impacts.
Capitals Impacted	Financial, Intellectual, Natural, Social and relationship, Manufactured			

Regulators

	Engagement Platform	Needs and Expectations	Key Objectives and Metrics we Track	Relevant Material Matters
	• Engagement in policy-making processes • Visits and conferences • Participation in industry associations	• Compliance with all legal and regulatory requirements • Paying due taxes and duties • Sustainable fertilizer management and fertilizer use efficiency • Developing and promoting climate-friendly fertilizers • Food security and malnutrition • Active participation and contribution to regulatory and industry working groups	• Ensuring compliance with regulations • Direct and indirect tax contributions • Working closely with regulatory and industry associations to share the best practices and give feedback • Collaboration with international development partners/ organizations to roll out projects for overcoming malnutrition	• Economic performance, farmer advisory, local communities.
Capitals Impacted	Financial, Intellectual, Social and relationship			

Society

	Engagement Platform	Needs and Expectations	Key Objectives and Metrics we Track	Relevant Material Matters
	• Plant site community meetings • Employees' consultation • Collaborations with NGOs for community development • Consultation and dialogues with academics, NGOs, and business associations	• Action on broader social and environmental issues • Environmental impact of operations • Investment in health and education • Skill development • Employment opportunities	• Investment in health and education facilities at plant sites • Donations to healthcare institutions and charities • Collaboration with NGOs for socioeconomic development • Investment to adopt cleaner technologies	• Local communities, indirect economic impact, procurement practices, market presence
Capitals Impacted	Intellectual, Natural, Social and relationship, Human			

OUR OPERATING ENVIRONMENT

The operating environment for FFC and its stakeholders remained volatile, uncertain, complex, and ambiguous in 2022. This ever-changing operating environment poses risks and opportunities impacting our ability to continue creating sustainable value for our stakeholders. Our business strategy ensures that we are best positioned to effectively manage the risks and capitalize on the opportunities resulting from volatile factors in the external environment.

Broader operating environment	Risk and opportunities	Material matters	Capital impacted
Political and macroeconomic Global economic activity is experiencing a broad-based and sharper slowdown than expected mainly on account of higher inflation. The increasing cost of living crises, increasing policy rates in most of the regions, Russia's invasion of Ukraine, and the threat of subsequent waves of the COVID-19 pandemic are mainly affecting global economic conditions. Global growth in 2022 plunged to 3.2% and is expected to remain at 2.7% in 2023. Pakistan's economy was adversely affected in 2022 due to political instability, massive floods, higher inflation, tight monetary conditions, and a weakening currency. However, the implementation of key structural reforms under the IMF program to achieve macroeconomic stability, increase competitiveness, and improve energy sector financial stability, are expected to strengthen Pakistan's economy over the longer run. Pakistan's economy is expected to gradually recover with expected growth at 2% in the fiscal year ending June 2023 and 3.2% in the fiscal year 2024 according to World Bank. The agriculture sector showed a remarkable growth of 4.40% in the Fiscal year 2022 on account of high yields, good output prices and supportive government policies, and availability of agriculture credit. However, the floods disrupted the agricultural production of cotton and other important crops in 2nd half of the year 2022 pushing Pakistan's economy under severe economic and humanitarian crises and increasing the risk of food insecurity. Increased food prices globally due to a shortage of supply of commodities and high demand affected Pakistan adversely as the country is a net importer of food items. The depleting gas reserves are increasing energy prices and reducing the availability of feedstock for fertilizer manufacturing which will affect the agriculture sector. The agriculture sector's performance in 2023 is expected to remain weak due to flash floods reducing the cultivable area, higher input prices, and energy costs. The government's support to the sector through developing supportive policies, increased agriculture credit, crop insurance schemes, and higher support prices are expected to result in stable recovery, employment in Agri-value chains, a decrease in food prices, and achievement of food security.	Our opportunities Exploring new product offerings covering macro and micronutrients, implementation of energy-efficient technologies to conserve gas, strengthening the Agri-services infrastructure, and increasing diversification through organic and inorganic growth opportunities. Our key risks Reduced availability of gas as feedstock, a reduction in sales, higher input costs, financial risk, and reduced net earnings. Refer to pages 82-96 to read more about risk and opportunities on the political and macroeconomic front.	Economic performance, marketing and labelling, anti-corruption, procurement practices, indirect economic impact	Financial Intellectual Social and Relationship
Environmental Climate change remained the top humanitarian risk according to World Economic Forum Risk Report. The global movement to cap the rising temperature to 1.5 degrees and shift to Net Zero by 2050 has gained mainstream attention globally. COP 27 has urged the major emitting countries to take bold actions for transitioning toward Net Zero by 2050 and has established a fund for the countries affected by the adverse impacts of climate change. The global investor community's focus on the green economy has increased requiring the private sector to devise climate-friendly products, solutions, and strategies with long-term goals to mitigate climate change and support adaption and resilience. Climate change's disastrous effects have resulted in the number and intensity of storms, floods, and droughts - affecting crops' growing patterns, resulting in productivity loss, and pushing up food inflation and hunger. In 2022, Pakistan was adversely affected by the massive floods caused by climate change. In addition to climate change, depleting gas reserves, water scarcity, high temperatures, fog, and smog are major threats to the company requiring extensive health and safety measures as well as increasing costs of adapting to climate change. Initiatives, as well as strategies, are required for effective management of water usage, reducing CO_2 emission, and proper handling of waste and effluents. Refer to pages 172-182 to read our environmental management approach and impacts.	Our opportunities We have prioritized SDGs and are aligning our strategy and policies to create an enduring competitive advantage. As we continue to build insights and capabilities, we will be able to manage climate-related risks proactively by adopting greener technologies and offering climate-friendly products and solutions to secure and increase yields. Our key risks More natural disasters, increased costs to maintain/ upgrade plants, scarcity of natural gas and water as well as higher prices of materials, energy, reduced yields, increased food prices, and food security problem.	Emissions, energy, material, water, waste, and supply chain impacts.	Intellectual Natural Social and Relationship

Broader operating environment	Risk and opportunities	Material matters	Capital impacted
Social Slow economic growth, higher inflation, and massive floods are expected to increase health problems, malnutrition, unemployment, and poverty levels as well as inequality in Pakistan. The fiscal deficit and reduced development budget, climate change, and global economic slowdown are major challenges weakening the government's ability to stimulate employment and offer economic opportunities and basic facilities to the population. The promotion of the service sector, entrepreneurship, skill development, and reduced rate financing for youth are expected to increase the economic opportunities. However, unemployment and economic losses in flood-affected areas will remain a major challenge in 2023. To provide relief to the hard-hit population, the government's move to extend the outreach of the poverty alleviation program to flood-affected and vulnerable groups is expected to overcome the hunger problem and social disruption. The challenges on the social front require the private sector to develop strategies and products and services to capitalize on the opportunities underlying these problems and contribute towards a prosperous society. Refer to pages 208-209 to read our work in communities.	Our opportunities Our work on SDGs, aligning our strategy to support SDGs, and promotion of SDGs among corporate Pakistan contribute towards solving social issues. Offering products to overcome malnutrition. Partnership with NGOs to create livelihood opportunities, and interventions for the provision of healthcare, education, and skill development. Our key risks Social unrest, increased poverty and inequality, and non-availability of support workers at plants.	Employment and labour relations,Market presence, Training,Health and safety, Human rights, local communities	Human Social and relationship
Technology The agricultural sector is facing major challenges of climate change, loss of natural capital, improving agricultural yield, preserving soil and biodiversity, and reducing pollution. The corporate sector is also required to remain abreast of new technologies, and ensure the continuity and security of systems in the wake of increasing cyber risks. Technological advancement and advanced techniques are increasing productivity levels across industries. Pakistan's agriculture sector output is below par due to the use of traditional cultivation and harvesting techniques. Lack of awareness, capacity, and economic constraints are major challenges. Farmers around the globe are benefiting from the use of technology in sowing, harvesting, using balanced fertilizer, irrigation, and pest control. A low level of farm mechanization and use of technology in the Agri-value chain in Pakistan is also an impediment to increasing agriculture yields and share in GDP. These impediments require a shift in the government's approach to addressing the gap between conventional farming and technology-driven agricultural practices for ensuring food security, stabilizing the economy, and uplifting the rural population. Refer to pages 199-203 to read our work with farmers on Agri-services and farm mechanization.	Our opportunities Promoting technology-driven agriculture for improved yield and better returns along with achieving the ultimate goal of national food security. Promotion of technology in Agri-value chain Farmer advisory center and Farmers Agricultural Center of Excellence. Investing in new technologies for security and increasing workforce productivity. Our key risks Cyber security risk, outdated farming techniques leading to poor crop health and declining per-hectare output.	Farmers advisory	Financial Intellectual Social and Relationship
Regulatory The ESG roadmap issued by SECP, upcoming ESG index by PSX, expected roll-out of IFRS S1 and IFRS S2 by ISSB in 2023, and SDGs reporting by PSX is expected to introduce new regulations in Pakistan. These developments are expected to increase compliance requirements and costs on one hand while helping the corporate sector to take into account the possible risks and opportunities to safeguard their value-creating ability. Refer to pages 154-156 to read our work on integrating SDGs.	Our opportunities Safeguarding the value creation ability taking into account risks, Early adoption to strengthening governance. Our key risks Increased compliance requirement and related costs.	Anti-corruption	Intellectual Financial

OUR APPROACH TO MATERIALITY AND MATERIAL MATTERS

Our materiality assessment approach provides a holistic inside-out and outside-in perspective of impacts.

This report focuses on issues, opportunities, and risks that have material impacts on our capitals, our ability to pursue sustainable business, and our impacts on the economy, environment, and people, including their human rights.

We identify issues by assessing the risks and opportunities posed by our operating environment, reviewing industry-specific issues, consulting with our stakeholders and considering issues identified through our grievances mechanisms. Through the materiality analysis, we assess the significance of negative and positive impacts taking into account the severity, likelihood, scale, and scope of such impacts and establish relative levels to guide our mitigation as well as enriching activities. Compliance with laws, international standards, internal regulations, and FFC's code of conduct are the basic requirements for all activities as part of the precautionary approach.

Our material matters, as described on pages 158-160 inform and influence our strategy, the evolution of the business model, and short, medium, and long-term targets. The list of material matters is assessed continuously to confirm that our strategy remains relevant in the ever changing external environment. The most recent evaluation was made in 2022 with input from investors and analyst community. The consultation resulted in no change in the list of material topics except deletion of the material topic "compliance". Compliance with laws has been made part of GRI to General Disclosures 2021.

GOVERNANCE

FFC's mission, values, corporate policies, and commitments build a strong foundation for corporate governance. Our dedication to business integrity and fair practices drives and enables new mindsets and capabilities to manage and thrive in an agile, competitive, and disruptive environment. Our governance systems strive to create value by delivering on our mission using our expertise and strategic growth drivers and ensuring the sustainability of our business model in the operating environment. The code of corporate governance for listed companies, the code of conduct, the policy statement of ethics & business practices, and the best available practices are guiding pillars for our corporate governance structure.

Refer to pages 14-17 for extensive information regarding the code of conduct, values, and policy statement of ethics & business practices.

Governance structure

The Board of Directors (Board) is the highest governing body that provides leadership and strategic guidance to create sustainable value within a framework of prudent and effective controls. Board leadership and guidance enlighten assessing and managing risks to ensure long-term sustainable development and growth. The Board has ultimate accountability and responsibility for the performance and affairs of the company and ensures that the company abides by the high standards of ethical behaviour. The Board of Directors consists of thirteen directors; one executive director and twelve non-executive directors. Out of the twelve non-executive directors, four are non-executive independent directors while two directors representing minority/non-controlling interests. The independent directors do not have any material pecuniary relationship with FFC. Eleven members of the Board are male with two female board members. The members of the Board also hold significant positions in other companies. The members of the Board are elected through an election at the general meeting. The existing board members were re-elected in October 2021 at an extraordinary general meeting. The nominated directors are appointed by the sponsoring body and financial institutions. FFC follows an applicable legal and regulatory framework that defines parameters regarding the qualification and composition of the Board for the smooth running of the business and promotion of good corporate culture. FFC is an equal-opportunity employer and members of the highest governing body are selected based on merit. FFC has not introduced any specific quotas for specific nationalities, ethnic minorities, or special age groups for the Board. FFC has, on its Board, highly competent and committed personnel with vast experience, expertise, integrity, and a strong sense of responsibility required for safeguarding stakeholders' interests. The Board is comprised of qualified directors with diverse backgrounds in the field of business, finance, engineering, and other disciplines. The Chairman of the Board is a non-executive director and neither he nor any person related to him is employed by FFC or a company that does business with FFC or is affiliated through a consultancy or similar agreement. The MD/CEO is responsible for the executive management of the company to ensure smooth operations. A code of business ethics and anti-corruption measures are in place to avoid conflict of interest among the highest governance body members as well as among employees. The code refrains from conflict of interest and in case a conflict of interest is not avoidable, it is required to be reported to the highest governing body for resolution.

The Board has constituted Committees of Directors with the adequate delegation of powers to effectively focus on the issues and ensure expedient resolution. The Board Committees assist the board in the discharge of its duties and responsibilities. Each Board Committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain Board's responsibilities. These Committees meet as often as required, to oversee the performance in respective areas. The Committees of the Board are Audit Committee, System and Technology Committee, Strategy and Investment Committee, Human Resource & Remuneration Committee, and Management Committees i.e., Executive Committee, Strategy Committee, and CSR Committee.

Refer to pages 30-36 and 38-44 for extensive details related to the Director and Board Committees.

Corporate Strategy and monitoring performance

The Board reviews and approves the purpose, mission, vision, values, strategy, and goals including sustainability goals. Different Board Committees responsible for their respective functions assist the Board in developing strategy and reviewing performance. FFC has a Robust Risk Management System in place to identify, evaluate and manage (relevant) risks to the company's operations. The Board of Directors has delegated the responsibility to Audit Committee for ensuring that the Enterprise Risk Management (ERM) system is operational and working. The Committee, therefore, has managerial responsibility for the identification and reporting of risks and opportunities resulting from the external environment identified through the Enterprise Risk Management System which can significantly impact or enhance FFC's ability to create value. The Audit Committee also takes into account stakeholders' concerns identified through stakeholders' engagement.

The extensive information on potential risks and opportunities, environmental and social impacts, factors affecting the ability to create value over time, and the performance against defined targets is shared with the Board through the MD&CEO. The reporting is carried out throughout the year and discussed in the relevant Committees. Based on the inputs of different Board Committees, the Board formally reviews and discusses organizational performance, impacts, risks, opportunities, and the effectiveness of the controls and procedures in its quarterly meetings.

Evaluation of corporate performance

The Human Resource and Remuneration Committee of the Board, evaluates on an annual basis, the degree to which objectives of the company as a whole and particularly those of the Executive Committee have been met. Based on the evaluation of the performance against operational and sustainability-related goals, recommendations are made for review and approval of the Board. This procedure ensures that bonus payments to employees, including executives, are also in line with FFC's overall performance and objectives. The members of the Board and especially the Executive Committee have expertise in managing economic, environmental, and social issues. To ensure that they keep abreast of current trends and developments in the aforementioned areas, FFC ensures the participation of its management and staff in relevant training and involvement in international and national conferences.

Compliance

FFC is under a statutory duty in terms of the Companies Act, Code of Corporate Governance and the PSX Listings Requirements to comply with laws and regulations, and proactively monitor and assess regulatory developments to determine their applicability and impact on the company.

This proactive approach manifests FFC's commitment to implementing appropriate controls to ensure compliance with the expanding regulatory landscape, thereby enhancing stakeholders' trust and ensuring that appropriate measures are taken to mitigate exposure to reputational, financial, and other regulatory risks. The Board Audit Committee reviews regulatory developments, status of compliance with laws and regulations, and the code of conduct. The internal audit department assists the Audit Committee on the status of compliance with laws, and about the code of conduct violations that occurred during the year, as to how they were investigated and, if necessary, how violators were disciplined and organizational measures were implemented to avoid similar violations in the future.

In 2022, FFC had no incidents of non-compliance with socio-economic laws and regulations, including legal requirements of marketing and advertising practices, for which significant fines or non-monetary sanctions were issued to the Company. We define significant non-compliance with laws and regulations as matters that have a material impact, financial or otherwise, on FFC and our stakeholders.

Shareholders' and Employees' Recommendations

Shareholders can give their feedback/ recommendations at the General Meetings of the company as well as by sending letters or emails to the Corporate Affairs Department using the address available on the company's website. The employees may submit requests or recommendations at any time to the company, its management, or the appropriate bodies through their supervisors or managers. The Board has delegated the collection of recommendations to the Executive Committee. FFC values the concerns of its employees to provide a balanced working environment for achieving the company's objectives. Due consideration is given and suitable actions are taken on the suggestions/ideas of the shareholders and employees. However, this is subject to the suggestion being found practicable, appropriate, and in the interests of the company. The HR department at the head office and plants provide support in connection with issues relating to the ethically correct and legally compliant conduct of employees as per the code of conduct and company policies. In this regard, regular checks and inquiries are carried out by the HR department depending on the number of queries received about compliance topics as well as particular issues and measures. The company has a dedicated system on SAP to further facilitate the process. In addition to the reporting of breaches of the code of conduct, it provides employees with the opportunity to ask questions anonymously via the SAP portal. These questions are answered within a reasonable period by the concern.

Remuneration polices, and procedures

Our compensation policies are structured in line with current industry standards and business practices. The practiced appraisal system is comprehensive in nature and includes a performance review on financial and non-financial parameters. The remuneration policy of directors aims at encouraging and rewarding good performance. The remuneration of MD&CEO is paid as recommended by the Human Resource and Remuneration Committee and approved by the Board and Shareholders. FFC does not pay remuneration to non-executive directors, except for the directors' fee to meet the expenses incurred by them in attending the Board meetings. The directors' fee is approved by the Board in accordance with applicable guidelines. FFC does not disclose some of the information, being sensitive and proprietary in nature, i.e., the ratio of annual compensation within the organization and the ratio of percentage increase in annual compensation within the organization.

The Human Resource and Remuneration Committee analyzes and discusses market developments and their possible impact on FFC for providing recommendations to the Board. FFC's decision-making processes are very open and also involve key stakeholders in important decisions. The stakeholders' input, concerning the remunerations, is collected through annual meetings as well as through Collective Bargaining Agents.

Whistleblowing Procedure

Our whistleblowing policy promotes transparency and ethical behavior in business conduct. Our employees, business partners, and individuals aware of any wrongdoing can seek advice and raise concerns about possible misconduct, relating to internal controls, auditing matters, or implementation of organizational policies and practices.

The violation of business ethics, breach of policies, fraud, corruption, collusion with suppliers, and conflict of interest can be reported through a dedicated email account and phone lines. The mechanism allows stakeholders to raise queries and violations, monitor the progress of their complaints and inquiries, provide feedback and raise concerns against any unsatisfactory proceeding.

Grievances and complaint handling

FFC attaches particular importance to fair interaction with competitors, suppliers, customers, and communities. FFC has in place grievances system at plants and heard office where the communities and other stakeholders can raise question, give suggestions or file for grievance. The resident management at each plant and administrative department at head office investigates the grievances with the support of the relevant department. The outcome of the investigations is reported to the relevant stakeholders and the management for resolution and necessary action. During the year, there was no complaint by interest groups or institutions at the relevant locations regarding issues of public or social concern.

Whistleblowing Reporting Channels

Telephone: 051-8453501
051-8453101
Email: whistleblowing@ffc.com.pk

CORPORATE POLICIES AND COMMITMENTS

FFC corporate policies and commitment to responsible business conduct, ethics, and intentionally respected standards are vital to our value creation ability in the future and form the basis for our sustainability aspirations. We aim to drive sustainability in our sector and value chain and develop and offer climate-friendly products. Our key policy documents state our commitment to abide by the laws and regulations and practice responsibly and ethically in line with international conventions, charters, and principles.

All employees and stakeholders across our value chain are required to abide by the policies and practices to support our commitment to fair and sustainable business practices. The changes in policies are communicated through circulars. To enhance transparency, the code of conduct is available on our corporate website (www.ffc.com.pk) while all other policies, procedures and processes, and guidelines are available on the staff intranet and SAP. Relevant policies are disseminated to supply chain partners, where applicable.

Key international policies and principles	Embedded in	Approved by
• UN Guiding Principles on Business and Human Rights • International Bill of Human Rights • Core ILO conventions	• Code of conduct • Code of ethics for business partners • Compensation & benefits policy	Board of Directors/ MD&CEO
• Precautionary Principle of Article 15 of Rio Declaration	• Health, Safety, Environment and Quality (HSEQ) policy	MD&CEO

Corporate Policies

- Code of conduct
- Code of ethics for business partners
- Privacy policy
- Compensation & benefits policy (Includes labour relations policy)
- Investor relations policy
- Whistle-blowing policy
- Anti-sexual harassment policy
- Medical policy
- Gender diversity policy
- Grievance policy

Sustainability Policies

- Health, Safety, Environment and Quality (HSEQ) policy
- Corporate social responsibility policy
- IFA Product Stewardship certification (Protect & Sustain)

Embedding our Commitments

The international commitments and related policies are integrated into our core business principles and code of conduct that govern our strategy, decision-making, and how we conduct our operations. These serve as a source to track all mandatory as well as voluntary requirements and support our people in performing the required tasks while working on achieving the business goals and maintaining value creation ability.

The overall responsibility for embedding, implementing, and reviewing the policy commitment rests with the MD&CEO. Our policy commitments follow a centralized system and all department heads ensure the implementation of their respective policies. However, HSEQ policy commitments are aligned with risk management and responsibilities are location-based. Regular training is provided to employees for keeping them abreast of development and refresh their knowledge. Compliance with the policies and commitments is ensured through internal reviews, audits, and external certification.

Mitigating Negative Impacts

FFC understands its responsibility to mitigate and remediate the negative impacts of its activities and operations as far as reasonably possible, given the level of impact and our influence. In addition to the grievances filed through the grievance's mechanisms, the findings of the impact assessment studies are also considered for mitigating negative impacts. Our remediation activities are discussed in the performance sections of the report. Our mitigations approach particularly focuses on the environmental impacts and we proactively work to reduce the operational, environmental, and financial damage as low as possible. The environmental impact and risks are prioritized and considered in strategy, planning, and execution. Our proactive approach enables us to timely identify possible impacts, and take adequate and timely actions to protect the land, water, and broader ecosystems.

STRATEGY AND RESOURCE ALLOCATION

FFC's strategy and resource allocation decisions are derived from the corporate strategic goals and annual business plan. The FFC strategy for value creation over different time horizons focuses on capitalizing the opportunities and managing the risks in the operating environment. We are focused on exploring alternative feedstock for business continuity, diversification in different profitable ventures, offering eco-friendly high-yield products, encouraging innovative culture supported by the motivated workforce, and promoting sustainability within operations and the value chain. The increasing demand, for food, energy, water, and consumer products, driven by a growing population and changing lifestyles, is consuming the finite resources of the planter at a faster pace and requires sustainable and circular business models.

Sustainability is the cornerstone of our strategy, innovation framework, and business processes. Our sustainability strategy encompasses the environmental, social, and economic impacts of our operations and our value chain partners. The sustainability strategy guides our resource allocation decision to effectively manage material matters and strengthen our value creation potential. We understand that continually creating value for our stakeholders through the well-organized use of our capitals depends on meeting our customers' expectations, promoting responsible production and consumption, and treating the environment and people fairly and with respect. This approach opens up opportunities and sets us apart from our competitors resulting in a higher level of revenue, customer appreciation, acceptance, and increased market share.

Our investors realize that their investment is resulting in the generation of value for the benefit of all stakeholders while taking into account the impact on the economy, environment, and people. Reduction of greenhouse gases requires major investments and upgrading of plants; however, the complexity of manufacturing operations and availability of alternative technologies are major impediments. We are cognizant of these challenges and keep on considering these in our strategy reviews and resource allocation decisions. Sustainable practices in the areas of value chain management, health and safety, the betterment of local communities, and respecting human rights are being followed and implemented in our operations. Our investments and policies aim to reduce our environmental footprint, minimize overall costs, make the company qualified to attract highly-skilled employees and investors, and improve product quality and the company's image amongst its customers while reducing negative impacts. Our strong governance oversight of the sustainable value creation process has helped us to deliver constant, healthy returns and become the market leader in our sector.

Refer to page 151 to read our governance approach for sustainable value creation.

We have set targets and defined key performance indicators for material sustainability areas for managing our impacts. We envisage sustainable value creation as a process of change in which the use of resources, goals of investment, the direction of technological development, and institutional changes are not only in synchronization with each other but also increase current and future potential to create value. Our strategy is also aligned with the SDGs and we support the goals by allocating resources to better manage our impacts on SDGs and define projects that support the SDGs. To further refine our strategy in the ever-changing operating environment, we are implementing the process of integrating relevant SDGs into our corporate strategy and policies.

Refer to pages 154-155 to read our approach to integrating SDGs.

Refer to pages 201-203 and page 209 to read our projects of food security and sustainable agriculture, community uplift programs which manifest our strategy to contribute SDGs through our products, expertise, and investments.

03

Strategically Positioning Towards Low Carbon Shift

Natural Capital

Manufactured Capital

Social and relationship

Activities

- Carbon emission reduction initiatives
- GHG quantification and reporting
- Energy efficiency and reduction
- Water efficiency and reduction
- Waste water management
- Waste management and reduction
- Promoting environmental practices in value chain

OUTPUTS

- Carbon emission reduction
- Energy efficiency
- Water reduction
- Waste reduction
- Environmental compliance

Value Created

- Shift to low carbon
- Reduced impact on finite resources
- Responsible and sustainable value chain

UN SDGs

MANAGING ENVIRONMENTAL IMPACTS & CREATING VALUE

Our aim is to shift to a low-carbon economy, reduce our impacts on the environment and contribute to reducing emissions and impacts of our value chain partners. We apply a precautionary management approach to mitigate and remedy potentially adverse impacts on the environment and combat climate change.

Environmental protection is a top priority at FFC, practiced by the adoption of environmentally friendly technologies and process optimization to reduce absolute as well as relative impact. An integrated Environmental, Health & Safety policy applies to all manufacturing plants for maintaining high standards of Health, Safety & Environment (HSE). The objective is to preserve the environment from degradation and provide a safe and healthy workplace while improving the quality of life of employees, contractors, visitors, and the plant site community. The environment management at our plants and resource efficiency is supported by third-party certified environmental management systems. All our plants are certified to ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and OHSAS 18001 Occupational Health & Safety Assessment Series (OH&S Management System). FFC has also in place IFA Product Stewardship "Protect and Sustain" Certification covering its management system, product development and planning, sourcing and contractor management, manufacturing techniques, supply chain, as well as marketing, and sales functions. These management systems enable us to identify the risks and potential opportunities, improve internal data management, build the confidence of stakeholders, and identify energy management spots. The GM M&O at each plant is responsible for the performance, regulatory affairs, and monitoring of compliance across the manufacturing plants. Regular training is conducted for the senior management of manufacturing units as well as employees working on line functions. FFC has specifically designed training modules for different internal training and employees are nominated for external training as well. HSE systems are regularly monitored for ensuring compliance with internal HSE policies and applicable laws and regulations. The SOC & EMR forums at the facility level perform an internal check to find out the gaps regularly. The environmental management approach is evaluated regularly based on the results of the internal checks and external certifications of the management systems. The required adjustments are made to reduce the environmental footprint of our operations.

Stringent compliance checks and voluntary commitments resulted in no violation of laws, regulations, and voluntary codes of practice in connection with nature and environmental protection. Moreover, FFC did not have to pay any fines or non-monetary penalties for non-compliance with environmental laws and regulations in 2022. FFC has an environmental grievances mechanism in place where complaints regarding negative environmental impacts of operations can be filed. The resident manager at the plant site deals with such complaints and necessary actions are taken as per need. During the year, no complaint was filed.

FFC regularly makes investments in environmental protection and management. The investments and expenses accrued on environmental protection and mitigation of the impacts are recorded at respective units where these occur. The figures are consolidated at the end of each year under two broader heads i.e., prevention and management costs. It is an integral part of general investment planning and is subject neither to a cost-benefit analysis nor a specific return on investment period. We spent Rs. 122 million on environmental protection in 2022 compared to Rs. 60 million in 2021.

CLIMATE CHANGE STRATEGY AND PERFORMANCE

Climate change is a major global issue and a serious threat to agricultural and economic productivity in many parts of the worldwide. The demands to reduce the emissions from operations and the agriculture food chain are increasing. Our impacts are twofold: reducing the greenhouse gas emissions from our operations and working to explore new solutions for farming community to reduce product use emissions. We are exploring our position to drive and influence climate action within and outside our organization.

Subtopics in this section

- Emissions
- Energy

Our actions and performance

Climate change has gained enormous attention over the year driving the shift to low carbon/Net zero economies globally. In the existing context, we are making efforts to reduce operational impact and exploring investment in climate-friendly technologies and products

Climate change has physical and financial impacts on our business. The extreme weather and devasting floods require new technological investments at plants and are impacting the productivity, and area under cultivation directly leading to food security problems and reduced income for farmers. However, the expected financial impact of climate change-related risks on operations is not monetized as the risks are not substantial at the moment. However, we are monitoring the impacts and have set priorities by making sustainability an integral part of our corporate strategy regardless of economic or seasonal fluctuations and exceptions. We are also exploring Science-Based Targets to reduce emissions in line with climate science.

GHG emissions

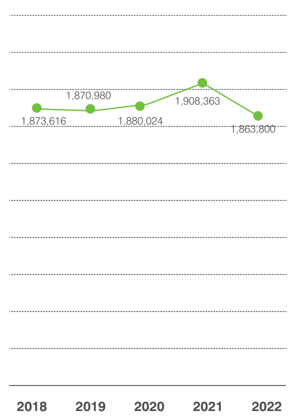
To meet the growing demands for a climate-neutral economy, we have defined long-term and interim targets for absolute GHG emission reduction. We are exploring opportunities to expedite the shift to the low carbon economy; however, the complexity of the manufacturing operations and the current level of technologies are the main hindering factors in the short run. Nevertheless, we are working to reduce emissions in our operations and across our value chain through different measures.

Natural gas is the main energy source in our core processes and production of fertilizers. Our main emission source is CO2 from the use of natural gas in the ammonia process. Our major direct GHG emissions are related to production processes. Reducing GHG emissions from our processes is therefore a key priority. The emissions are subject to the control limits laid down by the Environmental Protection Agency. FFC monitors compliance with these limits by taking environmental protection measures and is moving further to reduce the emissions up to the maximum possible limit. FFC determines the total emissions for each plant site at regular intervals and makes regular checks to control variations. The emissions of greenhouse gases, mainly CO2, are measured continuously at each plant site and then integrated to reach a total figure. Emissions of other greenhouse gases like methane and nitrous oxide (N2O) are measured and integrated into the consolidated calculation of greenhouse gas emissions. The GHG figures do not include GHG emissions of the subsidiary or associated companies. FFC GHG emissions are not subject to emissions-limiting regulation or program that is intended to directly limit or reduce emissions. The global warming potential of the respective gaseous emissions was sourced from United Nations Framework Convention on Climate change (UNFCC).

Direct GHG emissions (MT)	
2018	1,873,616
2019	1,870,980
2020	1,880,024
2021	1,908,363
2022	1,863,800

FFC has no biogenic emission of CO2 at its operations. All the emissions are within the prescribed NEQS limits and regularly reported to the EPA under SMART reporting program.

GHG
Emissions (MT)



The GHG emissions decreased on account of plants' turnarounds during the year. We don't have any significant indirect greenhouse gases (scope II) emissions which are predominantly generated by external energy procurement, usually in the form of electricity and steam. The only indirect emissions at FFC result from purchased electricity at the head office, marketing office, Karachi office, and Agri-services offices. Moreover, FFC identified that the indirect greenhouse gases (Scope III) emissions caused by FFC are not significant in the overall context except emissions resulting from product transportation. FFC is working with the transporters to apprise them of the emissions, and effects of climate change and encourage them to upgrade their fleets to reduce emissions. The emissions per metric ton of the Urea produced for the year were 0.77 MT CO_2/MT compared with 0.76 MT CO_2/MT. The emissions per MT include only direct scope I emissions.

Emission of gases in MT

Nitrogen Oxide	
2018	848
2019	951
2020	923
2021	941
2022	1,120
Ammonia NH3	
2018	–
2019	–
2020	–
2021	–
2022	–
Particulate matter	
2018	1,256
2019	1,097
2020	1,091
2021	1,215
2022	1,151

The significant emissions of other inorganic pollutants such as NOX have increased during the reporting year while there were no emissions of NH_3. The company uses the previous year's results for comparison as a general practice. The emissions are recorded based on laboratory analysis and actual fuel flow.

Emissions reduction

Our emission reduction efforts include energy efficiency projects, optimization of production processes and modernization of our plants. These initiatives result in keeping emissions on the lower side. Our efforts are directly linked to the carbon content in natural gas which is on increase for the past many years. During the year, Scope-I CO_2 emissions decreased by 45,487 MT as compared to the previous year. The previous year is used as a base year as per company practices. The negative environmental impact of product use is the release of N_2O during its mixing in the soil. However, we are carrying out R&D work on many improved fertilizer products to release nitrogen from the granule in a manner that matches crop growth requirements and reduces the negative environmental impacts. There were no emissions of ozone-depleting substances during the year. The company is committed to the non-use of ozone-depleting substances as a part of its environmental management policy.

Inert Gas Generation Plant Replacement

Inert gas generation unit installed at Plant I combusts NG to produce 400 NMC/hr of Nitrogen gas. It's an old technology which has outlived its useful life. Moreover, the quality of produced nitrogen is not up to the mark. This plant is being replaced with latest technology with no combustion involved resulting in no GHG emissions in the process.

Reliability Enhancement of PSVs at Plant-I & II

Pressure Relief Devices (PSVs) are the last line of defense for the integrity of plant equipment in the event of pressure excursion. The performance and availability of PSVs during plant operation are of utmost importance. Over the period of time, plant loads have increased and PSVs are being operated closer to their set pressures which result in increased passing/maintenance frequencies. Passing of PSVs during normal operation is a constant revenue loss and environmental concern. Therefore, a standby PSV is being procured to curtail emissions & outages. Upsizing of PSV's inlet line and provision of isolation valve upstream of PSV has been carried out in plant II turnaround in 2022. Moreover, modifications of 08 PSVs have been implemented in the field during the Plant-I turnaround in 2022.

Hydrogen Recovery Unit installation at Plant I

The CO2 content in natural gas is constantly increasing due to depleting reservoirs and addition of new low BTU wells to sustain natural gas production. To capture the CO2, HRU is being installed at Plant I which will result in increased Ammonia production leading to higher Urea production. The project will be completed in 2023 leading to reduce carbon footprint and improve production efficiency.

Green Pakistan Initiative

Our efforts to align with the low carbon economy extend beyond operational improvements and also take into account tree plantation at various sites. We have planted 10,000 Neem tree saplings under the PM Green Pakistan initiative since 2021 at the FFCEL site Jhimpir and at the FFC plant sites. Out of the total saplings, 5000 saplings were planted at Mirpur Mathelo plant site in 2022. The Neem trees are expected to help naturalize emissions and generate employment and business opportunity for the development of the Neem oil supply chain for producing enhanced efficiency fertilizer (Neem coated Urea, NCU).

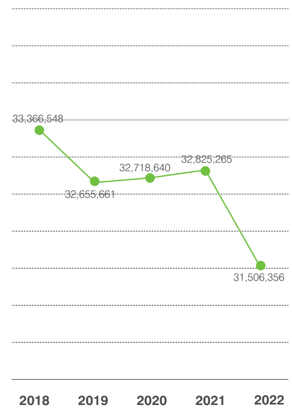
Energy consumption

FFC's major energy consumption is related to the production of ammonia, the key component in fertilizers. We have three plants at two locations with different technological specifications. We focus on optimizing the energy efficiency and intensity of our plants to reduce overall consumption and related GHG emissions. Separate specific energy efficiency and reduction targets are defined for each plant, performance is benchmarked together with carrying out energy audits to improve our performance. Renewable energy options are also being explored at different locations at our plant sites to reduce non-production-related energy impacts. Solar panels are installed in parking areas to use the renewable potential, however, the energy from renewable sources is insignificant in the total energy mix. We endeavour to explore options to increase the share of renewable energy.

We use natural gas to produce heat, electricity, and steam. Diesel is also used in generators to produce electricity. Electricity and natural gas are purchased from public utilities at the head office, marketing office, and warehouses. The resultant energy consumption figures from the use of electricity and natural gas at the head office, marketing office, and warehouses have been included in the total energy consumption figures.

Total Energy consumption in GJ	
2018	33,366,548
2019	32,655,661
2020	32,718,640
2021	32,825,265
2022	31,506,356

Energy consumption In GJ



The total energy consumption decreased on account of plants' turnarounds during the year. The energy consumption outside the organization is not significant in the overall context of total energy consumption. Moreover, the cost of determining the energy consumption outside the organization would not be appropriate given the level of insight this would provide. As such, an investigation of this kind will not be conducted.

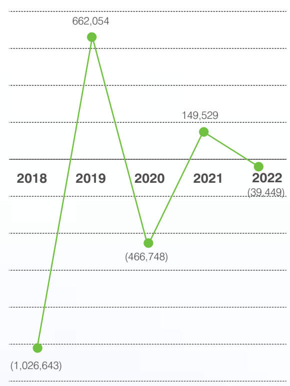
Energy Efficiency

Energy efficiency results in the dual bottom line and climate benefits and is expressed in GJ of energy saved. We work to reduce energy consumption in the production process through process optimization and new technologies.

Energy savings in GJ	
2018	(1,026,643)
2019	662,054
2020	(466,748)
2021	149,529
2022	(39,449)

The company uses the previous year's production and energy consumption levels as a base to measure energy savings. The positive figures indicate a reduction in energy.

Energy savings in GJ



The energy intensity ratios of our plants are different due to differences in technologies. The overall energy intensity ratio was 13.11 GJ/MT urea as compared to last year's intensity ratio of 13.09 GJ/MT. The energy intensity has increased by 0.02 during the year as compared with 0.07GJ/MT saving in 2021. The energy intensity ratio includes only energy consumption within the organization. Energy consumption data is recorded in the relevant conventional unit, for instance, MMSCF in the case of natural gas and kWh for electricity. These units are converted into the consolidation unit, gigajoules (GJ), to obtain the mean energy content and as a standard measure for representing energy consumption. The conversion factors were sourced from Energy Information Administration USA. The heating values were calculated based on laboratory analysis and standard heating values for natural gas and diesel. The energy consumption and energy sources in this report have been determined from the data provided by the plant sites and other locations, therefore, providing a consolidated and comprehensive picture of FFC's energy usage in operations.

02 MW on-grid solar system

As part of the emission reduction drive, 02 MW on-grid solar system installation is under process for the well area. It is expected to be completed early 2023. The power loads at Turbo Generators, TG-701/702 will decrease by ~ 1.5 MW during the daytime. The system will be capable to generate 3.2 million kWh per annum electricity and will reduce GHG emissions.

Installation of LED lights

We continued to identify energy conservation opportunities to conserve energy in our operations. In 2022, 20% energy savers at head office were replaced with LED lights resulting in 457 GJ energy saving per year and saving of Rs.6.4 million per year.

Moreover, Mercury lamps high bay lights installed at the main warehouse building Mirpur Mathelo were replaced with energy-efficient LED lights resulting in a saving of 27.84 GJ/year.

Installation of high efficiency cooling tower fans

As part of energy efficiency measures, high-efficiency cooling tower fans of less weight with high energy efficiency were installed at the Mirpur Mathelo plant. The resultant energy saving is 1,213 GJ per year.

RESOURCES CONSUMPTION

Material use affects finite natural resources, bottom line, and results in waste generation. Natural gas which is a feedstock in the production of fertilizer is depleting at a rapid speed posing a future business risk. We are exploring alternative feedstock for business continuity and value creation.

Our actions and performance

Natural gas is the main raw material for the production of ammonia-based fertilizer. Lubricants and chemicals are used in the manufacturing process. Biodegradable packing material for Urea along with renewable resource utilization, where applicable, is helping us to move forward toward the establishment of a widely sustainable value chain.

Material consumption

Material	Unit	2022	2021	2020	2019	2018
Natural gas	MMSCF	45,918	47,143	45,931	46,395	46,804
Lubricant	Liter	510,416	352,495	320,955	282,664	396,901
Chemicals	KG	8,861,817	7,531,690	7,756,057	7,985,684	9,113,204
Packing bags (150 gm each)	Bags	48,127,019	48,944,279	49,557,051	48,514,728	49,520,322
Packing bags (95 gm each)	Bags	656,713	1,453,550	1,259,156	1,264,350	1,352,491
Liners and thread	KG	1,788,269	1,779,668	1,833,895	1,817,423	1,914,047

The packing bags of 95 gm each were used on GM plant during the year.

FFC does not use renewable materials in the production processes. The natural gas consumption decreased on account of plants' turnarounds during the year.

Recycled material consumption

We make efforts to use recycled material, where possible. The nature of the production process and the cleanliness requirements do not allow the use of recycled materials. However, during the year, urea dust of 5,793 MT was recovered and used in the process compared to 9,378 MT in 2021. Our products are dissolved during use and are not reclaimable while packaging material is biodegradable and also not reclaimable. There is no post-consumption collective scheme in place. Bags are used by farmers in their activities and degraded at the end of their useful life.

WATER IMPACT REDUCTION STRATEGY AND PERFORMANCE

Water stress is a major global environmental, health and economic challenge. Varying weather events, such as droughts and floods are occurring more often and affecting the availability of fresh and clean water at global national and local levels. Water is a critical resource for our operations and farmers. Without the availability of water, they cannot cultivate and grow crops. We understand the impact it will have on our business and we are working closely with the farming community to help efficient use of water now and in the future.

Our actions and performance

We use water for cooling purposes and the production of steam and most of the water requirements are met through canal water. The tube wells are used in production plants occasionally when the canal water is not available. The well water is used as drinking water at Township & Plant sites. The company has a large area where tube wells are installed and the water withdrawal from tube wells does not significantly impair the water system. The canal and groundwater are cleaned before using various filter systems. FFC's plants draw canal water up to a maximum of 18 cusecs during the year. The canal is managed by the Irrigation Department and this withdrawal is not significant keeping in view the annual flow of the canal. FFC has an agreement with the Irrigation Department and the meters installed by the department measure the water inflow. There are no protected species found in the canal and the canal water is mainly used for irrigation purposes. Water is not stored at the FFC plant and does not have a major impact.

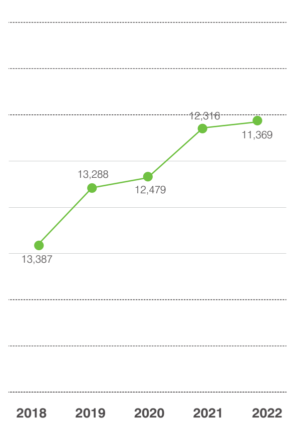
We assess our plant sites on regular basis for water-related risks and monitor water withdrawal, consumption, and discharges. Frequent studies are conducted to identify opportunities for reduced consumption and increased recycling to minimize requirements from freshwater sources. During the year, no non-compliance with the water withdrawal permit occurred. FFC has defined goals for efficient water usage to reduce the impact on the depleting freshwater sources in Pakistan and has been working with the value chain partners to reduce water-related impact in the value chain. The plant sites also work with local communities and related stakeholders to discuss water availability, quality, water risks, and issues. The plant sites provide access points to the community for filtered fresh water to ensure the availability of clean water for communities.

	2021	2020	2019	2018	2018
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	3,966	5,238	6,349	6,857	4,559
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	11,538	10,304	8,381	7,744	10,888
Other water (>1,000 mg/L Total Dissolved Solids)	–	–	–	–	–
Total water withdrawal	15,504	15,542	14,730	14,601	15,447

There is no withdrawal of water from the water-stressed area.

Water consumption in ML/year	
2018	11,369
2019	12,316
2020	12,479
2021	13,288
2022	13,387

Water Consumption (ML)



FFC uses state-of-the-art machinery to continuously circulate and capture the water after use to re-cool it for reuse. Water consumption increased by 0.74% due to deteriorating quality of groundwater.

Wastewater/ water discharge

The water is partially polluted during use in production processes and is treated to reduce the pollutants to acceptable limits, prescribed by National Environmental Quality Standards (NEQS), before using and discharging into the canal water. The factors of concern in wastewater discharges are mainly nitrogen and phosphate, which can cause the eutrophication of water channels. We use oil skimming and neutralization method for wastewater treatment. In the season, when the canal is closed, the water is stored in evaporation ponds. In contrast, cooling water along with rainwater can be fed into the canal without cleaning as it does not come into contact with chemicals. The wastewater is also used for horticulture purposes at plant sites. The wastewater discharged by FFC is largely cleaned and therefore does not burden the environment excessively. Moreover, during the year, no non-compliance with water disposal regulations occurred.

Water discharge by destination in ML/ year

Surface water	
2018	4,078
2019	2,285
2020	2,251
2021	2,254
2022	2,117

Freshwater (≤1,000 mg/L Total Dissolved Solids)	
2018	–
2019	–
2020	–
2021	–
2022	–

Other water (>1,000 mg/L Total Dissolved Solids)	
2018	4,078
2019	2,285
2020	2,251
2021	2,254
2022	2,117

The wastewater figures are estimated figures. The flow rate is estimated from the operating pumping capacity of the wastewater disposal plant. Discharge water quality is being routinely monitored for pH/Conductivity/ Ammonia/Urea/COD/BOD/SS. The discharged water contained a Chemical Oxygen Demand (COD) value of 32 ppm and a Biological Oxygen Demand (BOD5) value of 18 ppm.

Geo Membrane Lining of Evaporation Ponds

Evaporation ponds are used for disposal of waste water from plants. The contaminants in waste water can pollute the underground water due to subsoil seepage. To avoid the contamination of underground water lining of both evaporation ponds with impervious and chemical resistant polymer sheet has been completed at Goth Maachi plant.

WASTE MANAGEMENT STRATEGY AND PERFORMANCE

Waste endangers human health, natural capital, and biodiversity. Waste is less an issue in our industry due to extensive internal recycling and reprocessing at the production plants. Our production activities and business operations result in hazardous and non-hazardous waste generation. The impact of waste incineration, dumping and disposal activities negatively affect the environment and human health. Reduce the waste related impacts through efficient waste management is a top priority for us.

Our actions and performance

Our approach is to reduce waste generated from operations to a minimum level and we cautiously manage our waste streams to minimize impacts on the environment. Waste is managed according to the applicable regulations and recycling is prioritized where possible. FFC focuses on the prevention of waste as a priority over recovery or disposal and promotes waste prevention in its value chain. However, unavoidable production waste is recycled or disposed of properly. Moreover, assessment is carried out at relevant levels before declaring an item as waste. Items are declared waste and diverted to disposal when there is no use within the operations. FFC procedures require that each type of waste is recorded precisely analyzed and described. Waste is properly documented in internal records, including from where the waste originated, which quantities have arisen during the year, the classification of the waste as hazardous/non-hazardous, and the possible disposal method.

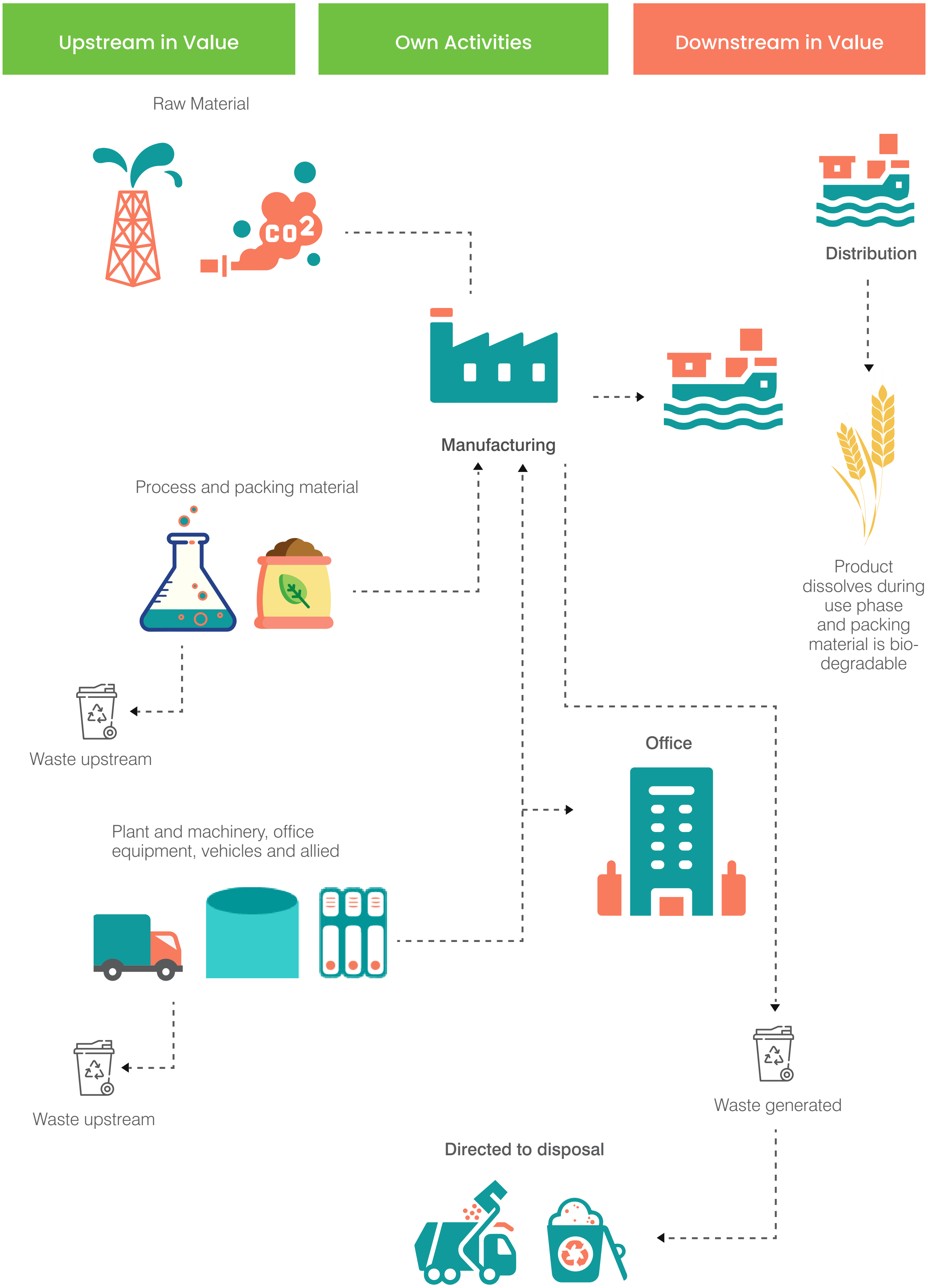
Waste generation

Natural gas, water, and air are used to produce our fertilizers. Natural gas and water are received via pipeline while air is directly sucked from the atmosphere using a compressor. The finished product is prilled urea which is packed in an oxo-biodegradable liner placed inside a WPP bag. The product dissolves during the use phase and results in no post-usage waste. The packaging material is bio-degradable and also does not lead to the generation of waste. The manufacturing process does not result in any byproduct.

However, waste is generated during the manufacturing process and other operational activities. The waste is primarily packing material of various items used in maintenance or other support services. Resin, catalysts, chemical residues and used lube oil are generated from processes at plant sites while other waste includes clinical waste, insulation material, asbestos sheets, broken tube lights, toner cartridges, battery cells, used oil filters, lab bottles, empty chemical drums, and plastic & rubber. All these waste types have different properties ranging from non-hazardous to hazardous. The quantity of waste varies from year to year depending primarily on investments, upgrading, and maintenance activities.

Waste treatment

Incineration is carried out under controlled conditions requiring high temperatures for incineration. Waste is accumulated and dumped at the plant site and when the waste quantity reaches a significant level, it is disposed of according to the best available option. The priority is to recycle or treat the waste and only unsuitable waste is disposed of in landfills, which is then sold to a carefully selected supplier. All waste is disposed of through approved and authorized contractors of the Sindh Environmental Protection Agency (SEPA) and the Punjab Environmental Protection Agency. The suppliers' processes are reviewed and approved at a regular frequency by the provincial environmental agencies. These contractors decide if the material is to be recycled or buried in a landfill as per legislation.


Upstream in Value
Own Activities
Downstream in Value
Raw Material
CO2
Distribution
Manufacturing
Process and packing material
Product
dissolves during
use phase
and packing
material is bio-
degradable
Waste upstream
Office
Plant and machinery, office
equipment, vehicles and allied
Waste upstream
Waste generated
Directed to disposal

WASTE MANAGEMENT STRATEGY AND PERFORMANCE

Waste by composition, in metric tons (t)

	2022			2021			2020			2019			2018		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Waste composition															
Hazardous	125	Nil	125	174	Nil	174	153	Nil	153	343	Nil	343	920	Nil	920
Non-hazardous	10,715	Nil	10,715	6,979	Nil	6,979	7,074	Nil	7,074	5,765	Nil	5,765	6,399	Nil	6,399
Total waste	**10,840**	**Nil**	**10,840**	**7,153**	**Nil**	**7,153**	**7,227**	**Nil**	**7,227**	**6,108**	**Nil**	**6,108**	**7,319**	**Nil**	**7,319**

Waste diverted to disposal-by-disposal operation, in metric tons (t)

	2021			2020			2019			2018			2017		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste															
Incineration (with energy recovery)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration (without energy recovery)	2	-	2	2	-	2	10	-	10	-	-	-	-	-	-
Landfill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other disposal operations	-	123	123	-	172	172	-	143	143	-	343	343	-	920	920
Total	**2**	**123**	**125**	**2**	**172**	**174**	**10**	**153**	**153**	**-**	**343**	**343**	**-**	**920**	**920**
Non-hazardous waste															
Incineration (with energy recovery)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Incineration (without energy recovery)	-	-	-	1,749	-	1,749	1,678	-	1,678	422	-	422	470	-	470
Landfill	-	10,582	10,582	-	5,126	5,126	-	5,249	5,249	-	4,869	4,869	-	5,555	5,555
Other disposal operations	-	133	133	-	104	104	-	147	147	-	474	474	-	374	374
Total	-	**10,715**	**10,715**	**1,749**	**5,230**	**6,979**	**1,678**	**6,396**	**7,074**	**422**	**5343**	**5,765**	**470**	**5,929**	**6,399**

04

Creating A Fair, Safe, & Inclusive Work Environment

Human Capital

Intellectual Capital

Social and relationship

Activities

- Equal opportunity recruitment policy and practices
- Fair and competitive remuneration
- Employee engagement
- Health and safety policies and programs
- Healthy workplace ecosystem
- Employee health and well-being programs
- Training and development
- Human rights policies and practices
- Promotion of human rights and labour rights in value chain

OUTPUTS

- Employee retention
- Higher employee satisfaction index
- Trained and well-equipped workforce
- Zero fatality
- Zero occupational disease
- Low injury rate
- Fair labour practices
- Zero child and forced and compulsory labour
- Compliance with labour and human rights laws

Value Created

- Future ready workforce
- Employee physical and mental wellness
- Decent and safe working conditions for workforce, contractors, and victors
- Responsible value chain

UN SDGs

MANAGING IMPACT & CREATING VALUE

Our employees are key drivers for our success, their performance determines our economic strength and competitiveness and our ability to create and share value with our stakeholders. To remain an employer of choice, our strategy, approach, and management practices evolve on an ongoing basis to respond to the challenges posed by our operating environment. We believe in fair management of human capital and ensuring compliance with laws, regulations, and our code of conduct. We are focused to build a culture of engagement, entrepreneurship, and diversity. Our employees' well-being and physical and psychological health are top priorities at FFC.

We have a well-defined Human Resource (HR) policy to manage HR priorities, succession planning, recognizing, and rewarding prestigious talent, and leadership development. We aim to bring the most talented and imaginative people on board, nurture them and provide them with the best facilities to exhibit their talent. We have, therefore, drawn up numerous employee advancement and development programs with a wide range of services. The most senior officer responsible for labour practices is the General Manager of Human Resources (HR). The HR heads at the manufacturing unit level report to the GM-HR. All aspects of labour practices are closely monitored at the manufacturing unit level as well as at the corporate level. The breach of aspects is monitored by the HR department and adherence to the laws and regulations is discussed frequently and reported quarterly to the Human Resources and Remuneration Committee of the Board. Attracting qualified employees and ongoing employee training and development, both, are of great importance to FFC. We provide our employees with the skills and resources they need to work in an even more efficient and innovative way. We have already set exemplary standards in this area with numerous training programs and a best-in-class in-house training centre.

Our approach is continuously monitored through input from employees at AMCON as well as by the Board's Human Resources and Remuneration Committee and input/complaints received through our grievance mechanisms. Based on the inputs and feedback, the management approach is reviewed against defined objectives and policies, and updated to ensure a productive environment for our people.

HUMAN CAPITAL AND DEVELOPMENT

Post pandemic work environment resulted in new opportunities for digital transformation and collaborative methods to improve our competitive advantage and achieve organizational agility. As a leading fertilizer manufacturing and marketing company, we can make positive difference, creating employment in our value chain, ensuring a decent workplace free from discrimination, promoting diversity, increasing representation of women at all levels, and supporting the well-being of our employees. Training and development of workers' skills create a positive impact on culture, growth, and value creation ability. An engaged, committed, and skilled workforce with the latest knowledge and techniques helps to meet our objectives and is critical to maintaining market leadership.

Subtopics in this section

- Job creation and employment
- Fair and competitive remuneration
- Benefits and welfare
- Respect for collective bargaining rights
- Diversity & inclusion
- Training & development

Our actions and performance

Job Creation and Employment

As of December 31, 2022, FFC hired 177 employees mainly at plant sites while 234 employees left the organization to pursue other career opportunities. Approximately 6% of our employees consists of temporary contracts which will be converted to permanent contracts on the fulfilment of required conditions. Most of our work is performed by workers who are employees and we do not offer part-time employment. However, certain job functions at plant sites and other locations are outsourced to contractors and performed by workers who are not employees. These job functions include administration, civil work, guest house/club/gym, horticulture, janitorial, medical, workshops, security, technical, pool transport, pre-production labour, and daycare. 2,577 workers, who were not employees, working at FFC as of December 31, 2022. The number of workers was extracted from contracts.

A total 3,216 people work in our operations including plants, marketing offices, and head office. There was no variation in hiring and attrition rates compared to 2021. The hiring rate was 5% during the year, while the turnover rate was 8%. The employment information has been compiled from the management information system and no assumptions were made.

We offer the right mix of benefits, rewarding work, and career advancement prospects to attract and retain competent people and indirectly support jobs through our suppliers, contractors, and

Total Number of Employees

2020	3,512
2021	3,272
2022	3,216

Recruitment and Sourcing

Employee Engagement

Building Capability

Remuneration and Retention

HUMAN CAPITAL AND DEVELOPMENT

Employees by employment type broken by gender

Employment type	2022		2021		2020	
	Male	Female	Male	Female	Male	Female
Full time	3,110	106	3,168	104	3,415	97
Part-time	-	-	-	-	-	-
Total	**3,110**	**106**	**3,168**	**104**	**3,415**	**97**

Employees by employment contract broken by gender

Employment contract	2022		2021		2020	
	Male	Female	Male	Female	Male	Female
Permanent	2,949	97	3,003	95	3,080	86
Temporary	161	9	165	9	335	11
Total	**3,110**	**106**	**3,168**	**104**	**3,415**	**97**

Employees by employment contract broken by region

Location	2022		2021		2020	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Head Office-Rawalpindi	752	4	767	7	812	132
Goth Machhi Plant	914	104	929	98	936	94
Mirpur Mathelo Plant	694	61	708	69	710	58
Lahore	623	1	625	-	626	56
Karachi	63	-	69	-	82	6
Total	**3,046**	**170**	**3,098**	**174**	**3,166**	**346**

2022

Hiring by Age Group	
57%	101 <30
31%	54 30-50
12%	22 >50

Attrition by Age Group	
33%	78 <30
28%	65 30-50
39%	91 >50

Hiring by Gender	
94%	167
6%	10

● Male ● Female

Attrition by Gender	
97%	226
3%	8

● Male ● Female

Hiring by Location	
16%	28 (Head Office)
31%	55 (Goth Machi Plant)
25%	44 (Mirpur Mathelo)
27%	48 (Lahore Office)
1%	2 (Karachi RM Office)

Attrition by Location	
21%	49 (Head Office)
29%	68 (Goth Machi Plant)
25%	59 (Mirpur Mathelo)
23%	54 (Lahore Office)
2%	4 (Karachi RM Office)

2021

Hiring by Age Group	
60%	223 (<30)
28%	106 (30-50)
12%	43 (>50)

Attrition by Age Group	
60%	130 (<30)
21%	130 (30-50)
63%	384 (>50)

Hiring by Gender	
95%	55
5%	17

● Male ● Female

Attrition by Gender	
96%	69
4%	17

● Male ● Female

Hiring by Location	
19%	71 (Head Office)
30%	112 (Goth Machi Plant)
27%	100 (Mirpur Mathelo)
21%	77 (Lahore Office)
3%	13 (Karachi RM Office)

Attrition by Location	
20%	77 (Head Office)
30%	115 (Goth Machi Plant)
26%	102 (Mirpur Mathelo)
20%	79 (Lahore Office)
4%	13 (Karachi RM Office)

HUMAN CAPITAL AND DEVELOPMENT

2020

Hiring by Age Group

32%	122 (<30)
48%	184 (30-50)
21%	81 (>50)

Attrition by Age Group

19%	130
16%	105
65%	442

Hiring by Gender

98%	379
2%	8

Male Female

Attrition by Gender

99%	670
1%	7

Male Female

Hiring by Location

35%	136 (Head Office)
16%	62 (Goth Machi Plant)
18%	68 (Mirpur Mathelo)
29%	113 (Lahore Office)
2%	8 (Karachi RM Office)

Attrition by Location

34%	227 (Head Office)
18%	121 (Goth Machi Plant)
17%	115 (Mirpur Mathelo)
29%	197 (Lahore Office)
3%	17 (Karachi RM Office)

Providing Equal Opportunity

FFC provides equal opportunity to all employees and we do not discriminate against basic salary or remuneration based on gender. The remuneration and benefits are provided according to the type of employment contract, performance, and role in the advancement of company objectives. The ratio of basic salary and remuneration of women to men is one-to-one at FFC. All FFC employees received performance appraisals in 2022.

Female employees are eligible for parental leave as per regulations. A total of 57 female employees were eligible for parental leave, out of which 10 employees availed parental leave in 2022 compared to 4 employees who availed parental leave in 2021. 7 employees returned to work in 2022 when their parental leave ended as compared to 3 employees who returned to work in 2021. The return-to-work and retention rate of employees, after availing parental leave was, 70%. Moreover, the female employees who took parental leave and returned to work remained employed for more than 12 months after their return to work.

Fair and Competitive Remuneration

Fair and competitive remuneration attracts and retains top talent and key component of building strong human capital. We conduct market surveys to ensure that our remuneration packages are aligned with market benchmarks. Remuneration is recommended by the HR department and approved by the Remuneration Committee which consists of members from the Board of Directors. Employee engagement surveys are conducted to gather employees' feedback, including their perception of FFC remuneration and reward system. We have in place a well-structured and open annual performance appraisal system, which is reviewed on an ongoing basis for improvement.

We paid Rs. 10,500 million as workforce salaries and benefits to our workforce in 2022 compared to Rs. 10,276 million in 2021 exceeding the minimum wages threshold at all our operational sites. The payment of minimum wages to contractor workers is ensured through direct transfer into the accounts of the workers duly verified by the bank. In 2022, the ratio of standard entry-level wages to local minimum wages was 1:1 across all significant locations of operations.

Benefits and Welfare

We care for our employees through comprehensive benefits and welfare schemes including, but not limited to, insurance, healthcare, and parental leave for our full-time employees. We provide a decent and productive workplace for our workforce to showcase their talent and consistent health and safety programs and checkups are conducted for employees to reduce stress and injuries at workplace and plant sites.

We maintain trustees-administered and separately funded pension and gratuity schemes where all obligations of funds are financed by FFC. All eligible employees who complete the qualifying period of service and age benefit from these schemes.

The annual contributions to gratuity and management staff pension funds are based on actuarial valuation. The defined contributory provident fund is for all eligible employees for which FFC contributions are charged at the rate of 10% of the basic salary. The employees also contribute 10% of the basic salary to the provident fund. The provident fund may be reimbursed after an employee leaves the organisation or may be transferred, at the convenience of an employee. Benefit plan obligations are regularly monitored for relevance, compliance, costs, and stability to ensure that the benefits are in line with the operating environment. We spent an amount of Rs. 402 million on defined benefit plan obligations in 2022 compared to Rs. 378 million in 2021.

Benefits*	Management	Staff
Life insurance	Yes	Yes
Health care	100%	100%
Disability/Invalidity coverage	Yes	Yes
Parental leave	Only females	Only females
Retirement provision	Yes	Yes
Stock ownership	No	No

*Subject to company policy.

Workforce salaries and benefits Rs.		
2022	2021	2020
10,500	10,276	9,773

Defined benefit plan obligations Rs.		
2022	2021	2020
402	378	483

Organizational cultural & engagement survey

We continued our work to nurture an innovative and team-oriented culture in 2022. Awareness sessions were organized with Group/Division heads to discuss the concerns raised in the culture survey diagnostic conducted in 2021 and devise plans to begin a journey of change with practical and measurable outcomes. A group of change champions was selected and trained in Change Acceleration Process (CAP) to measure the scope of the changes and adapt with agility. The action plans to implement the changes were linked to the newly introduced KPI-based performance management system for credibility and accountability of the process.

Respect for Collective Bargaining Rights

FFC respects all entitled employees' fundamental rights to freedom of association and the right to be members of the representative bodies. The Industrial Relations Act allows trade unions to represent our employees for collective bargaining and seek redress for disputes. We regularly engage with collective bargaining agents, works councils, and other employee bodies on employees' concerns related to working conditions, and improvements are made based on stakeholders' input. All staff employees excluding management employees are covered by collective bargaining agreements. The total employees covered under

HUMAN CAPITAL AND DEVELOPMENT

agreements constitute 74% of the total workforce. Fifteen days' notice period is served on relocation within plants and a three-day joining period is also given on relocation. This information is not specified in CBA agreements. FFC complies with all local statutory and operational requirements concerning the provision of information to employees' representatives and employees.

Diversity and Inclusion

FFC has a diversified workforce across all age groups which reinforces our belief that diversity drives innovation and results in better decision-making. In 2022, 88% of new hires were millennials (born in 1981 or later), and about 75% of our workforce consists of millennials who instill new ideas, passion, and vitality.

Our employment policy strives for a diverse workforce and the recruitment process is based only on qualifications, skills, suitability for the open position, and potential for a successful future at FFC in line with the corporate strategy and objectives. We do not apply thresholds of quota for the hiring process. However, while hiring junior-level staff/apprentices at plants, relaxation is given to the local population to encourage the locals. Likewise, in the marketing group, the preference to post locals, from among the selected ones, is also given to resolve communication issues/language problems. No senior management employee at locations of significant operation is hired based on location or domicile and no specific quotas for women, specific nationalities, ethnic minorities, or special age groups exist for senior management and Executive Committee. However, we extend employment opportunities to people with disabilities to make them useful members of society and encourage their economic independence.

Employees by gender, age, and minority group

	Minority Group		Age Group		
	Muslim	Non-Muslim	<30	30-50	>50
Male	99%	1%	16%	59%	25%
Female	94%	6%	24%	66%	10%

Individuals in governance bodies by gender, age, and minority group

	Gender		Minority Group		Age Group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Board of Directors	85%	15%	92%	8%	-	-	100%

Employees by employment category, gender, age, and minority group

	Gender		Minority Group		Age Group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Management	93%	7%	99%	1%	17%	60%	23%
Staff	98%	2%	98%	2%	16%	59%	25%

Training and Development

Talent development is vital to retain and attracting top talent and building a skilled workforce. In 2022, FFC invested Rs. 275 into the training and development of its workforce with over 1,3696 training hours. An average of 4.3 training hours per employee was achieved.

Leadership Development and Succession Planning

Through our leadership development program, we develop high-potential employees by honing their leadership and management skills to help them become effective leaders. Different internal and external specialist and interdisciplinary training and qualification measures are offered to all employees to nurture their talent and knowledge base.

Our HR development framework focuses on the training and education and reskilling and upskilling of employees, which consists of a three-step process by first assessing employees' competencies, training them for their job, and then encouraging the development of employees through education. The framework aids to identify skill gaps within the organization and looks to address those gaps ensuring that the right people are in the right jobs for safeguarding the long-term sustainability of the company.

Career Development

A well-designed job rotation program is practiced to help our employees achieve personal development, and career growth and gain experience and learning. Job rotation also increases job satisfaction and maximizes their potential and enables them for a more accomplished career in FFC. This talent management program benefits in mapping employees' skills and matching them to new opportunities. This also supports effective succession planning, particularly for senior and other strategic positions within the company. The employees enhance their skillset and get lifelong learning through a management skill development program throughout their career, provision of long-term leave for improving professional qualifications, offshore technical services, and deputation to diversified businesses. However, with a very low attrition rate and retirement at the age of superannuation, transition assistance programs have not been introduced.

Investment in Developing Skills and Talent (Rs. Million)

2022	275
2021	69.9
2020	54.7

LinkedIn Learning

As a part of FFC's core learning philosophy, online training was adopted with the acquisition of an advanced LinkedIn learning solution, and an expansion of licenses to 400 employees with a long-term commitment of 3 years. Licenses were allocated to all functions and locations according to employee strength.
To complement our values-based competency trainings, the platform has introduced learning paths for the employees and customized training needs for groups and departments were also catered to via the design of targeted and time-based learning paths.

Six Sigma: Launch & Trainings (Green/ Yellow Belt)

A pilot Six Sigma implementation was initiated last year and a series of Green Belt (GB) and Yellow Belt (YB) training was conducted to assess the viability of adopting the methodology for process efficiency and cost reduction in our operations. Two Green Belt projects were completed in 2022, one each in M&O and Procurement, resulting in a saving of Rs. 25 million during the year and will result in a recurring impact. Another two Green Belt projects are in progress and the impact of these projects is expected to realize in 2023. A total of 16 GBs and 100 YBs have been trained in 2022 with further plans to develop in-house trainers to expedite Six Sigma implementation.

HUMAN CAPITAL AND DEVELOPMENT

2022

Average Training Hours Per Employee

13,696	Total Training Hours
3,216	Total Employees
4.3	Average Training Hours Per Employee

Average Training Hours Per Male Employee

13,392	Total Training Hours
3,110	Total Employees
4.3	Average Training Hours Per Employee

Average Training Hours Per Female Employee

304	Total Training Hours
106	Total Employees
2.9	Average Training Hours Per Employee

Average Training Hours Per Management Employee

7,152	Total Training Hours
826	Total Employees
8.6	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

6,544	Total Training Hours
2,390	Total Employees
2.7	Average Training Hours Per Employee

2021

Average Training Hours Per Employee

17,536	Total Training Hours
3,272	Total Employees
5.4	Average Training Hours Per Employee

Average Training Hours Per Male Employee

17,232	Total Training Hours
3,168	Total Employees
5.4	Average Training Hours Per Employee

Average Training Hours Per Female Employee

304	Total Training Hours
104	Total Employees
2.9	Average Training Hours Per Employee

Average Training Hours Per Management Employee

10,368	Total Training Hours
795	Total Employees
13.0	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

7,168	Total Training Hours
2,373	Total Employees
3.0	Average Training Hours Per Employee

2020

Average Training Hours Per Employee

12,960	Total Training Hours
3,512	Total Employees
3.7	Average Training Hours Per Employee

Average Training Hours Per Male Employee

12,672	Total Training Hours
3,415	Total Employees
3.7	Average Training Hours Per Employee

Average Training Hours Per Female Employee

288	Total Training Hours
97	Total Employees
3.0	Average Training Hours Per Employee

Average Training Hours Per Management Employee

6,240	Total Training Hours
874	Total Employees
7.1	Average Training Hours Per Employee

Average Training Hours Per Staff Employee

6,720	Total Training Hours
2,638	Total Employees
2.5	Average Training Hours Per Employee

DEDICATED TO HEALTH AND SAFETY

Health and safety are top priorities at FFC. Our activities and processes impact health and safety of our workers, contractors, and communities around our operations. We believe that incidents are avertible. Our HSE system and processes ensure achievement of our targets and compliance with applicable laws and regulations.

Our actions and performance

HSEQ Management System

Our goal-oriented (HSEQ) Management System, derived from Industry Best Practices and International Standards, ensures workers' health, safety, and well-being through risk assessment, avoiding incidents and embedding continuous improvement in the organization. The health and safety management systems are implemented to meet the requirement of the Environmental Protection Act (EPA), Industrial Relations Act (IRA), National Environmental Quality Standard (NEQS), and OHSA Guidelines for Noise/Ammonia in air and OHSA guidelines for health and safety.

The HSEQ system defines responsibilities and expectations from managers, supervisors, employees, and business partners. Health and safety aspects are monitored and reviewed at corporate as well as manufacturing locations on an ongoing basis. The operational aspect of health and safety practices in manufacturing units is governed by the GM M&O of the manufacturing units. HR head at the plant site is responsible for fair labour practices, implementation of policies concerning regulations and laws as well as other activities for the benefit of the employees. All workers, activities, and workplaces are covered by the management system. The contractors' workers are required to follow the health and safety management system requirements while working on the plant premises. However, the contractors are responsible for the health and safety of their workers and all the contract workers are insured by the contractor. Our safety systems are reviewed continuously for improvement and new industrial safety standards are adopted to eliminate or minimize potential harm.

Workers' participation in the health and safety system

A Works Council Committee under the Industrial Relation Act exists with equal representation of workers and management. The committee operates at the facility level with the objective to promote the security of employment for workers, and monitor health and safety conditions, and job satisfaction levels. Meetings of the Works Council Committee are organized as per law. Different forums and committees exist to discuss and take action on health and safety issues in addition to committees required under applicable law. All the workers get representation in these committees through their supervisors and line managers. Workers' participation is ensured through hearing conservation programs, heat stress prevention, health & hygiene audits, ergonomics programs, workplace lighting, and prevention from exposure to hazardous chemicals.

The formal agreements with CBA cover health and safety-related provisions. The extent of coverage of health and safety topics in the agreements is almost 80%. Moreover, all the employees of the company come under the umbrella of an extensive medical policy that has been formulated in light of the health and safety requirements of The Factories Act, 1934.

Hazards identification, risk assessment, and investigations

We have long-standing safety culture with detailed reporting of process and plant safety for the prevention and mitigation of occupational health and safety impacts. We identify work-related hazards and assess risks on a routine and non-routine basis and apply the hierarchy of controls, HIRADC, HAZOP, Job Safety Analysis, Fault Tree Analysis, Safety Committee Meetings, and HORC, to eliminate hazards and minimize risks. The system provides control measures to minimize the risks involved and to determine improvements needed in the health and safety management system. HIRADC of the individual unit includes the past incidents related to a certain hazard and the resultant injuries if any. All units maintain and update their HIRADC at least annually. All hazards are addressed through control measures, and HSE recommendations and the follow-up is done in SOC. Safety observations and traffic violations are filled on STOP cards and traffic violation cards and recommendations are sent to concerned units anonymously. An extensive work permit procedure system is followed which forbids workers to work in a harmful environment. No reprisal is made against workers for reporting safety risks and incidents rather they are encouraged to report risks and incidents. The incident reporting mechanism is defined in the work procedures of HSE and is followed consistently. We carefully track incidents; complaints received from stakeholders and take prompt action for resolution in justified cases. During the year, no process safety incidents or transport incidents occurred. Moreover, no complaints relating to labour practices were filed.

Safety talks and awareness sessions are organized throughout the year to ensure the quality of the process and the competence of the persons involved. Work permit tests and management safety audits also ensure the competence of the individuals. Related KPIs for safety and occupational health are reviewed quarterly in SOC meetings. Efforts to prevent accidents at work are an essential part of our production activities and require constant motivation of employees by line managers. As a result of a high commitment to health and safety, the incidents concerning health and safety issues have decreased and our plants are producing records of safe man-hours over the years. 31.33 million man-hours of safe operations for employees and 26.21 million man-hours of safe operations for contractors' employees were achieved as of December 31, 2022, at our plants.

Promotion of workers' health

Urea manufacturing is a clean, safe, and closed process. Workers only come in contact with the finished product when it is ready for shipment and there is no major risk of occupational diseases nor did any such known disease occur related to the process. Our occupational health and industrial hygiene services aim to protect the health of our employees through early identification, evaluation, and control of possible health risks associated with working environments. The Occupational Health Physician at the plant is responsible for the overall development, implementation, and monitoring of the occupational health program for FFC employees. The areas of fitness to work, reporting of occupational illness, and first aid management at the workplace are strictly monitored. Moreover, regular technical controls and measurements are carried out at the workplace to ensure safe working conditions and regular health checks are conducted for production employees. FFC offers discounted health programs and attaches great importance to protecting employees from workplace accidents. Medical Centers in townships provide a wide range of health services and offer several health promotion services and programs including lectures and awareness campaigns for non-work-related health issues.

Training on health and safety

In line with our objective to ensure workplace safety, regular training is organized on various safety topics. Workers are equipped with the knowledge and skill to act more safely and prevent accidents through targeted training courses. Line managers are responsible for training employees on safety and identifying the extent to which employees are familiar with safety procedures at processes. The line managers' participation in the process reinforces the emphasis placed on this important aspect. During the year, training was provided to workers on CPR, first aid, rescue, scaffolding and firefighting in addition to work-related hazard-specific training which is included in HSE's schedule throughout the year.

Number and rate of fatality as a result of work-related injury

	2022		2021	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number and rate of high-consequence work-related injuries

	2022		2021	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	02
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number and rate of recordable work-related injuries

	2022		2021	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	01	Nil
Goth Machhi plant	01	02	Nil	02
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number of fatalities as a result of work-related ill health

	2022		2021	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

Number of cases of recordable work-related ill health

	2021		2020	
	FFC	Contractor	FFC	Contractor
Mirpur Mathelo plant	Nil	Nil	Nil	Nil
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Not recorded	Not recorded	Not recorded	Not recorded

FFC accounts for first aid injury in the injury rate. The fatality and injury rates for the company and contractor are calculated by taking into consideration the number of recordable injuries multiplied by 200,000 and divided by man-hours worked. In the calculation, 200,000 are the hours worked by 100 employees, averaging 40 hours per week over 50 weeks. 31.33 million man-hours of workers and 26.21 man-hours of contractor workers worked during the year.

RESPECTING AND PROMOTING HUMAN RIGHTS

Our activities and relationships impact the human rights of workers, communities, business partners and workers in value chain. As a leading fertilizer manufacturing company, we use our position and influence to respect human rights and protect people all along our value chain. Respecting internationally recognized human rights is not only a right thing to do but also support social license to operate.

Subtopics in this section

- Non-discrimination
- Child labour
- Forced and Compulsory Labour

Our actions and performance

Human rights management system

FFC respects supports and abides by international charters on human rights in its sphere of influence. Since 2010, we have been a signatory to the United Nations Global Compact (UNGC)'s principles on Human Rights and Labour. We have in place policies to safeguard basic human rights as defined in the legislation and international charters including the Universal Declaration of Human Rights and the International Labour

Organization's Declaration on Fundamental Principles and Rights at Work. The policies, concerning human rights management, are the non-discrimination policy, forced and compulsory labour policy, child labour policy, and anti-sexual harassment policy. The code of conduct for employees provides basic guidance on human rights.

Responsibility and complaints handling

The most senior officer responsible for managing human rights issues and implementation of various policies related to human rights is General Manager (GM)-HR. A notification and reporting system is in place for taking action on complaints concerning human rights violations. Complaints are received via line managers or work councils within the relevant statutory framework. Beyond this, if the aforementioned procedure does not achieve the desired outcome, complaints can also be made through the HR department. The legal department reviews the complaints filed for an amicable solution and possible legal impacts.

Performance

A varied workforce is of great value to us, consequently, we do not tolerate any discrimination based on the race, ethnicity, religion, views, disability, age, or sexual identity of employees. In 2022, no complaints concerning violations of human rights were received. FFC respects the freedom of association as a right of entitled employees. There were no cases in which freedom of association or the right to collective bargaining was seriously endangered or breached. However, we are not aware of a breach of the right of collective bargaining at value chain partners due to the non-availability of reliable data. We reject any form of child labour, forced labour, or slavery, and strictly comply with local regulations concerning legal minimum age requirements for work permits. There were no cases of child labour or forced labour in the Company. However, we are not aware of cases of child labour or forced labour with our value chain partners due to the non-availability of reliable data.

Investment agreements include human rights clauses and undergo human rights screening. The Board of Directors approves all major investments. The Board Committees recommend the investments proposal after detailed working and review which is based on financial, strategic, and sustainability criteria, the last of which also includes human rights aspects. During the year, all significant investment agreements have been scanned for human rights issues while carrying out due diligence for that specific agreement. Significant investment agreements include all investment agreements which require approval from the Board of Directors and shareholders in Annual General Meetings. FFC carries out regular reviews of the operations for human rights impacts and in the year 2022, FFC carried out a review of 100% of operations for human rights impact assessments. During the year, no training on human rights policies and procedures was carried out for employees. Keeping in view the level of compliance, we have not carried out any evaluation of our approach toward managing and respecting human rights.

Promoting human rights in the value chain

We are aware of the fact that non-compliance with minimum human rights regulations by the value chain partners may have material impacts and we support and encourage our value chain partner to obey the human rights laws and adopt the best available practices in this area.

Refer to page 206 to read our work for promoting sustainable practices in the value chain and ensuring the reliability

05
Fostering Prosperity

Intellectual Capital

Financial Capital

Social and relationship

Activities

- Research and development
- Farm advisory activities
- Soil and water analysis
- Customer satisfaction surveys
- Producing and selling quality fertilizers
- Investment management and diversification
- Responsibly marketing products
- Procuring locally
- Promoting sustainability in value chain
- Investments for community benefits

OUTPUTS

- New and improved farming techniques
- Increasing farmers knowledge
- Cultivating suitable crops and balanced fertilizer use
- Identifying customers' expectations
- Contributing to achieve food security
- Healthy economic returns
- Economic development around plant sites
- Compliance with laws
- Healthcare, education, sports, and relief activities
- Water reduction

Value Created

- Improved crops' yield
- Increased farmers' income
- Better Return on Investment
- Strong financial position
- Responsible value chain
- Prosperous societies

UN SDGs

MANAGING IMPACT & CREATING VALUE

FFC's leading position as a manufacturer and marketer of fertilizer products makes us well-positioned to meet the challenges posed by our operating environment. We focus to increase the profitability of our operations, pursuing diversification, and invest in farm advisory to create value for our farmers, and our society and provide sustained and healthy returns to our shareholders.

Farmers are the main users of our product and a key driver for our long-term success. We have a loyal customer base throughout the country through our continuous commitment and investment in farm advisory which promotes the brand in the marketplace and creates value for FFC and the farmers. The objective of our work is to ensure food security and self-sufficiency with the maximum production of grains in the country. We have a set of policies and guidelines in place with targets for different farmers' outreach activities. A senior manager is responsible to review the implementation of policies and procedures as well as performance against the targets.

The product marketing responsibility lies with the marketing department headed by the General Manager of Marketing. FFC constantly monitors and carries out regular reviews of all business aspects and processes in order to ensure that they continue to confirm the required objectives and our commitment to sustainability. The company reviews its management approach and compliance with the laws, standards, and voluntary codes on a regular basis which is dependent on the nature of the activity. Based on the review, the management approach is modified, if required.

The Managing Director / Chief Executive Officer is responsible for the operational management and economic performance of the Company. The Board reviews the performance on a quarterly basis and evaluates the management approach for economic management against set targets. The changes, if required, are decided by the Board and MD&CEO is responsible for the smooth implementation. The results of the evaluation are shared through the Directors' Report.

Our procurement practices lead to value creation for our local partners and result in the economic development of the country. The procurement department at head office and plant sites deals with suppliers and the Senior Manager of Procurement is responsible for the smooth implementation of procurement processes as per the procurement manual and suppliers' selection criteria. The management approach is reviewed and updated on a need basis.

Our community investment practices are driven by the needs of the targeted community that are determined through surveys, focal groups, and meetings with the local community. Based on these guidelines, the interventions are devised to deliver maximum benefit and impact. We have a well-defined CSR policy in place which serves as a guiding document and encompasses commitments, targets, and responsibilities for the effective management of our activities. The most senior officer responsible for the implementation and monitoring of social activities is Sr. Manager CSR who also reviews and analyzes monthly progress. To monitor and follow up on performance and commitments to society, various tools, including independent monitors as well as in-house reviews, are used. Progress is reported to the senior management continuously and the management approach is adjusted accordingly.

GROWING FARM PRODUCTIVITY

The prosperity of the farming community is vital to meet increasing food demand. Affordability and availability of fertilizer, crop loss due to devastating flood and increased cost of living remained major problems for farming community in 2022. Sluggish farm's productivity, decreasing cultivable area, coupled with associated challenges is hindering the young population to pursue farming bringing food systems under strain and resulting in food insecurity. As a leading fertilizer company, we can help farmers through our farm advisory services to increase farm productivity, support national food security, enhance rural income, and build a promising future.

Our actions and performance

Farm Advisory Services

We operate 5 Farm Advisory Centers (FAC) and 21 Agri. Services Offices (ASO). A Farm Advisory Center comprises a team of professionals fully equipped with modern and sophisticated computerized soil and water testing laboratory and a demonstration van with high-tech audio-visual equipment. It operates for 4-5 years in an area guiding in line with area crops and the socio-economic position of the farmers. Farm Advisory Services follows an integrated approach of agronomic, extension, and soil testing activities to accomplish the objectives of farmer capacity building. Our agronomic activities include laying out crop demonstration plots and conducting fertilizer trials in farmers' fields while extension activities include agricultural seminars, farmer meetings, group discussions, field days, training programs, and farm visits. Our soil testing service is a valuable tool to identify soil problems and propagate an appropriate and balanced use of fertilizers. The soil lab developed a collaboration with FAO for its GLOSOLAN framework in 2017. The objectives of the GLOSOLAN are to validate soil laboratory data and ensure that soil management decisions are made using sound and reliable data.

Our Farm Advisory Services maintain close liaisons with research organizations to transfer the latest findings to the farming community. Experts and professionals from agricultural institutions and government departments are invited to different events to deliberate on the problems of the farming community. During 2022, different farmer capacity-building programs were organized to uplift rural economies by demonstrating the latest/recommended crop production technology including best management practices, 4R nutrients stewardship, and promotion of balanced fertilizer use with the aim of better farm output and farmers'

Number of farmers reached by Agri-services field activities

	2022	2021
Farmer Meetings	259	428
Crop Seminars	41	40
Farm Visits	5,072	4,939
Training Programs	43	47
Crop Demonstrations	120	124
NPK Supervisory Plots	42	30
Field Days	99	104
Group discussions	755	709
Soil & Water Samples Tested	15,608	16,843
Total outreach through above mentioned Agri-service activities	**51,510**	**54,976**

Research and Development

We are operating a Fertilizer Research Centre at Faisalabad as a testing and evaluation platform for newly developed products and collaborate with various national and international companies and academies on R&D activities. Our R&D activities are focused on the development of value-added fertilizer products i.e., slow-release fertilizers, biologically enhanced fertilizers, micronutrient-impregnated fertilizers, and N-inhibitor fertilizers to improve farm economics for the farmers. The R&D activities also take into account the environmental impact of the use of products and are focused on controlling nitrogen release from granules in a manner that matches crop growth requirements thus directly addressing the issue of Planetary Boundaries. The concept of planetary boundaries presents a set of nine planetary boundaries within which humanity can continue to develop and thrive for generations to come. Crossing these boundaries could generate abrupt or irreversible environmental changes. Respecting the boundaries reduces the risks to human society in crossing these thresholds.

Crop literature and crop documentaries

Crop literature (in the national language) covering complete production technology, fertilizer dosage, timing, and method of application for all major crops, vegetables, and fruits grown in the country, is developed, and updated regularly. The Agri-services department has developed 23 booklets/flyers especially the "Fertilizer Guide Book" and "Fertilizer Recommendation Book". Agriculture newsletters are published quarterly in the Urdu language to refresh farmers' knowledge regarding seasonal/ongoing crop operations and are distributed among the farmers during various Agri-services activities. New topics like SDGs, the role of micronutrients and their use, and 4R nutrient stewardship have been included in these newsletters. Moreover, Short Messages Service (SMS) about different agriculture-related issues and recommended practices are also sent to farmers on the mailing list. A dedicated **helpline service (0800-00332)** is established to further strengthen FFC's contact with the farming community, prompt interaction regarding their emergent field issues, and suggest solutions within the shortest possible time.

Distant advisory activity	Farmers' outreach in 2022
Agri-booklets including Zarai reports distributed	26,000
Flyers, short text messages and crop advisory messages	19,960
Toll-Free FFC Helpline Service for guidance about agriculture/crop-related issues	450

Crop production documentaries (sugarcane, cotton, rice, maize, and wheat) are developed to educate farmers on different farming techniques. A new documentary on efficiently using fertilizer was developed and all documentaries were telecasted before crop

GROWING FARM PRODUCTIVITY

seasons to apprise farmers of the balanced use of fertilizer and farming techniques. Agri-services team regularly participates in various talk shows organized by Radio and TV stations and various activities are organized by different institutions to discuss production technology and balanced use of fertilizer for major crops.

Mobile App on Fertilizer recomendations for Farmers

Crop production documentaries (sugarcane, cotton, rice, maize, and wheat) are developed to educate farmers on different farming techniques. A new documentary on efficiently using fertilizer was developed and all documentaries were telecasted before crop seasons to apprise farmers of the balanced use of fertilizer and farming techniques. Agri-services team regularly participates in various talk shows organized by Radio and TV stations and various activities are organized by different institutions to discuss production technology and balanced use of fertilizer for major crops.

To facilitate the farmers for promotion of balanced use of fertilizer, Agri. Services Mobile App "Kashtkar Rahnuma" was launched with availability on Google Play Store. The app is designed to help predict recommendations for fertilizer for those farmers who could not avail soil analysis facility. Moreover, farmers can access the helpline, Kashtkar Desk, meteorological data, crop brochures, fertilizer dealers, and markets.

Case in Point

NPK Trials to Promote Balanced Use of Fertilizer

Our Agri-services team laid out wheat crop demonstration plots for three years to measure the balanced use of fertilizer according to farmers' budget and soil analysis results. The study was concluded in 2022 and the results proved an average increase of 3.7 % in yield. The results were propagated through all platforms of farmer programs for the advantage of farmers and to enhance crop productivity. During the year, other crops were added to this study, and trials on maize, rice, cotton, and sugarcane crops were conducted to gauge the impact of balancing NPK within the available budget of farmers on the yield and economic return.

Case in Point

Promotion of Bio-fortified Wheat Variety

Agri. services promote bio-fortified wheat seed variety Zincol and Akbar varieties and create awareness on the subject of multiplication of the seed at the farmers' level during farmers' capacity-building sessions. FFC is propagating the cause with the objective of creating awareness of zinc deficiency in humans and prevention of zinc deficiency by consuming wheat flour of Zinc enriched varieties.

Case in Point

Promotion of newly Emerging High-Value Crops

FFC is promoting high-value emerging crops in different ecological zones and has developed one-pager literature on groundnut and Olive for the guidance of the farmers along with the display of crop/orchard demonstrations to develop optimum and balanced fertilizer plans.

Value Cost Ratio

The impact of the use of our products, activities, and the resultant value addition is measured through economic analysis/ Value Cost Ratio (VCR) for major and minor crops which elaborate production cost and net income of the produce at our crop demonstration plots laid in the entire marketing area. The higher value cost ratio represent the higher value creation for farmers.

Customer satisfaction survey

Customer satisfaction surveys are conducted on a biannual basis. The surveys contain questions to measure the level of customer satisfaction on aspects of quality, operations, and products by focusing on the entire product portfolio across the marketing area network of Pakistan. During the year, two customer satisfaction surveys were carried out in January and June 2022 respectively. The surveys were conducted by selecting dealers as a sample size from the entire marketing area across Pakistan, covering all 13 FFC regions.

Value Cost Ratio (VCR)

	2022	2021	2020
Major crops (Wheat, Rice, Maize, Cotton, Sugarcane)	2.2 – 3.1	2.3 – 3.0	2.0 – 3.1
Minor crops (Sunflower, Tobacco, Potato, Citrus)	2.0 - 4.7	2.6 - 4.5	2.5 – 3.7

Value Cost Ratio (VCR)

	June 2022	June 2021	January 2021	January 2020
Customers' overall satisfaction	9.22	9.58	8.98	9.26

97% satisfaction level with respect to FFC's soil analysis facility.

More than **96%** growers followed FFC's Agri. Services experts' advice and **72%** of those who followed the advice witnessed substantial increased yields.

More than **53%** farmers expressed that crop documentaries were extra-ordinary effective to share latest information about crop cultivation methods and maximizing yield.

FOOD SECURITY AND SUSTAINABLE AGRICULTURE

FFC, in line with its vision, call of going beyond the business and firm commitment to nation-building, initiated its flagship project called Food Security and Agriculture Center of Excellence (FACE) in 2019. The aim was to help solve problems faced by the agriculture sector, provide access to financial capital, and achieve national food security and zero hunger. FACE is striving for the aforementioned vision, through an innovative model under which it has brought national and international partner organizations under one roof for the provision of all-encompassing solutions to the farming community. FACE, through its successful operations, aims to serve as a model for agriculture uplift and tackling food insecurity for developing countries in the world.

The program is devised to cover the Food Security Cycle and addresses the issues of food security and sustainable agriculture. It includes provision of services to the farmers for land preparation, soil and water analysis, and crop plan though Agri-Service with support for low-cost loans, hi-tech agriculture practices, and market linkage for fetching better price for their crops.

The social welfare elements for the farmer, the household and public at large include quality education, healthcare, vocational and training programs, women empowerment, livestock management and dairy processing. The food security services, along with social welfare elements, will add value to the wellbeing and prosperity of the farmers through provision of these services at the center.

Sustainable Agriculture and Economic Empowerment Services

Agriculture

Support to small and medium scale farmers over latest technologies, market economy, value, chain and climate change.

Health

Catering medical issues of farmers through provision of well equiped dispensaries, capacity building on health and hygiene and awareness campaign.

Education

Bridging gaps and constraints to provide free and quality education to farmer children.

Financial Assistance

Extending financial support to farmers through

- Internet free loans
- Agri finance facility
- Awareness to Govt. Financial packages

Women Empowerment

Empowering women to contribute in sustaining livelihood of the household through vocational training, micro entrepreneurship and establishing market linkages for domestic produce.

Human Resource Development

Capacity building of farmers on:

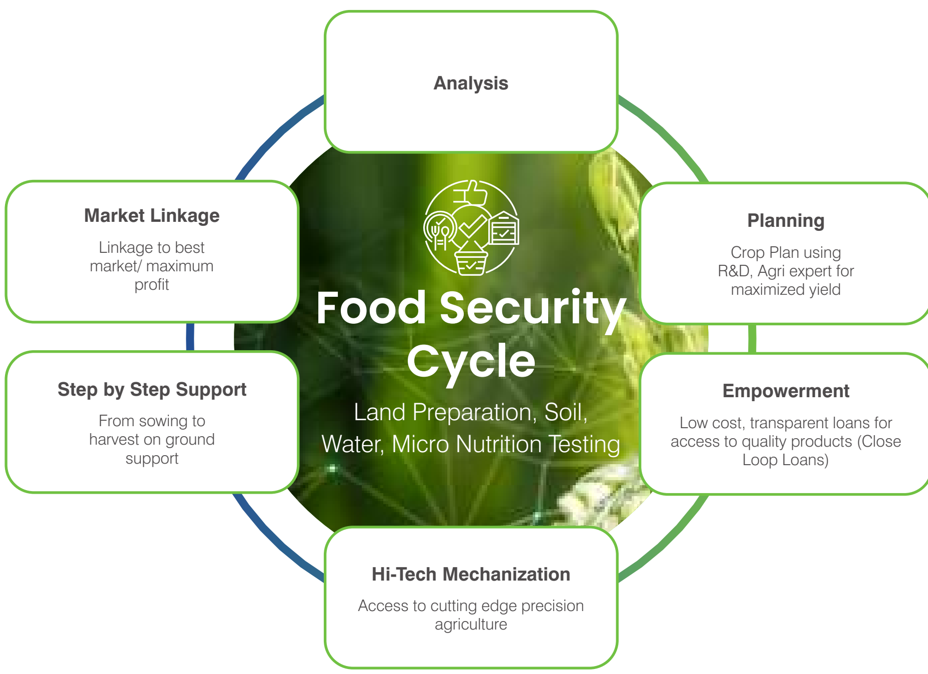
- Modern Agriculture Technologies
- Farm Machinery Management
- Climate change
- Disaster risk management
- Smart use of farm inputs

Veterinary Assistance

- Assistance farmers in maximum utilization of animals.
- Providing anmial healthcare services.
- Establishing linkages to market animal produce.

Youth Development

- Providing farmer children with unique opportunities to acquire sustainable skill development knowledge and generate icome based livelihoods.



FOOD SECURITY AND SUSTAINABLE AGRICULTURE

The first Food Security and Agriculture Center of Excellence (FACE) is operational in Southern Punjab (Ahmedpur Lamma, Rahim Yar Khan) region. The construction of the FACE Center at Ahmedpur Lamma was completed this year, which aims to Zero Carbon Footprint using its renewable energy setup. The program has been recognized locally and internationally as a milestone initiative addressing to a wide spectrum of needs pertaining to social, economic, agricultural, and environmental issues.

Partnerships with different organisations were established by FACE under our vision of promoting FACE as a central hub for activities for all stakeholders.

Case in Point

Training

- 3,027 farmers in 87 training session were trained on advanced farming practices and climate-resilient agriculture to increase yield per acre, improve crop quality, balanced use of natural resources, and N-management.

Provision of low-interest rate loans

FACE, enabling access of farmers for hassle-free, low-cost loans, has processed in 2022, an amount of Rs. 11.61 million for 14 agriculture and 47 livestock loans to registered farmers through the closed-loop model. The loans come with crop and livestock insurance features for the 1st time in Pakistan. With no exchange of cash, efficacy is increased many times with farmers' access to quality inputs, mechanization, precision farming, renewable energy, and Agri implements with complete end-to-end support by FACE agriculture experts.

Promotion of precision farming

Pakistan's first complete solution is provided to farmers for precision farming through a state-of-the-art fleet of 63 hexacopters. In 2022, a total area of 87,230 acres was serviced which included precision spraying and crop monitoring. A total area of 160,230 acres has been serviced since inception. The hexacopters are equipped with leading AI (Artificial Intelligence) applications including plant health monitoring, nutrient deficiency, plant biomass, and yield forecasting amongst other capabilities. FACE also offer Unmanned Ground Vehicle to undertake weedicide and pesticide spraying operations.

Promoting health and education in communities

Quality education is being provided to the Out of School Children (OOSC) through the establishment of non-formal schools (NFS). Two FACE NFS, catering for 60 OOSC is operating with a children's library. Regular medical and health camps are organized for the unprivileged community covering various health issues including mother & child care, TB diagnosis and treatment, population control, etc.

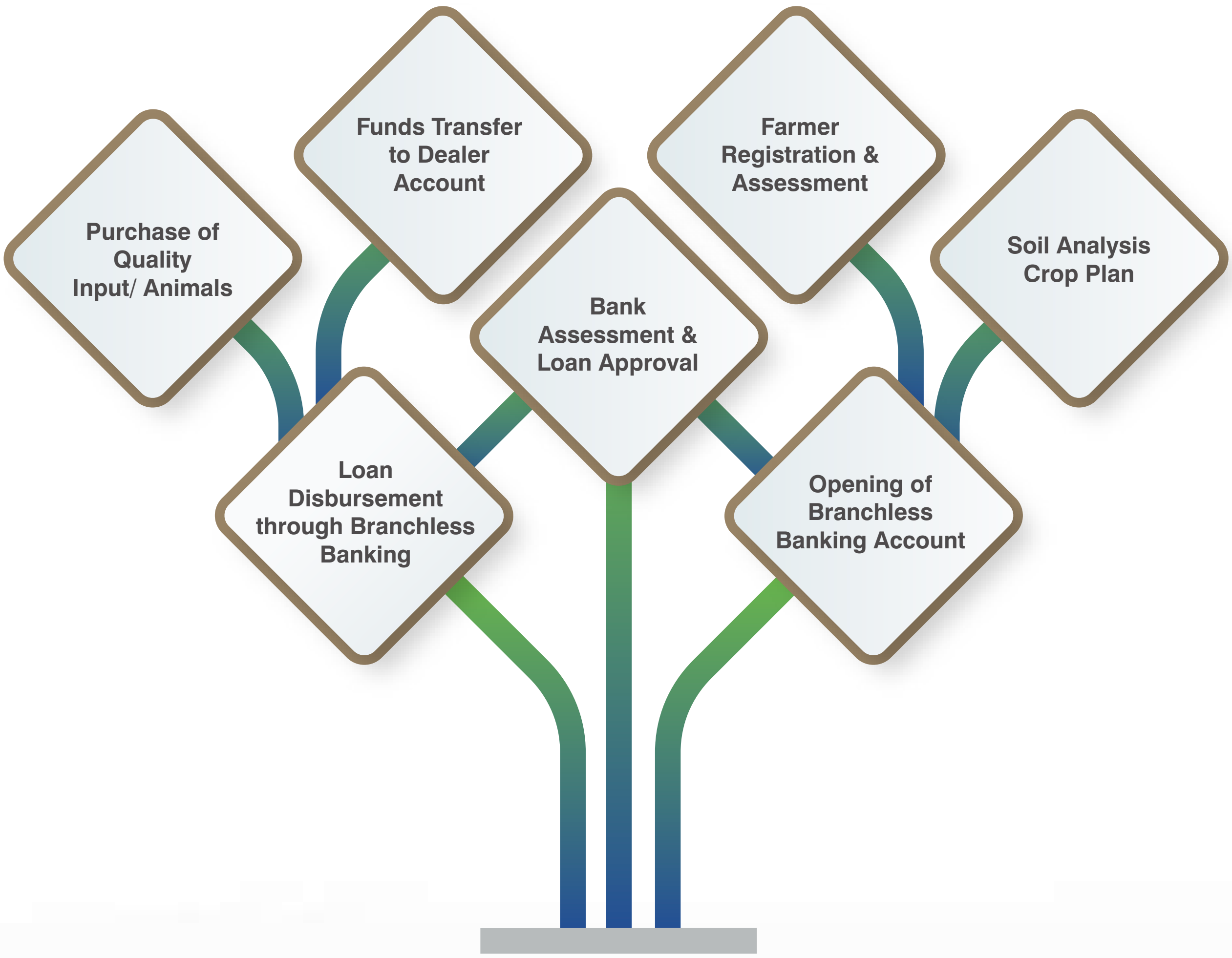
FACE Collaborative Farming

FACE is undertaking quality wheat production by supporting farmers with the latest wheat cultivation practices and local production of quality seed, in collaboration with seed companies. Building on the success achieved in 2021, the project has been scaled up to 450 acres, with a targeted 0.8 million kg of wheat for seed and national consumption. The project includes an all-inclusive FACE intervention that includes a technology pack including land profiling, provision of quality inputs and a training module for farmers engaged, in best farming practices

Cotton, which had been a primary crop for farmers in Pakistan has witnessed a decline. In 2020, FACE embarked on the promotion of the cotton program which included capacity building of farmers to best farming practices, precision farming to curb the challenges faced by pest management, access to quality inputs including high germination seeds and provision of low-cost agriculture loans. In 2022, FACE successfully concluded quality cotton cultivation under a "collaborative model" with farmers on an area of 180 acres.

Model Reclamation Project for Saline Sodic Land

The high salinity of soil is a major environmental issue limiting the development of agriculture. In Pakistan, an area of 6.28 million hectares is impacted by salinity. To retransform these wastelands into high-yielding agriculture territories, FACE commenced its model reclamation project at Rahim Yar Khan, on an area of 4 acres which had been barren for almost a decade due to salinity. Using the best farming model for reclamation, FACE Agri experts in a record time of 12 months achieved a complete remedy, with the successful cultivation of a Rice crop that was harvested in September 2022. The project will enable FACE to proactively assist farmers impacted by saline land across Pakistan, transforming wasteland into green cultivatable areas.



Face Partners

FACE is operational in Southern Punjab (Ahmedpur Lamma, Rahim Yar Khan) region with Zero Carbon Footprint using its renewable energy setup. The program has been recognized locally and internationally as a milestone initiative addressing a wide spectrum of needs pertaining to social, economic, agricultural, and environmental issues. Partnerships with different organisations were established by FACE under our vision of promoting FACE as a central hub for activities for all of our stakeholders.

DELIVERING SUSTAINED ECONOMIC RETURNS

Creating value over time, pursuing sustainability agenda, and providing healthy returns to our investors depend on optimum utilization of our capitals. It entails acting fairly in all of our business transactions and relationships for maintaining trust of our stakeholders and promoting equitable economic development. Providing correct information to our customers and following product labelling requirements help to abide with the applicable laws and regulations. Being a leading player in fertilizer industry, we are well-positioned to deliver consistent economic returns and play our role in food security.

Subtopics in this section

- Economic performance
- Anti-corruption
- Product health and safety
- Marketing and labelling

Our actions and performance

Financial returns to investors

Our economic strength and ability to provide sustainable and healthy financial returns to our shareholders and providers of debt capital over the years have made FFC one of the best-performing companies on PSX. Our value creation ability empowers us to pursue our strategic objectives aggressively and sustainably. We have well-defined goals for revenue, costs, production, sales, and profit along with policies, procedures, and resources. The state-of-the-art business management systems support our operational management in delivering exceptional results.

Refer to pages 49-83 of the Annual Report to read the Directors' Report and overview of our financial performance.

Sustainable value creation means sustainable operations independent of any subsidy or other public funding. In 2022, FFC did not receive any direct or indirect financial assistance from the government except for the reduced gas tariff provided to the fertilizer industry, subsidies, and tax credits as per applicable laws.

Refer to pages 232-239 of the Annual Report for detailed financial results.

Fair business transactions and relationships

We have a strict code of conduct containing an organizational policy on anti-corruption supported by an effective risk management system to identify corruption risks. Corruption risks are investigated through ongoing internal auditing activity. Risk assessment for corruption risk covering all of our operations was carried out during the year according to our risk management system. No significant risks related to corruption or incidents of corruption were identified and reported. Therefore, no specific training on anti-corruption policies and procedures was conducted during the year. The anti-corruption policies and procedures are communicated to all directors and employees at all locations of our operations. The new hires receive orientation at the time of joining, including a briefing about anti-corruption policies and procedures. Moreover, the anti-corruption policies and procedures are also communicated to all business partners at the time of engagement. We have an official slogan "Say no to corruption" in all our official correspondence reinforcing our commitment towards zero tolerance of corruption. During the year, there was no violation of laws, regulations, and voluntary codes of practice in the economic or social areas. Moreover, no fines were paid and no non-monetary penalties for failure to comply with legal regulations were levied.

Producing quality fertilizer

Our business activities of producing, marketing, and selling quality fertilizers result in value creation for our stakeholders and economy. The negative environmental impacts associated with the production and use of the product are carefully managed through the adoption of cleaner technologies, research, and development to produce environmentally friendly fertilizers, and advising farmers on the balanced use of fertilizers. Our production processes conform to our commitment to producing environmentally friendly quality products meeting international environment and safety standards. The monitoring of quality and performance is an integral part of our business processes and strategic planning. External certifications of production systems are performed regularly and the results are used in the evaluation of our approach and related adjustments in processes are carried out, where required. Product responsibility lies with the manufacturing department and the MD&CEO overviews all functions of the company so as to deliver quality products to our customers and create value for our shareholders.

Regular training is conducted covering aspects related to the health & safety of production processes and product quality. The standard weight of fertilizer bags is ensured and regular quality analysis of product samples is performed in respect of average prill size, biuret, moisture, crushing strength, and total fitness. FFC regularly assesses the health and safety impacts of all products to identify improvements and support its commitment to producing environment-friendly quality products. During the year, our products were in compliance with regulations and voluntary codes concerning the health and safety impact of products.

Responsible Marketing

FFC produces and markets quality products that correspond to international standards and are accompanied by the required labelling information. Security labels ('Pehchan' Sticker) and special coloured stitching thread are used which get changed after a specific time to control dumping, malpractices, and pilferage of products. The Provincial Fertilizer Control Order and Fertilizer Act requires printing of information about the net weight of the bag, the chemical name of the fertilizer inside the bag, the chemical composition of the fertilizer, manufacturer, and marketer, and price. Dedicated staff trained on labelling as per applicable laws and regulations ensure compliance with the requirements. FFC adheres to laws, standards, and voluntary codes related to advertising, promotion, and sponsorship. The voluntary codes include but are not limited to fair competition, ethics, social norms, cultural values, and honest disclosure of benefits/features of the product.

We market our products through distribution channels to make it convenient for our customers to buy our products. Dealers and customers receive information about pricing and shipments and online placement of orders and payment processing through SMS and ASKSONA Card. There were no incidents - either offences or criminal investigations – on account of breaches against applicable laws and voluntary codes of practice in relation to information about the labelling of products and services. Similarly, there were no infringements of laws/regulations in terms of the procurement, use, or supply of products and services. During the year, all products were in compliance with labelling requirements specified by the laws and regulations.

INTEGRATING SUSTAINABILITY INTO THE VALUE CHAIN

The impacts resulting from our activities and business relationships are widespread and involve our value chain partners. Our actions and practices of procuring materials and services locally, where possible help in economic development around plants. Understanding and managing impacts in the value chain require teamwork to build capacity and share best practices to reduce negative impacts in the value chain. The major impact areas are the environment, labour, human rights, and communities.

Subtopics in this section

- Procurement practices
- Supply chain impacts

Our actions and performance

Procuring locally

In 2022, we procured 57% of our goods and services from local suppliers and 43% from foreign suppliers as compared to 52% from local suppliers and 48% from foreign suppliers in 2021.

We procure most of the requirements from the locations where respective operating facilities are located as far as qualitatively compatible, technically feasible, and economically justifiable. In this way, our activities support the economic development of the surrounding areas. Our suppliers consist of local as well as foreign suppliers. The major raw material and other components which can be easily purchased from Pakistan are procured locally while the materials and components which are not available in Pakistan are purchased from abroad.

Promoting sustainability in the value chain

To manage the impacts occurring in the value chain our sustainability management approach extends beyond our traditional operational boundaries and includes our value chain partners. Our approach to incorporating sustainability criteria, in the selection and working with value chain partners is expected to help limit exposure to unexpected events, and negative environmental and social impacts, while building long-term core competence and effective management of the value chain. Our negative environmental and social impacts in the value chain include greenhouse gas emissions of transporting products, labour, and human rights violations, health and safety of value chain workers and impacts on society. Our relationships with our value chain partners go beyond the purely commercial sphere and include a mutual understanding to promote good practices and pursue responsible and sustainable development.

The procurement manual which includes sustainability-specific requirements serves as a guide while working with our suppliers, dealers outsourcing partners, and service providers. The selection criteria take into account conditions relating to sustainability factors such as environmental management, working conditions, labour-management practices respect for human rights, safety standards, impacts on society, and financial creditworthiness. In order to monitor how value chain partners, deploy FFC's sustainability criteria, FFC will require major partners to produce third-party verification with respect to FFC's sustainability criteria and may also carry out on-site audits in the future, if deemed necessary. The sustainability criteria will strengthen the efforts and will provide a reference framework for social and environmental protection in the value chain. As part of its approach to a sustainable value chain, FFC regularly shares best practices and hosts training for its haulage contractors and dealers.

Our procurement portal requires the value chain partners to upload the environmental, labour, and human rights policies on the portal. Moreover, the code of conduct for value chain partners requires a commitment to follow applicable labour and human rights laws. Regular procurement takes into account the sustainability criteria to screen new suppliers. 75 suppliers (100%), who applied and were registered during the year, were screened against sustainability criteria. FFC does not collect data on environmental and social impacts in the supply chain due to the non-availability of reliable information thus FFC is not aware of any negative impacts of supplier's operations during the year. However, we are confident that the implementation of sustainability criteria will help us to collect information about supply chain impacts in the future.

Endorsing Breast Cancer Awareness Month

COMMUNITY INITIATIVES

We believe that building a sustainable future entails cooperation of larger eco-systems where corporations play an important role in tackling climate, social and community issues. Our communities provide opportunities as well as resources to support our business and our social license to operate. Our operations have significant direct and indirect impacts on communities. The major direct impacts are infrastructure developments, use of shared resources, and socio-economic development while indirect impacts are enhancing skills and knowledge, jobs in the supply chain, and new businesses resulting in the economic development of the area. Managing our impacts enhances our value creation ability and driving prosperity by uplift the lives of underprivileged communities through reducing inequality, and supporting those in need.

Our actions and performance

We invest in the field of healthcare, education, community welfare, donations, disaster relief, and infrastructure development. We exercise due diligence in evaluating every request for donation, partnership, or sponsorship. The activities for community benefits are planned and implemented on the basis of due diligence and the result of need assessments. Our work in communities is implemented through the Sona Welfare Foundation (SWF), which is a fully dedicated entity formed by the FFC to carry out interventions in the fields of healthcare, education, community welfare, and rural development. Our activities are raising the living standards in areas of our operations by creating added value.

We engage, assess, and track the initiative on regular basis to check the effectiveness of initiatives and identify the negative impacts, if any. Based on the results, our policy and practices are modified accordingly. As a result of our monitoring and engagement, we identified that there were no significant negative effects on local communities during the year. Local community engagement including impact assessment of all development programs at all (100%) operational locations was conducted in 2022.

Healthcare

Our healthcare programs provide quality healthcare facilities to the local communities around plant sites as well as nationally through different collaborations. Our health facilities at Hazrat Bilal Trust Hospital at Goth Machhi and Sona Welfare Hospital at Mirpur Mathelo provide treatment to approximately 150,000 patients of the surrounding community on an annual basis. To keep delivering quality healthcare services, Rs. 15.4. million were donated to Sona Welfare Hospital and Rs. 4 million were donated to Hazrat Bilal Trust Hospital in 2022.

FFC, every year, celebrates breast cancer awareness month in October to show solidarity with women across Pakistan. During the year, FFC donated Rs. 2.3 million to Shaukat Khanum Memorial Hospital, Lahore. Besides, FFC illuminated Sona Tower, the Head Office building, and arranged awareness sessions at all FFC locations to create awareness amongst society in general and women in particular against the disease.

Education

Our interventions focused on uplifting the education level and socio-economic development of surrounding communities around our plant sites. Sona Public School & College provides quality education to the poor and needy children of Mirpur Mathelo and the surrounding areas of District Ghotki. 1021 students are currently enrolled, out of which 500 are being provided free-of-cost education, while the rest are paying a subsidized fee. The school building was extended last year to meet the needs of increasing students' strength. Faculty members from Lahore University of Management Sciences (LUMS) regularly participate in the awareness session to encourage students and guide them to better study opportunities with LUMS.

FFC supports adopted government schools in the Goth Machhi area by meeting their administrative and training needs to contribute positively towards the education and learning requirements of the respective students. The program is currently being implemented in the Goth Machhi, Sadiqabad area, helping 1,750 students in 5 adopted government schools FFC provides scholarships to low-landholding farmers' children and deserving students. FFC, Sona Ward of

Farmer Scholarship Program, is currently looking after 191 students belonging to small land-holding farmers' communities all over Pakistan along with 20 students through Al-Mujtaba Trust. Scholarships are also provided to deserving students of District Sadiqabad and other parts of Pakistan.

Community uplift programs

Our partnerships and programs for poverty reduction and uplifting of our communities contribute toward the socio-economic development and prosperity in surrounding areas.

Partnering with Akhuwat Foundation

Sona Welfare Foundation partnered with Akhuwat Foundation to support and empower the marginalized community through financial inclusion. Rs. 18 million were donated for the five-year program for providing interest-free loans to the marginalized community and making them self-reliant by starting or expanding small-scale businesses. Sona Model Village was developed in Mirpur Mathelo to promote social mobilization and development interventions. A total of 1,320 loans worth Rs. 41.40 million have been disbursed in Mirpur Mathelo and the surrounding area with a 99.97% return rate. 71% of loans were provided to females and 29% to males. The expansion of the program is planned with a focus on the development of surrounding villages into modern and developed towns by supporting, mobilizing, and ensuring community participation.

Flood relief activities

Heavy rains triggered severe floods in Pakistan, destructing away villages, and crops and leaving millions in need of immediate assistance. People have lost their homes, crops, and livestock while roads, public health facilities, and water systems have also been destroyed or damaged. FFC honouring its social responsibility to care for the affected people donated handsome amount for the flood relief activities.

Tree Plantation in Schools and other areas

In 2022, FFC Plant sites collaborated with local administration and Government/Private schools to launch a tree plantation drive. During the drive, 2390 trees have been planted in schools and on both sides of the road leading to plant sites in Goth Maachi and Mirpur Mathelo.

FORWARD LOOKING STATEMENT

We are committed to creating and sharing value with our stakeholders by consolidating our position, capitalizing on opportunities, and managing risks existing in our operating environment. Our ability to efficiently utilize our capitals, reducing impairment, preserving, and enhancing capital stocks is key to long-term success and differentiates us in the competitive environment. Our approach toward aligning our strategy and policies with the relevant SDGs will result in effectively contributing towards SDGs and managing our impact.

Disruptive economic conditions, lower-than-expected agricultural growth, and decreasing natural gas reservoirs are major challenges for the coming year. Being a company linked with the Agricultural sector, the challenges of low farm productivity, higher input costs, increasing poverty among the rural population, and rising food prices impact our corporate strategy and future goals. The agriculture sector around the world is under pressure to meet the growing food demand and is being supported by governments in the shape of subsidized electricity, finance, and crop insurance. We are confident to achieve our future targets through our strategy to explore alternative fuels, produce environment-friendly fertilizer products and pursue diversification.

Climate change, scarcity of fresh water, mounting waste, and biodiversity loss are major environmental issues that require efforts to preserve and restore natural capital. We are investing to upgrade our plants, adopt cleaner technology, shift to renewable energy sources, and efficiently manage water resources to reduce our environmental impact. We are also exploring the science-based targets for reducing GHG emissions in line with climate science. However, the complex nature of operations and the non-availability of reliable energy sources are major challenges in this regard that are being explored for resolution.

Our human capital drives our value creation ability through the integration of different capitals. The knowledge and skills of our people are the cornerstones of our success as a leading company. We are committed to hiring a well-qualified, motivated, and diversified workforce, nurturing their talent, and providing a decent and productive workplace to showcase their abilities and reward them with competitive benefits.

Massive floods in Pakistan, exiting low farm productivity coupled with high food prices globally triggered by Russia's invasion of Ukraine have created food security and affordability problem for the masses, especially in the rural areas. It is expected to worsen the issues of malnutrition, and poverty in society. We are committed to playing our part through our farm advisory program to build farmers' capacity, introduce new farming methods and advise on balanced fertilizer use. We urge the government to extend supportive agricultural policies and support crop prices to fight hunger, poverty, and inequalities. Our plant site communities are our partners in growth and support our social license to operate. In line with our CSR policy, we are committed to continuing our community development programs in defined fields to support socio-economic development around plant sites as well as for larger society.

A strong governance structure and transparent reporting practice advance our role in society. We are committed to continuing to embrace best-in-class governance practices, acting as a role model for the corporate sector in Pakistan, engaging with our stakeholders on issues of interest, and playing a leading role to inspire peer companies for playing their part towards sustainable development.

06

Appendices

INDEPENDENT EXTERNAL REVIEW 2022

BSD Consulting – an ELEVATE Company (furthermore BSD) performed an independent review of the Fauji Fertilizer Company Limited (FFC) Sustainability Report 2022 (the report). The report was prepared in accordance with Global Reporting Initiative's (GRI) Standards 2021 and was also guided by the Integrated Reporting (<IR>) framework. Furthermore, the report applied the Sustainability Accounting Standard Board´s (SASB) Chemical Industry Standard. The objective of the critical review is to provide FFC's stakeholders with an independent opinion about the quality of the report and the adherence to the AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact, as well as an evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept.

Independence

We work independently and ensure that none of the BSD staff members maintained or maintains business ties with FFC.

Our Qualification

BSD is part of ELEVATE, a global firm specialized in sustainability advisory and assurance and a licensed as assurance provider by AccountAbility under license number 000-103. The review process was conducted by a professional with experience in independent assurance and sustainability reporting.

Responsibilities of FFC and BSD

The management of FFC has prepared the Sustainability Report and is responsible for all its content. BSD was responsible for the independent review and expressed an independent conclusion on the Sustainability Report. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance placed on the report by any third party is entirely at its own risk.

Scope of Assurance

The scope of our work covers all information included in the FFC 2022 Sustainability Report, referring to the period from January 1st, 2022, through December 31st, 2022, and considered the requirements of the International Standard on Assurance Engagement (ISAE) 3000-(Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information), being co-reviewed by Nadeem Safdar and Co., Chartered Accountants.

BSD was asked to express an opinion in relation to the review scope, which includes the following aspects:

- Review of qualitative and quantitative information reported and referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI 2021 Standards.
- Evaluation against principles and elements of the Integrated Reporting (<IR>) framework and the associated multi-capital concept.
- Adherence to the AA1000APS-principles of Inclusivity, Materiality and Responsiveness and Impact.
- Adherence of the review process to the International Standard on Assurance Engagement (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" to provide limited assurance on performance data within the Sustainability Report.
- Review of the Sustainable Development Goals (SDGs) linkage with GRI Standards reported in the SDG Index.

Methodology

The methodology applied was a desk review of the report drafts as well as the final report. The following approach and procedures were developed during the review process:

- Critical review of the FFC Sustainability Report 2022 initial and final draft version and the respective Content Index to check consistency with the provided content.
- Evaluation of report's adherence to the GRI Standards 2021.
- Analysis against the Integrated Reporting principles, content elements and the concept of the six capitals.
- Elaboration of adjustment reports and review of adjustments made.
- Final review of the report content in the final edition.

- Analysis of the report content against AccountAbility's Principles of Inclusivity, Materiality, Responsiveness and Impact.
- Elaboration of the Independent Review Statement.

The work was planned and carried out to provide limited, rather than reasonable assurance and we believe that the desk review of the FFC Sustainability Report completed by BSD provides an appropriate basis for our conclusions.

Opinion

GRI Standards in accordance option

FFC declares the report to be in accordance with the GRI Standards 2021, mandatory for all reports published since January of this year. BSD reviewed the use of the GRI Standards GRI 2 and GRI 3 as well as the Topic-Specific Standards, considering those standards linked to the material matters. In case of lack of responses, FFC provides omissions statements in line with the GRI provisions. Based on the analysis, minor recommendations to complete the content have been made. The company has integrated our recommendations and we can confirm that the report is in accordance with the requirements of the GRI Standards 2021.

Analysis against <IR> framework Principles and Capitals

BSD reviewed the use of the IIRC Guiding Principles, Content Elements and Capitals in FFC's report. For this report, the main considerations were the following:

- The report can be considered in line with the provisions of the IIRC Guiding Principles and Content Elements, offering insight in how the company creates and shares value through its business activities and delivering a business model that includes the flow of inputs and outputs the IR-frameworks expects companies to present.
- The report provides an overview of outputs and value creation for each of the six capitals and demonstrates which stakeholder groups impacted by the key outputs. The company distinguishes positive and negative impacts when discussing long term value creation.
- Seeking to attend the principle of conciseness, the report refers to the Annual Report with regards to governance and organizational aspects, it is recommendable to use more references to existing reports or information platforms in order to make the report more concise.

Main Conclusions on Adherence to AccountAbility Principles

BSD reviewed the report to analyze adherence to the AccountAbility's Principles of Inclusivity, Materiality, Responsiveness and Impact. For this report, the main considerations of this analysis were the following:

- As a GRI and IR based report, FFC´s Sustainability Report 2022 is considering all four AA1000APS-principles in the report content and elaboration.
- For this reporting period, FFC engaged with investors to review the list of material matters, which suffered no change in comparison with the previous year.
- The current material topics are addressed in different sections of the report and supported with relevant information on the management systems and data sets which provide an accurate and balanced view of this year´s performance of the company in relation to the topics.
- While, in general, the principles are addressed in a satisfactory manner, we can appoint areas of improvement for the next reporting cycle:
    - The goals for emissions need further analysis as there are still opportunities to advance with the carbon intensity of the production of FFC. A commitment to use the guidance of the Science-Based Target-model has been made but reviews of the goals are still subject to analysis.
    - The company announced a new materiality determination for 2021 but due to different contextual reasons used the same list of issues as in 2020. For the next cycle, we recommend implementing a revision of the materiality determination considering the new global context and changes in materiality approach of the reporting standards of GRI issued in 2021 and the IR guidance (as part of the Value Reporting Foundation in conjunction with SASB).

INDEPENDENT EXTERNAL REVIEW 2022

Limitation and exclusions

The verification of financial figures and sustainability performance data was not object of BSD´s work and the review of the Annual Report, which integrates the Sustainability Report 2022, was not in the scope of the engagement.

Final Conclusion

Compliance with GRI Standards has been disclosed in more detail in the GRI Content Index which provides omission statements in case data has not been provided. Based on the scope of our work and the assurance procedures we performed using the ISAE 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information" , we conclude that nothing has come to our attention that causes us to believe that the information in FFC's Sustainability Report 2022 is not fairly stated in all material aspects.

São Paulo, February 10, 2023

Beat Grüninger,
Senior Director, ELEVATE

BSD
an ELEVATE company

Islamabad: February 10, 2023

Nadeem Safdar
Managing Partner, Nadeem Safdar & Co.,
Chartered Accountants, Pakistan ICAP
Membership No. 2396

GRI CONTENT INDEX

The following table has been provided to help the reader in locating content within the document and specifies each of the GRI Standards used and lists all disclosures included in the report. Each disclosure is followed by a reference to the appropriate pages in the 2022 Sustainability Report or other publicly available sources.

Key

Statement of use	FFC has reported in accordance with the GRI Standards for the period 1 Jan 2021 to 31 Dec 2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No sector standard is available for our sector.

			Omission		
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
General Disclosures					
Gri 2: General Disclosures 2021	2-1 Organizational details	148			
	2-2 Entities included in the organization's sustainability reporting	05			
	2-3 Reporting period, frequency and contact point	05			
	2-4 Restatements of information	05			
	2-5 External assurance	05, 212			
	2-6 Activities, value chain and other business relationships	148,159, 206			
	2-7 Employees	186			
	2-8 Workers who are not employees	185			
	2-9 Governance structure and composition	166			
	2-10 Nomination and selection of the highest governance body	166			
	2-11 Chair of the highest governance body	166			
	2-12 Role of the highest governance body in overseeing the management of impacts	151, 167			
	2-13 Delegation of responsibility for managing impacts	166			
	2-14 Role of the highest governance body in sustainability reporting	151			
	2-15 Conflicts of interest	166			
	2-16 Communication of critical concerns	168			
	2-17 Collective knowledge of the highest governance body	167			
	2-18 Evaluation of the performance of the highest governance body	167			

		Omission			
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
	2-19 Remuneration policies	168			
	2-20 Process to determine remuneration	168			
	2-21 Annual total compensation ratio	168	a, b, c	Information unavailable/ incomplete	The performance evaluation and calculation of bonus takes place in H1 of 2023. Calculation of total compensation is not ready at the time of publication of this report.
	2-22 Statement on sustainable development strategy	151			
	2-23 Policy commitments	169			
	2-24 Embedding policy commitments	169			
	2-25 Processes to remediate negative impacts	169			
	2-26 Mechanisms for seeking advice and raising concerns	169			
	2-27 Compliance with laws and regulations	167			
	2-28 Membership associations	148			
	2-29 Approach to stakeholder engagement	160-161			
	2-30 Collective bargaining agreements	190			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	164			
	3-2 List of material topics	158			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 204			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	131			
	201-2 Financial implications and other risks and opportunities due to climate change	162-163			

GRI Standard/Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
	201-3 Defined benefit plan obligations and other retirement plans	189			
	201-4 Financial assistance received from gov-ernment	204			
Market Presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	184-185			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	188-189			
	202-2 Proportion of senior management hired from the local community	190			
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 208			
GRI 3: Material Topics 2021	203-1 Infrastructure investments and services supported	208-209			
	203-2 Significant indirect economic impacts	208			
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 206			
GRI 204: Pro-curement Prac-tices 2016	204-1 Proportion of spending on local suppliers	206			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 204			
GRI 3: Material Topics 2021	205-1 Operations assessed for risks related to corruption	204			
	205-2 Communication and training about anti-corruption policies and procedures	204			
	205-3 Confirmed incidents of corruption and actions taken	204			
Farmer Advisory					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 199			
FFC Disclosure	Farmers' outreach through Agri-services	199			
FFC Disclosure	Value cost ratio for minor and major crops	200			

GRI CONTENT INDEX

GRI Standard/Other Source	Disclosure	Location	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	172-173			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	173			
	305-2 Energy indirect (Scope 2) GHG emissions	174			
	305-3 Other indirect (Scope 3) GHG emissions	174	a-g	Information unavailable/ incomplete	FFC does not calculate the Scope 3 emission as FFC identified that the indirect greenhouse gases (Scope III) emissions caused by FFC are not significant in the overall context.
	305-4 GHG emissions intensity	174			
	305-5 Reduction of GHG emissions	174			
	305-6 Emissions of ozone-depleting substances (ODS)	174			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	174			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	172-173			
GRI 302: Energy 2016	302-1 Energy consumption within the organisa-tion	175			
	302-2 Energy consumption outside of the organi-sation	175	a, b, c	Information unavailable/ incomplete	FFC does not calculate the energy consumption outside the organization as FFC identified that the such information is not significant in the overall context.
	302-3 Energy intensity	176			
	302-4 Reduction of energy consumption	175			
	302-5 Reduction in energy requirements of products and services	-	a, b, c	Not applicable	FFC products are dissolved in the soil and does not require energy in use phase.

GRI Standard/Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	172, 177			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	177			
	301-2 Recycled input materials used	177			
		177			
GRI 3: Material Topics 2021	3-3 Management of material topics	172, 178			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	178			
	303-2 Management of water discharge-related impacts	178			
	303-3 Water withdrawal	178			
	303-4 Water discharge	179			
		178			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	172, 180			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	180			
	306-2 Management of significant waste-related impacts	180			
	306-3 Waste generated	182			
	306-4 Waste diverted from disposal	182			
	306-5 Waste directed to disposal	182			
Supply Chain Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	172, 198, 206			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	206			
	308-2 Negative environmental impacts in the supply chain and actions taken	206	a-e	Information unavailable/ incomplete	FFC does not collect such information due to non-availability and reliability.

GRI CONTENT INDEX

GRI Standard/Other Source	Disclosure	Location	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	206			
	414-2 Negative social impacts in the supply chain and actions taken	206	a-e	Information unavailable/ incomplete	FFC does not collect such information due to non-availability and reliability.
Employment and Labor Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	184			
GRI 401: Em-ployment 2016	401-1 New employee hires and employee turn-over	187-188			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	189			
	401-3 Parental leave	188			
GRI 402: Labor Management Relations 2016	402-1 Minimum notice periods regarding opera-tional changes	190			
GRI 405: Diversi-ty and Equal Opportunity 2016	405-1 Diversity of governance bodies and em-ployees	190			
	405-2 Ratio of basic salary and remuneration of women to men	188			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	196			
GRI 407: Free-dom of Associa-tion and Collec-tive Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	196			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	184, 193			
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	193			
	403-2 Hazard identification, risk assessment, and incident investigation	193			
	403-3 Occupational health services	194			
	403-4 Worker participation, consultation, and communication on occupational health and safety	193			
	403-5 Worker training on occupational health and safety	194			

GRI Standard/Other Source	Disclosure	Location	Omission: Requirement(s) Omitted	Omission: Reason	Omission: Explanation
	403-6 Promotion of worker health	194			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	193			
	403-8 Workers covered by an occupational health and safety management system	193			
	403-9 Work-related injuries	195			
	403-10 Work-related ill health	195			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	205			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	205			
Training					
GRI 3: Material Topics 2021	3-3 Management of material topics	184			
GRI 404: Train-ing and Educa-tion 2016	404-1 Average hours of training per year per employee	192			
	404-2 Programs for upgrading employee skills and transition assistance programs	191			
	404-3 Percentage of employees receiving regular performance and career development reviews	188			
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	184, 196			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	196			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	196			

GRI CONTENT INDEX

			Omission		
GRI Standard/Other Source	**Disclosure**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 208			
GRI 413: Local Communities 2016	413-1 Operations with local community en-gagement, impact assessments, and development programs	208-209			
	413-2 Operations with significant actual and potential negative impacts on local communities	208			
Marketing and Labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	198, 205			
GRI 417: Mar-keting and La-beling 2016	417-1 Requirements for product and service information and labeling	205			
	417-2 Incidents of non-compliance concerning product and service information and labeling	205			
	417-3 Incidents of non-compliance concerning marketing communications	205			

UNGC - COP

United Nations Global Compact

Principle	Statement	Page No.	Gri Standards Disclosure
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	208-209	413-1, 413-2
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	206, 208-209	413-1, 414-1, 414-2
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	190, 196	2-30, 402-1, 407-1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	196	409-1
Principle 5	Businesses should uphold the effective abolition of child labor.	196	408-1
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	185-190, 192, 196	2-7, 2-8, 202-1, 202-2, 401-1, 401-3, 404-1, 404-3, 405-2, 406-1,
Principle 7	Businesses should support a precautionary approach to environmental challenges.	162-163, 173-175, 177, 178	201-2, 301-1, 302-1, 303-3, 305-1, 305-2, 305-3, 305-6, 305-7
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	167, 173-, 180, 182, 206	2-27, 301-1, 301-2, 302-1, 302-2, 302-3, 302-4, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 308-1
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	174-175	302-4, 305-5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	169, 204	2-23, 2-26, 205-1, 205-2

SASB CONTENT INDEX

Topic	Disclosure	Page No.
Chemical Industry Standard		
Greenhouse Gas Emissions	RT-CH-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	173
	RT-CH-110a.2. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	172-173
Air Quality	RT-CH-120a.1. Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	174
Energy Management	RT-CH-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	175
Water Management	RT-CH-140a.1. (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	178
	RT-CH-140a.2. Number of incidents of non-compliance associated with water quality permits, standards, and regulations	167, 178-179
	RT-CH-140a.3. Description of water management risks and discussion of strategies and practices to mitigate those risks	178
Hazardous Waste Management	RT-CH-150a.1. Amount of hazardous waste generated; percentage recycled	180, 182
Community Relations	RT-CH-210a.1. Discussion of engagement processes to manage risks and opportunities associated with community interests	208-209
Workforce Health & Safety	RT-CH-320a.1. (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	195
	RT-CH-320a.2. Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	193-194
Management of the Legal & Regulatory Environment	RT-CH-530a.1. Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	162-163, 166-168
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1. Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	193-194
	RT-CH-540a.2. Number of transport incidents	194

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page No.	GRI Standards Disclosure
1 NO POVERTY	End poverty in all its forms everywhere	188-189, 208	202-1, 203-2, 413-2
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	131, 208-209	201-1, 203-1, 203-2, 413-2
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	208, 173-174, 180, 182, 193, 195	203-2, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 403-8, 403-9, 403-10
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning	167, 192	2-17, 404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	131, 166, 187-190, 192, 196, 206 208-209	2-9, 2-10, 201-1, 202-1, 203-1, 401-1, 401-3, 404-1, 404-3, 405-1, 405-2, 406-1, 414-1, 414-2
6 CLEAN WATER AND SANITATION	Ensure access to water and sanitation for all	178-180, 182	303-3, 303-4, 303-5, 306-1, 306-2, 306-3, 306-4, 306-5
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	131, 175-176, 208-209,	201-1, 203-1, 302-1, 302-3, 302-4
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment, and decent work for all	131, 175-178, 185-193, 195-196, 206, 208	2-7, 2-8, 2-30, 201-1, 202-1, 202-2, 203-2, 301-1, 301-2, 301-3 302-1, 302-3, 302-4, 303-5, 401-1, 401-2, 401-3, 402-1, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 405-2, 407-1, 408-1, 409-1, 414-1, 414-2
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization, and foster innovation	131, 208-209	201-1, 203-1

SUSTAINABLE DEVELOPMENT GOALS

SDGs		Page No.	GRI Standards Disclosure
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	188, 208	203-2, 405-2
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient, and sustainable	208-209	203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	173-177, 180, 182, 205-206	204-1, 301-1, 301-2, 301-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 417-1
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	162-163, 173-176	201-2, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas, and marine resources	173-174, 180, 182	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-3, 306-5
15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	173-174, 180, 182	305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-3, 306-5
16 PEACE AND JUSTICE STRONG INSTITUTIONS	Promote just, peaceful, and inclusive societies	151, 166-169, 196, 204-206	2-9, 2-10, ,2-11, 2-12, 2-15, 2-20, 2-23, 2-26, 2-27, 205-1, 205-2, 205-3, 406-1, 408-1, 414-1, 414-2, 416-2, 417-2, 417-3
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	154	Not applicable

PSX SDGs

Our performance covers all SDGs and related indicators defined under PSX-defined minimum SDGs for listed companies. However, we don't have in place targets against all PSX SDGs. The targets shall be defined once our work on embedding SDGs into our corporate strategy and policies is accomplished.

Refer to page 154-256 for our work on embedding SDGs.

Governance and Strategy

Our governance and strategy related to SDGs are discussed in the "Governance and Strategy and Resource Allocation" sections of the report which contain how our governance systems support SDGs and how we consider SDGs while devising our strategies and allocating resources.

Refer to pages 166-168 for our governance and page 170 for our strategy and resource allocation.

Management Approach

Our approach to managing our impacts on SDGs and making meaningful contributions is discussed in relevant sections of the report which contains details of our policies, procedures, responsibilities, reviewing of the management approach for effectiveness, and making necessary adjustments where required.

Refer to pages 172, 183, 193, 196 and 198 for our management approach to managing our impacts on SDGs.

Performance

Our performance is discussed in different sections of the report and linked to different SDGs where we think we are making an impact either through managing our negative impacts or making contributions towards SDGs. However, for conciseness and relevance, we are presenting our performance against the minimum SDGs and indicators defined by PSX for listed companies. In case, detailed performance information is required for complete context, reference to the report section or page is mentioned at relevant places.

SDG and Target	Company Performance Target	Performance Indicator	Status (2022)	Status (2021)	Status (2020)	Business Action	Future Business Action
Target 5.1 Target 5.1 End all forms of discrimination against women and girls everywhere	–	Existence of policies to promote, enforce and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Policies exist to promote, enforce, and monitor equality and non-discrimination on the basis of gender	Promote, enforce, and monitor equality and non-discrimination	Promote, enforce, and monitor equality and non-discrimination
			Refer to pages 184 and page 190 to read details about the management approach and performance				
Target 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	–	Existence of sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Sexual harassment, physical harassment, psychological harassment policies and grievances solving mechanism relevant to sexual, physical, and psychological violence exist	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence
		Proportion of female employees at your company aged 15 years and older subjected to physical, sexual, or psychological violence	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	FFC does not employee young female workers aged 15 years. No complaint of physical, sexual, or psychological violence filed.	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence	Enforce policies and grievances solving mechanism relevant to prevent sexual, physical, and psychological violence
			Refer to pages 184 and 196 to read details about the management approach and performance				

PSX SDGs

SDG and Target	Company Performance Target	Performance Indicator	Status (2022)	Status (2021)	Status (2020)	Business Action	Future Business Action
Target 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Target 2026 Limit increase in water intake to 3% from the 2018 level	Total water withdrawal by source	5% increase in water intake due to deteriorating water quality	Overall ~2.0% reduction in fresh water intake achieved from 2018 level.	3.8% reduction in fresh water intake has been achieved in year 2020 compared to 2018 level	Increased water efficiency and recycling	Promote water efficiency and water recycling to limit the increase in water intake to 3% of the 2018 level by 2026.
			Fresh water consumption per ton	Fresh water consumption per ton	Fresh water consumption per ton		
			5.57 liter per ton	5.30 liter per ton	6.22 liter per ton		
Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	-	Renewable energy share in the total final energy consumption	02 MW on grid	-	-	FFC is exploring different renewable energy options to include renewable energy in total energy mix	Promotion of renewable energy to decrease environmental footprint
Target 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries and small island developing states	-	Value of investment to enhance energy efficiency at company in PKR	PKR 94.14 million	PKR 90.2 million	PKR 919 million	Continuous investment in new technologies to enhance energy efficiency	Continuous investment in new technologies to enhance energy efficiency to cut costs and decrease environmental footprint
Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization of growth micro/ small/medium size enterprises including access to financial services	-	Proportion of informal (contract, casual and daily wage) employment in non-agriculture areas at company	FFC strictly complies with applicable laws governing employment practices and adheres to international conventions. No informal employment practices exist at FFC. Refer to page 184-188 to read details about the management approach and performance			Compliance with applicable laws and adherence to international charters	Compliance with applicable laws and adherence to international charters

SDG and Target	Company Performance Target	Performance Indicator	Status (2022)	Status (2021)	Status (2020)	Business Action	Future Business Action
Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	-	Average hourly earnings of managerial and non-managerial employees, by gender (Based on Average Basic Pay Scale) M = Manager S = Staff	2022 Male / Female M: 1,308 / 1,308 S: 137 / 137	2021 Male / Female M: 1,045 / 1,045 S: 132 / 132	2020 Male / Female M: 950 / 950 S: 119 / 119	Compliance with applicable laws	Compliance with applicable laws
		Average hourly earnings of managerial and non-managerial employees with disabilities, by gender M = Manager S = Staff	2022 Same as above	2021	2020	Compliance with applicable laws	Compliance with applicable laws
		Minimum wage of employees	2022 28,922	2021 28,877	2020 27,577	Compliance with applicable laws	Compliance with applicable laws
		Number of net new jobs created at your company, by gender and persons with disabilities	2022 We are an equal-opportunity company. Jobs are created as per company requirements and not by gender and disability. All qualified persons can apply for them and be selected regardless of gender or disability. Refer to page 187-188 to read details about hiring and attrition details.	2021	2020	-	-
		Proportion of your employees with disabilities					
Target 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	-	Frequency rates of fatal and non-fatal occupational injuries at your company, by gender and migrant status	Refer to pages 193-195 to read details about performance			Promote culture of safety to prevent fatal and non-fatal occupational injuries	Promote culture of safety to prevent fatal and non-fatal occupational injuries
		Compliance with labour rights based on national and provincial legislation	FFC is compliant with labour rights based on national and provincial legislation as well as international charters			Ensure compliance of applicable laws and charters	Ensure compliance of applicable laws and charters
Target 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities		CO_2 emissions per ton of urea	2022 0.77	2021 0.76	2020 0.76	Continuous investment in cleaner technologies to reduce environmental footprint	Maintain emissions intensity at 2020 level by 2026

SDG and Target	Company Performance Target	Performance Indicator	Status (2022)	Status (2021)	Status (2020)	Business Action	Future Business Action
Target 12.4 By 2020, achieve the environmentally sound management of chemicals and all waste throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in-order to minimize their adverse impacts on human health and environment	-	Quantity of hazardous waste generated and treated Does FFC treat its hazardous waste in accordance with the international multilateral agreements signed by the Government of Pakistan?	Refer to pages 180-182 to read details about our management approach and waste data.			Compliance with applicable laws for handling and treatment of hazardous waste	Compliance with applicable laws for handling and treatment of hazardous waste
Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	-	Quantity of waste material generated and recycled	Refer to page 182 to read details about waste data.			Promote waste prevention over recycling where possible. Explore recycling options	Promote waste prevention over recycling where possible. Explore recycling options
Target 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability reporting in their reporting cycle	-	1. Does FFC publish sustainability report? 2. Does FFC report on SDG?	FFC has been publishing an annual sustainability report since 2011. FFC also reports on its contributions and impacts on SDGs.			Adopt best sustainability practices and embed SDGs into operations for better managing impacts.	Adopt best sustainability practices and embed SDGs into operations for better managing impacts.

GLOSSARY AND ACRONYMS

AMCON	Annual Management Conference
CBA	Collective Bargaining Agent
CSR	Corporate Social Responsibility
DAP	Di-ammonium Phosphate, a chemical composition of Nitrogen (18%) and Phosphorus (46%) fertilizers
GIDC	Gas Infrastructure Development Cess
EEF	Enhanced Efficiency Fertilizers
FAC	Farmer Advisory Centre
FAS	Farmer Advisory Services
GRI	Global Reporting Initiative
GHG	Green House Gases
HIRADC	Hazard Identification Risk Assessment and Determining Control
HAZOP	Hazard and Operability
HORC	Hazard Observation and Review Committee
HSE	Health Safety and Environment
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
IFA	International Fertilizer Association
MMSCF	Million Standard Cubic Feet
M&O	Manufacturing and Operations
MW	Mega Watt
NIAB	Nuclear Institute for Agriculture and Biology
NCU	Neem Coated Urea
NEQS	National Environmental Quality Standards
NGO	Non-Government Organization
OHSAS	Occupational Health and Safety Management System
PSX	Pakistan Stock Exchange
SAARC	South Asian Association for Regional Cooperation
SAFA	South Asian Federation of Accountants
SIGNIFICANT LOCATION	Significant location of operations means locations where offices and plants are located
SOC	Safe Operation
SOP	Sulphate of Potash. Primarily a Potassic fertilizer
TCFD	Task Force on Climate-Related Financial Disclosures
UNGC	United Nations Global Compact

04 Financial Statements

Financial Statements of the Company along with Reports by the Audit Committee and Independent External Auditors

REPORT OF THE AUDIT COMMITTEE
on Listed Companies (Code of Corporate Governance) Regulations, 2019

Composition of the Audit Committee

Audit Committee of FFC Board of Directors comprises of four directors. Two members of the Committee including the Chairman are independent non-executive directors, whereas the other two members are non-executive directors. All the Committee members are financially literate, who possess significant acumen related to finance, economics and business management. The names and profiles of the Audit Committee members are given on Pages 28 to 37 of the Report.

Chief Financial Officer of the Company attends the meeting of Audit Committee on invitation; internal auditors are present in all the Committee meetings whereas External Auditors attend the meetings on requirement basis.

Financial Statements

The Committee has concluded its annual review of the Company's performance, financial position and cash flows during 2022, and reports that:

- The separate and consolidated financial statements of FFC for the year ended December 31, 2022 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the state of affairs of the Company, results of operations, profits, cash flows and changes in equity of the Company and its subsidiaries for the year under review.
- The auditors have issued unmodified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the separate and consolidated financial statements of the Company, while the Directors' Report is signed by Chairman and Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- Statement of Compliance with the Code of Corporate Governance has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holding of Company's shares by Directors & Executives or their spouses and dependent children were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction, which were notified by the Company Secretary to the Board. All such holdings have been disclosed in the Pattern of Shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the Audit Committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company.
- The Company's approach towards risk management has been disclosed in the Risk and Opportunity section of this Report.

Internal Audit

- The Company's system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives including a reliable financial reporting system.

External Auditors

- The statutory Auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's Financial Statements, the Consolidated Financial Statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended December 31, 2022 and shall retire on the conclusion of the 45th Annual General Meeting of the Company.
- The Audit Committee has discussed the audit process and the observations, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.

- The Auditors either attended or were available for discussions, during the audit committee meetings where their reports were discussed. The Auditors confirmed their attendance of the 45th Annual General Meeting scheduled for March 28, 2023.
- A. F. Ferguson & Co., Chartered Accountants also provide taxation services to the Company. The firm has no financial or other relationship of any kind with the Company except that of External Auditor and Taxation Consultant.
- Being eligible, A. F. Ferguson & Co., Chartered Accountants have offered themselves to be reappointed as auditors for the financial year 2023.
- The Committee is satisfied with the performance of the External Auditors. The engagement partner on the audit was Mr Asim Masood Iqbal. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of A. F. Ferguson & Co., Chartered Accountants as External Auditors of the Company for the year ending December 31, 2023 at an increased fee of Rs 3.18 million.

Annual Integrated Report 2022

- The Company has issued a comprehensive Annual Integrated Report 2022, which besides presentation of the financial statements and the Directors' Reports of the Company, also discloses information and explanation relating to the Capitals, much in excess of the regulatory requirements to offer an in depth understanding about the management style, governance, the policies set in place by the Company, overview of its value creating business model, discloses matters related to long term sustainability and presents fairly the integrated performance during the year, and future prospects to various stakeholders of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Audit Committee believes that the Annual

  Integrated Report 2022 has been prepared on the basis and guidelines of International Integrated Reporting Framework and various other reporting criteria as explained on page 04 "about our report".

The Audit Committee

- The Audit Committee believes that it has carried out responsibilities to the full, in accordance with terms of reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board's performance, which also included members of the Audit Committee was carried out separately and is detailed in this Report.

Saad Amanullah Khan
Chairman – Audit Committee
Rawalpindi
January 30, 2023

STATEMENT OF COMPLIANCE
with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Fauji Fertilizer Company Limited**

Year ended: **December 31, 2022**

The Company has complied with the requirements of the Regulations in the following manner:

1) 1) The total number of Directors are 13 as per the following:

a.	Male:	11
b.	Female:	02

2) The composition of the Board is as follows:

i)	Independent Directors* (excluding Female Director)	Mr Saad Amanullah Khan Mr Jehangir Shah
ii)	Non-Executive Directors	Mr Waqar Ahmed Malik Dr Nadeem Inayat Maj Gen Naseer Ali Khan, HI(M) (Retired) Mr Peter Bruun Jensen Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired) Syed Bakhtiyar Kazmi Mr Shoaib Javed Hussain Mr Iftikhar Ali Sahoo
iii)	Executive Director	Mr Sarfaraz Ahmed Rehman
iv)	Female Directors (Independent Directors)*	Ms Maryam Aziz Dr Ayesha Khan

*Best practices of corporate governance entail having an optimal number and mix of board members with adequate skills and experience. The current Board of Directors of the Company (13) adequately meets this requirement. Further, existing independent directors play an effective part within the Board and make valuable contributions. Therefore, the fraction (4.33) for independent directors has not been rounded up.

3) The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

4) The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7) The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8) The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9) The Board had arranged Directors' Training program as follows;

During prior years:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Mr Saad Amanullah Khan
- Ms Maryam Aziz
- Maj Gen Naseer Ali Khan, HI(M) (Retired)
- Syed Bakhtiyar Kazmi
- Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)
- Mr Shoaib Javed Hussain
- Dr Ayesha Khan

Further, Mr Jehangir Shah meets the exemption requirement of the Director's training program.

10) The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11) Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12) The Board has formed committees comprising of members given below:

a) Audit Committee

Mr Saad Amanullah Khan - Chairman (Independent Director)
Dr Nadeem Inayat - Member
Syed Bakhtiyar Kazmi - Member
Mr Jehangir Shah - Member (Independent Director)

b) HR and Remuneration Committee

Dr Ayesha Khan - Chairperson (Independent Director)
Maj Gen Naseer Ali Khan (Retired) - Member
Mr Saad Amanullah Khan - Member (Independent Director)
Maj Gen Ahmad Mahmood Hayat (Retired) - Member

c) System & Technology Committee

Mr Peter Bruun Jensen - Chairman
Dr Nadeem Inayat - Member
Maj Gen Naseer Ali Khan (Retired) - Member
Ms Maryam Aziz - Member (Independent Director)

d) Strategy & Investment Committee

Dr Nadeem Inayat - Chairman
Ms Maryam Aziz - Member (Independent Director)
Syed Bakhtiyar Kazmi - Member
Dr Ayesha Khan - Member (Independent Director)
Mr Jehangir Shah - Member (Independent Director)

13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14) The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

- **a)** Audit Committee - Quarterly - 6 meetings held during the year
- **b)** HR and Remuneration Committee - On required basis - 2 meetings held during the year
- **c)** System & Technology Committee - On required basis - 5 meetings held during the year
- **d)** Strategy & Investment Committee - On required basis - 1 meeting held during the year

15) The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18) We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations, 2019 have been complied with; and

19) Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

The broad functions of Nomination Committee and Risk Management Committee are already being performed by other committees. The BOD is therefore of the opinion that separate committees for Nomination and Risk Management are not required.

Currently, 11 out of 13 directors have obtained director's training certifications or meet exemption requirements of Director's training program as detailed in clause 9 above. Mr. Iftikhar Ali Sahoo, joined as a Director on September 1, 2022, who is allowed as per regulation no. 19(2) to acquire the said training, within a period of one year from the date of appointment as director. Further, the Company will arrange training for remaining one director in next year to comply with the requirements.

Six (6) directors attended the 44th Annual General Meeting (AGM) of the Company. Remaining directors provided reasonable cause for not attending the AGM.

Waqar Ahmed Malik
Chairman

Sarfaraz Ahmed Rehman
Managing Director & Chief Executive Officer
January 30, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fauji Fertilizer Company Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Fauji Fertilizer Company Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

Chartered Accountants
Islamabad
Date: March 03, 2023

UDIN: CR202210053OascHIjFY

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fauji Fertilizer Company Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** (Refer notes 3.19 and 27 to the financial statements) The Company is engaged in production and sale of fertilizers. The Company recognized revenue from the sale of fertilizers amounting to Rs 109,364 million for the year ended December 31, 2022. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicator of the Company. Accordingly, it was considered as a key audit matter.	**Our procedures in relation to this matter included, amongst others:** - Obtained understanding of the process relating to recognition of revenue and checked the design, implementation and operating effectiveness of relevant internal controls over recording of revenue; - Performed verification of sample of revenue transactions with underlying documentation including delivery documents and sales invoices; - Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; - Verified that sales prices are approved by appropriate authority; and - Checked that revenue has been recognized in accordance with Company's accounting policy and the applicable accounting and financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock in trade** (Refer notes 3.15, note 20 and note 20.1 to the financial statements) As at December 31, 2022, stock in trade - finished goods; purchased fertilizer amounts to Rs 18,746 million. Purchased fertilizer includes Di-ammonium Phosphate (DAP) stock having cost of Rs 16,609 million which have been written down to expected net realizable value of Rs 14,844 million in these financial statements. In accordance with the Company's accounting policy, the management reviews the carrying amount of stock in trade on a regular basis and as appropriate, these are written down to its net realizable value. We considered this matter as a key audit matter because of the significance of the inventory amount as at December 31, 2022 and also significant management judgment and estimation involved in determining the amount of write down to net realizable value.	**Our procedures in relation to this matter included, amongst others:** - Obtained understanding of the management's basis for the determination of expected net realizable value including key estimates adopted including future selling prices, basis of the calculation and reasonableness for the amount of the write-down; - Attended the stock counts at various inventory locations performed by the management, on sample basis, to observe the physical stock count process and evaluate the condition of DAP stock; - Checked the reasonableness of expected net realizable value of DAP by comparing management's estimation of future selling prices with current selling prices, industry data, international prices and budgeted sales quantities; - Checked the mathematical accuracy of the calculations made by the management in arriving at their year-end assessment of net realizable value write-down; and - Checked that net realizable value write-down has been recognized in accordance with the Company's accounting policy and assessed the adequacy of related disclosures in accordance with the applicable accounting and financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.

A.F. Ferguson & Co.

Chartered Accountants
Islamabad
Date: March 03, 2023
UDIN: AR202210053gXIdH0kN3

Financial Statements

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022	2021
		Rs '000	Rs '000
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves	5	160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		29,265,107	25,779,498
		38,067,467	34,581,858
(Deficit)/ Surplus on remeasurement of investments			
to fair value - net		(114,888)	50,054
		50,834,961	47,514,294
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	16,295,000	16,740,000
Lease liabilities		17,437	24,250
Gas Infrastructure Development Cess (GIDC) payable	8	7,940,534	20,801,970
Deferred liabilities	9	3,272,408	3,757,259
		27,525,379	41,323,479
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	6	5,445,000	4,504,198
Current portion of lease liabilities		15,743	37,494
Current portion of deferred government grant	7	–	40,802
Trade and other payables	10	89,836,138	62,481,315
Mark-up and profit accrued	11	1,505,936	722,941
Short term borrowings - secured	12	57,994,421	38,954,272
Unclaimed dividend		478,676	471,891
Taxation		6,485,753	4,956,079
		161,761,667	112,168,992
TOTAL LIABILITIES		189,287,046	153,492,471
TOTAL EQUITY AND LIABILITIES		240,122,007	201,006,765
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 44 form an integral part of these financial statements.

	Note	2022	2021
		Rs '000	Rs '000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	14	27,631,051	23,987,286
Intangible assets	15	1,573,143	1,576,441
Long term investments	16	50,525,124	46,114,698
Long term loans and advances - secured	17	4,555,580	3,044,137
Long term deposits and prepayments	18	12,378	14,678
		84,297,276	74,737,240
CURRENT ASSETS			
Stores, spares and loose tools	19	6,301,086	4,557,509
Stock in trade	20	19,487,801	1,048,397
Trade debts	21	371,540	833,231
Loans and advances - secured	22	952,546	758,658
Deposits and prepayments	23	301,327	66,684
Other receivables	24	26,620,590	22,619,197
Short term investments	25	100,269,870	95,196,271
Cash and bank balances	26	1,519,971	1,189,578
		155,824,731	126,269,525
TOTAL ASSETS		240,122,007	201,006,765

Chairman **Chief Executive** **Director** **Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

	Note	2022	2021
		Rs '000	Rs '000
Turnover - net	27	109,363,817	108,650,890
Cost of sales	28	(69,317,471)	(69,771,813)
GROSS PROFIT		40,046,346	38,879,077
Distribution cost	29	(10,107,758)	(8,409,132)
		29,938,588	30,469,945
Finance cost	30	(4,868,390)	(2,292,115)
Other losses			
- Unwinding of GIDC liability		(2,118,513)	(2,441,489)
- Loss allowance on subsidy receivable from GoP		(670,000)	(370,000)
		(2,788,513)	(2,811,489)
Other expenses	31	(3,037,024)	(2,946,366)
Other income	32	14,441,849	7,919,166
PROFIT BEFORE TAXATION		33,686,510	30,339,141
Provision for taxation	33	(13,637,000)	(8,443,000)
PROFIT FOR THE YEAR		20,049,510	21,896,141
Earnings per share - basic and diluted (Rupees)	34	15.76	17.21

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman	**Chief Executive**	**Director**	**Chief Financial Officer**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	2022 Rs '000	2021 Rs '000
PROFIT FOR THE YEAR	20,049,510	21,896,141
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Items that may be subsequently reclassified to profit or loss		
(Deficit) / surplus on re-measurement of investments to		
fair value - net of tax	(164,942)	(141,852)
Items that will not be subsequently reclassified to profit or loss		
Gain on re-measurement of staff retirement benefit plans - net of tax	776,707	81,490
OTHER COMPREHENSIVE INCOME/ (LOSS) - NET OF TAX	611,765	(60,362)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20,661,275	21,835,779

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman	Chief Executive	Director	Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Note	2022	2021
		Rs '000	Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	18,327,154	33,141,001
Finance cost paid		(4,080,801)	(1,837,527)
Income taxes paid		(12,670,326)	(9,282,666)
		(16,751,127)	(11,120,193)
Net cash generated from operating activities		1,576,027	22,020,808
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,069,079)	(3,590,846)
Proceeds from disposal of property, plant and equipment		49,685	21,847
Investment in Foundation Wind Energy I & II Limited		–	(13,512,339)
Investment in Thar Energy Limited		(1,245,742)	–
Advance against issue of shares to:			
Thar Energy Limited		(931,300)	(376,707)
OLIVE Technical Services (Private) Limited		–	(20,000)
Other investments - net		1,938,790	424,812
Interest and profit received		893,337	718,441
Dividend received		4,499,419	2,150,266
Net cash used in investing activities		(864,890)	(14,184,526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		5,000,000	10,469,601
Repayments		(4,504,198)	(4,187,500)
Repayment of lease liabilities		(33,158)	(30,913)
Dividend paid		(17,333,823)	(16,853,077)
Net cash used in financing activities		(16,871,179)	(10,601,889)
Net decrease in cash and cash equivalents		(16,160,042)	(2,765,607)
Cash and cash equivalents at beginning of the year		55,178,417	57,709,240
Effect of exchange rate changes		766,108	234,784
Cash and cash equivalents at end of the year		39,784,483	55,178,417
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,519,971	1,189,578
Short term borrowings		(57,994,421)	(38,954,272)
Short term highly liquid investments		96,258,933	92,943,111
		39,784,483	55,178,417

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman	**Chief Executive**	**Director**	**Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Capital reserves	Revenue reserves		(Deficit)/ surplus on re-measurement of investments to fair value - net	Total
			General reserve	Unappropriated profit		
	Rs '000					
Balance as at January 1, 2021	12,722,382	160,000	8,802,360	20,659,023	191,906	42,535,671
Total comprehensive income for the year						
Profit for the year	–	–	–	21,896,141	–	21,896,141
Other comprehensive income/ (loss) - net of tax	–	–	–	81,490	(141,852)	(60,362)
	–	–	–	21,977,631	(141,852)	21,835,779
Transactions with owners of the Company						
Distributions:						
Final dividend 2020: Rs 3.40 per share	–	–	–	(4,325,610)	–	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	–	–	–	(4,452,834)	–	(4,452,834)
Second interim dividend 2021: Rs 2.60 per share	–	–	–	(3,307,819)	–	(3,307,819)
Third interim dividend 2021: Rs 3.75 per share	–	–	–	(4,770,893)	–	(4,770,893)
	–	–	–	(16,857,156)	–	(16,857,156)
Balance as at December 31, 2021	12,722,382	160,000	8,802,360	25,779,498	50,054	47,514,294
Total comprehensive income for the year						
Profit for the year	–	–	–	20,049,510	–	20,049,510
Other comprehensive income / (loss) - net of tax	–	–	–	776,707	(164,942)	611,765
	–	–	–	20,826,217	(164,942)	20,661,275
Transactions with owners of the Company						
Distributions:						
Final dividend 2021: Rs 4.65 per share	–	–	–	(5,915,908)	–	(5,915,908)
First interim dividend 2022: Rs 3.70 per share	–	–	–	(4,707,282)	–	(4,707,282)
Second interim dividend 2022: Rs 2.10 per share	–	–	–	(2,671,700)	–	(2,671,700)
Third interim dividend 2022: Rs 3.18 per share	–	–	–	(4,045,718)	–	(4,045,718)
	–	–	–	(17,340,608)	–	(17,340,608)
Balance as at December 31, 2022	12,722,382	160,000	8,802,360	29,265,107	(114,888)	50,834,961

The annexed notes 1 to 44 form an integral part of these financial statements.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

1. CORPORATE AND GENERAL INFORMATION

1.1 The Company and its operations

Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement, energy generation, food processing and banking operations. The Company is a subsidiary of Fauji Foundation (FF), which is also its ultimate parent entity.

The business units of the Company include the following:

Business unit	Geographical location
Registered office	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Production plants	
Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Karachi Office	B-35, KDA Scheme No. 1, Karachi, Sindh
Marketing division	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Zonal marketing offices	
North zone	Lahore Trade Centre, 11 Sharah-e-Aiwan-e-Tijarat Lahore, Punjab
Central zone	Ali Maskan, District Jail Road, Multan, Punjab
South zone	B-35, KDA Scheme # 1, Karsaz, Karachi, Sindh
Regional marketing offices	
Faisalabad Region	House No. 786, Street No. 5, Zia Town, East Canal Road, Faisalabad
Sahiwal Region	77-B, Canal Colony, Off Farid Town Road, Sahiwal, Punjab
Lahore Region	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Sarghodha Region	Regional Office, House No. 01, Muradabad Colony, Behind Bajwa City Centre, Sargodha, Punjab
Peshawar Region	9-B, Rafiqui Lane, Peshawar Cantt, Khyber Pakhtunkhwa
Bahawalpur Region	House No. 39-A Tipu Shaheed Road, Model Town A, Bahawalpur, Punjab
D. G. Khan Region	FFC Regional Office, House No. 46 - B ,Gulberg Colony, Multan Road, DG Khan
Multan Region	Ali-Maskan, District Jail Road, Multan, Punjab
Rahim Yar Khan Region	37-A, Ali Block, Abbasia Town, Rahim Yar Khan, Punjab
Vehari Region	House No.48 Quaid e Azam Block Ludden Road, Tariq Bin Ziyad Colony, Vehari, Punjab
Hyderabad Region	Bungalow No. 208, DHA, Phase-2, Hyderabad, Sindh
Sukkur Region	FFC Regional Office, B-247,248 Awakhat Nagar, Airport Road Sukkur
Nawabshah Region	House No. A-11, Housing Society, Near Thalassemia Hospital, Nawabshah, Sindh

The Company has district marketing offices and warehouses located across Pakistan, the region-wise details of which are listed below:

	No. of district offices	No. of warehouses
Faisalabad Region	5	14
Sahiwal Region	4	9
Lahore Region	6	14
Sarghodha Region	5	10
Peshawar Region	5	11
Bahawalpur Region	4	9
D. G. Khan Region	4	12
Multan Region	4	10
Rahim Yar Khan Region	4	7
Vehari Region	4	12
Hyderabad Region	6	13
Sukkur Region	7	19
Nawabshah Region	5	12
	63	152

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

– International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

– Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement and preparation

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and obligations for staff retirement benefits which are carried at present values of defined benefit obligation net of fair value of plan assets determined through actuarial valuation.

These financial statements are the separate financial statements of the Company in which investments in subsidiary companies, associate and jointly controlled entities are accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Employee retirement benefits - note 3.8, note 9.2 and note 10.4
ii) Estimate of fair value of financial liabilities at initial recognition - note 3.26 and note 8
iii) Estimate of useful life of property, plant and equipment - note 3.10 and note 14
iv) Estimate of useful life of intangible assets - note 3.11 and note 15
v) Estimate of fair value of investments through other comprehensive income - note 3.26 and note 16
vi) Provisions and contingencies - note 3.6, note 3.7 and note 13
vii) Impairment of non-financial assets - note 3.13
viii) Estimate of recoverable amount of goodwill - note 3.11 and note 15
ix) Estimate of recoverable amount of investment in subsidiaries and associated companies - note 3.12 and note 16
x) Provision for taxation - note 3.9 and note 33
xi) Expected credit loss allowance - note 3.16, note 21 and note 24
xii) Provision for slow moving spares and stock in trade - note 3.14, note 3.15, note 19 and note 20
xiii) Right of use asset and corresponding lease liabilities - note 3.4

2.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year.

3.2 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.3 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

3.4 Leases

3.4.1 Right of use asset

The Company assesses whether a contract is or contains a lease at inception of the contract. If the Company assesses contract contains a lease and meets requirements of IFRS 16, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.4.2 Lease liability

If applicable, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;

b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. amounts expected to be payable under a residual value guarantee; and

d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments are recongnised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.5 Trade and other payables

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.7 Contingent Liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.8 Employee retirement benefits

3.8.1 Defined benefit plans

Funded Gratuity and Pension Schemes

The Company operates defined benefit funded gratuity and pension schemes for all eligible employees who complete qualifying period of service and age.

These funds are administered by trustees. Annual contributions to the gratuity and management staff pension funds are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 10.4 to the financial statements.

Charge for the year is recognized in profit or loss. Actuarial gain or losses arising on actuarial valuation are recorded directly in the other comprehensive income.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.8.2 Defined contribution plan

Provident Fund

Defined contribution provident fund for all eligible employees for which the Company's contributions are charged to profit or loss at the rate of 10% of basic salary.

3.8.3 Compensated absences

The Company grants compensated absences to all its employees who have completed one year's working service with the Company in accordance with the rules. Under this scheme, employees are entitled to a maximum of 30 days leaves for each completed year of service. Provisions are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the profit or loss in the year in which they arise.

3.9 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.10 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except freehold land and capital work in progress, which are stated at cost less impairment losses, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on a straight-line basis and charged to profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 14 to the financial statements. Depreciation on addition in property, plant and equipment is charged from the date when the asset becomes available for use upto the date of its disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

The Company reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

3.11 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense in profit or loss and is not subsequently reversed.

With finite useful life

Intangibles are stated at the cash price equivalent of the consideration given less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Rates for amortization are disclosed in note 15 in the financial statements. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit or loss.

3.12 Investment in subsidiaries, associated entities and joint arrangements

i) In subsidiary entities

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in subsidiary is initially recognized at cost, which is the fair value of the consideration paid / payable on acquisition of the subsidiary. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as an expense in profit or loss. Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

ii) In associated companies

Associates are entities in which the Company has significant influence but not control over the financial and operating policies. Investments in associates are initially recognized at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

The profits and losses of associates are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the associates which are recognized in other income. Gains and losses on disposal of investment is included in other income.

iii) Interest in joint arrangements

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exist only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement. The entity has assessed the nature of its joint arrangements and determined that, during the year, it has entered into a joint operation whereby the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint operations

The Company reports its interests in joint operations using proportionate consolidation - the Company's share of the assets, liabilities, income and expenses of the joint operations are combined with the equivalent items in the financial statements on a line-by-line basis. Where the Company transacts with its joint operations, unrealised profits and losses are eliminated to the extent of the Company's interest in the joint operation.

Joint ventures

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the profit or loss. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

The profits and losses of joint ventures are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the associates which are recognized in other income. Gains and losses on disposal of investment is included in other income.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value.

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and as appropriate, these are written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.15 Stock in trade

Stocks are valued at the lower of cost and net realizable value.

Cost is determined as follows:

Raw materials	at weighted average purchase cost
Work in process and finished goods	at weighted average cost of purchase, raw materials and applicable manufacturing expenses

Cost of raw material, work in process and finished goods comprises of direct materials, labor and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company reviews the carrying amount of stock in trade on a regular basis and as appropriate, these are written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.16 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses. IFRS 9 introduces the Expected Credit Loss (ECL) model which requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

3.17 Deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances, deposits and other receivables, the Company applies the IFRS 9 simplified approach to measure the expected credit losses.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.19 Turnover

Turnover from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Turnover is recognized when or as performance obligations are satisfied by transferring control of promised goods to a customer and control transfers at a point in time upon delivery of goods to the customer.

Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Scrap sales and miscellaneous receipts are recognized on realized amounts.

Government subsidy on sale of fertilizer is recognised when the right to receive such subsidy has been established and the underlying conditions are met. Government subsidy is recognised in other income.

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the year they occur.

3.21 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

Government grant includes any benefit earned on account of a government loan obtained at below-market rate of interest. The loan is recognised and measured in accordance with IFRS 9 “Financial Instruments”. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Company is recognised in profit or loss of the period in which the entity qualifies to receive it.

3.22 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

3.23 Finance income and finance costs

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets, commission income and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.24 Basis of allocation of common expenses

Distribution cost is allocated to Fauji Fertilizer Bin Qasim Limited (FFBL), in proportion to the sales volume handled on its behalf under the Inter Company Services Agreement.

3.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.26 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

(i) Amortised cost, where the effective interest rate method will apply;

(ii) Fair value through profit or loss (FVTPL);

(iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company recognises life time ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write-off

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

(b) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

3.27 Business combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

3.28 New Accounting Standards, Amendments and Ifric Interpretations That Are Not Yet Effective

3.28.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

– Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

– Amendment to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants (effective for annual reporting periods beginning on or after January 1, 2023). The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

– Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective for annual reporting periods beginning on or after January 1, 2023). The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

– Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

– Amendments to IAS 12 'Income Taxes'- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

– Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback' (effective for annual periods beginning on or after 1 January 2024). The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

– On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts' The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3.28.2 Other than the aforementioned standards, interpretations and amendments, IASB has also issued the following standards and interpretations, which have not been notified locally or declared exempt by SECP as at December 31, 2022:

IFRS 1 (First Time Adoption of International Financial Reporting Standards)

IFRS 17 (Insurance Contracts)

IFRIC 12 (Service concession arrangements)

4. SHARE CAPITAL

Authorised share capital

This represents 1,500,000,000 (2021: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2021: Rs 15,000,000 thousand).

Issued, subscribed and paid up share capital

	2022 Numbers	2021 Numbers	2022 Rs '000	2021 Rs '000
Fully paid in cash	256,495,902	256,495,902	2,564,959	2,564,959
Fully paid bonus shares	1,015,742,345	1,015,742,345	10,157,423	10,157,423
	1,272,238,247	1,272,238,247	12,722,382	12,722,382

4.1 Fauji Foundation (FF) holds 44.35% (2021: 44.35%) ordinary shares of the Company at the year end.

4.2 All ordinary shares rank equally with regard to the Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

4.3 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements. The Company is required to comply with certain debt covenants related to long / short term borrowings.

	Note	2022 Rs '000	2021 Rs '000
5. CAPITAL RESERVES			
Share premium	5.1	40,000	40,000
Capital redemption reserve	5.2	120,000	120,000
		160,000	160,000

5.1 Share premium

This represents premium of Rs 5 per share received on public issue of 8,000,000 ordinary shares of Rs 10 each in 1991.

5.2 Capital redemption reserve

This represents reserve set up on redemption of preference shares of Rs 120,000 thousand in 1996.

	Note	2022	2021
		Rs '000	Rs '000
6. LONG TERM BORROWINGS - SECURED			
Borrowings from banking companies	6.1		
From conventional banks			
The Bank of Punjab (BOP-1)		440,000	660,000
The Bank of Punjab (BOP-2)		1,050,000	1,400,000
Allied Bank Limited (ABL-1)		750,000	1,125,000
Allied Bank Limited (ABL-2)		1,500,000	2,000,000
Allied Bank Limited (ABL-3)		2,000,000	2,000,000
Allied Bank Limited (ABL-4)		1,200,000	1,200,000
Allied Bank Limited (ABL-5)		3,000,000	–
Industrial And Commercial Bank of China (ICBC-1)		600,000	1,200,000
Industrial And Commercial Bank of China (ICBC-2)		1,200,000	1,200,000
United Bank Limited (UBL)		–	250,000
Habib Bank Limited (HBL)		–	250,000
Habib Bank Limited (SBP Refinance Scheme)		–	479,977
Bank Alfalah Limited (SBP Refinance Scheme)		–	479,221
National Bank of Pakistan Limited (NBP-1)		–	500,000
National Bank of Pakistan Limited (NBP-2)		–	500,000
		11,740,000	13,244,198
From Islamic banks			
Meezan Bank Limited (MBL-1)		2,000,000	2,000,000
Meezan Bank Limited (MBL-2)		3,000,000	3,000,000
Meezan Bank Limited (MBL-3)		3,000,000	3,000,000
Meezan Bank Limited (MBL-4)		2,000,000	–
		10,000,000	8,000,000
		21,740,000	21,244,198
Less: Current portion shown under current liabilities			
From conventional banks		3,445,000	4,504,198
From Islamic banks		2,000,000	–
		5,445,000	4,504,198
		16,295,000	16,740,000

6.1 Terms and conditions of these borrowings are as follows:

Lenders	Mark-up / profit rate p.a. (%)	No. of installments outstanding	Date of final repayment
From conventional banks			
BOP-1	6 months KIBOR+0.10	4 half yearly	December 18, 2024
BOP-2	6 months KIBOR+0.10	6 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.15	4 half yearly	December 24, 2024
ABL-2	6 months KIBOR+0.08	6 half yearly	December 30, 2025
ABL-3	6 months KIBOR+0.08	8 half yearly	September 20, 2026
ABL-4	6 months KIBOR+0.08	8 half yearly	September 30, 2026
ABL-5	6 months KIBOR+0.05	8 half yearly	December 27, 2027
ICBC-1	6 months KIBOR+0.08	2 half yearly	December 15, 2023
ICBC-2	6 months KIBOR+0.05	4 half yearly	December 28, 2024
UBL	6 months KIBOR+0.20	Paid on	June 29, 2022
HBL	3 months KIBOR+0.15	Paid on	December 19, 2022
HBL - SBP Refinance Scheme	SBP refinance rate+0.50	Paid on	October 01, 2022
BAFL - SBP Refinance Scheme	SBP refinance rate+0.25	Paid on	October 01, 2022
NBP-1	6 months KIBOR+0.20	Paid on	June 30, 2022
NBP-2	6 months KIBOR+0.15	Paid on	December 29, 2022
From Islamic banks			
MBL-1	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.10	8 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-4	6 months KIBOR+0.00	8 half yearly	September 30, 2027

6.1.1 These borrowings are secured by way of hypothecation of Company assets including plant, machinery, tools & spares and other moveable properties, ranking pari passu with each other with 25% margin.

	2022	2021
	Rs '000	Rs '000
7. DEFERRED GOVERNMENT GRANT		
Balance at the beginning	40,802	112,292
Less: Amortisation of deferred government grant	(40,802)	(71,490)
	–	40,802
Less: Current portion of deferred government grant	–	(40,802)
Long-term portion of deferred government grant	–	–

	Note	2022	2021
		Rs '000	Rs '000
8. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		59,158,374	56,716,885
Unwinding of GIDC liability - charge to profit or loss		2,118,513	2,441,489
		61,276,887	59,158,374
Less: Current portion of GIDC payable	8.1	(53,336,353)	(38,356,404)
Long-term portion of GIDC payable		7,940,534	20,801,970

8.1 This amount is included in trade and other payables.

8.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, the Company, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including the Company and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, the Company, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non current portion of GIDC liability has been segregated in the statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to the Company, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, the Company believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in these financial statements.

During the year, no payments were made by the Company on account of GIDC on account of stay granted by Sindh High Court. Further, the Company has also contested and not accounted for late payment surcharge in these financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

		Note	2022	2021
			Rs '000	Rs '000
9.	**DEFERRED LIABILITIES**			
	Deferred tax liability - net	9.1	1,740,435	2,384,675
	Provision for compensated leave absences / retirement benefits	9.2	1,531,973	1,372,584
			3,272,408	3,757,259
9.1	**Deferred taxation - net**			
	The balance of deferred tax is in respect of the following temporary differences:			
	Accelerated depreciation / amortisation		3,847,000	3,236,000
	Provision for slow moving spares, loss allowance, and investments		(2,409,000)	(1,879,000)
	Re-measurement gain on GIDC		451,000	1,011,000
	Re-measurement of investments		(148,565)	16,675
			1,740,435	2,384,675
	The gross movement in the deferred tax liability during the year is as follows:			
	Balance at the beginning		2,384,675	3,634,555
	Tax credit recognised in profit or loss		(563,000)	(1,192,000)
	Tax credit recognised in other comprehensive income		(81,240)	(57,880)
	Balance at the end		1,740,435	2,384,675
9.2	**The main assumptions used for actuarial valuation are as follows:**			
	Discount rate - per annum		14.50%	11.00%
	Expected rate of increase in salaries			
	Management		14.50%	11.00%
	Non-Management		14.50%	11.00%
	Mortality table		SLIC (2001-05)	
	Withdrawal factor		Moderate	Moderate
	Number of employees		2,741	2,815

	Note	2022	2021
		Rs '000	Rs '000
10. TRADE AND OTHER PAYABLES			
Creditors			
- GIDC payable - current portion	8	53,336,353	38,356,404
- Others	10.1	8,125,435	3,160,805
		61,461,788	41,517,209
Accrued liabilities		9,173,307	8,139,541
Consignment account with Fauji Fertilizer Bin Qasim Limited (related party) - unsecured		1,981,796	2,881,808
Deposits	10.2	271,838	247,501
Retention money		253,454	179,696
Workers' Welfare Fund		1,740,876	1,806,515
Payable to joint operators - Gas Pressure Enhancement Facility (PEF) project	10.3	217,053	–
Payable to supplier - PEF project	10.3	803,329	–
Payable to gratuity fund (related party)	10.4	659,625	736,858
Payable to pension fund (related party)	10.4	–	323,030
Contract liabilities - advances from customers	10.6	12,719,702	6,362,171
Other liabilities		553,370	286,986
		89,836,138	62,481,315

10.1 This includes sales tax on GIDC payable to Mari Petroleum Company Limited amounting to Rs 2,474,978 thousand (2021: Rs 2,474,978 thousand).

10.2 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Company, and are kept in separate bank accounts.

10.3 This represents payable to joint operators and supplier related to PEF project, as disclosed in note 41 to the financial statements.

	Funded Gratuity	Funded Pension	2022 Total	2021 Total
	Rs '000	Rs '000	Rs '000	Rs '000
10.4 Retirement Benefit Funds				
10.4.1 The amounts recognized in the statement of financial position are as follows:				
Present value of defined benefit obligation	3,216,920	4,132,194	7,349,114	8,076,085
Fair value of plan assets	(2,557,295)	(4,891,195)	(7,448,490)	(7,016,197)
Liability/ (Asset)	659,625	(759,001)	(99,376)	1,059,888
10.4.2 Amount recognised in the profit or loss is as follows:				
Current service cost	172,454	114,885	287,339	279,397
Net interest cost	80,885	33,726	114,611	98,202
	253,339	148,611	401,950	377,599

		Funded Gratuity Rs '000	Funded Pension Rs '000	2022 Total Rs '000	2021 Total Rs '000
10.4.3	**The movements in the present value of defined benefit obligation is as follows:**				
	Present value of defined benefit obligation at beginning	3,222,687	4,853,398	8,076,085	7,759,212
	Current service cost	172,454	114,885	287,339	279,397
	Interest cost	347,975	521,905	869,880	639,627
	Benefits paid	(391,527)	(287,037)	(678,564)	(669,521)
	Re-measurement of defined benefit obligation	(134,669)	(1,070,957)	(1,205,626)	67,370
	Present value of defined benefit obligation at end	3,216,920	4,132,194	7,349,114	8,076,085
10.4.4	**The movement in fair value of plan assets:**				
	Fair value of plan assets at beginning	2,485,829	4,530,368	7,016,197	6,584,550
	Expected return on plan assets	267,090	488,179	755,269	541,425
	Contributions	253,339	148,611	401,950	377,599
	Benefits paid	(391,527)	(287,037)	(678,564)	(669,521)
	Re-measurement of plan assets	(57,436)	11,074	(46,362)	182,144
	Fair value of plan assets at end	2,557,295	4,891,195	7,448,490	7,016,197
10.4.5	**Actual return on plan assets**	209,654	499,253	708,907	723,569
10.4.6	**Contributions expected to be paid to the plan during the next year**	266,333	–	266,333	401,950
10.4.7	**Plan assets comprise of:**				
	Quoted:				
	Investment in debt securities	1,828,667	3,694,675	5,523,342	4,295,360
	Investment in equity securities	657,128	1,130,127	1,787,255	1,995,534
	Mutual funds	25,112	25,131	50,243	573,078
	Un-quoted:				
	Deposits with banks	46,388	41,262	87,650	152,225
		2,557,295	4,891,195	7,448,490	7,016,197

10.4.8 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

		2022		2021	
		Funded Gratuity Rs '000	Funded Pension Rs '000	Funded Gratuity Rs '000	Funded Pension Rs '000
10.4.9	**Movement in liability recognised in statement of financial position:**				
	Opening liability	736,858	323,030	734,965	439,697
	Cost for the year recognised in profit or loss	253,339	148,611	229,632	147,967
	Employer's contribution during the year	(253,339)	(148,611)	(229,632)	(147,967)
	Total amount of re-measurement recognised in Other Comprehensive Income (OCI) during the year	(77,233)	(1,082,031)	1,893	(116,667)
	Closing liability	659,625	(759,001)	736,858	323,030

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
10.4.10 Re-measurements recognised in OCI during the year:				
Re-measurement loss / (gain) on obligation				
Due to change in financial assumptions	(151,389)	(1,051,900)	24,375	79,742
Due to change in demographic assumptions	–	–	–	–
Due to change in experience adjustments	16,720	(19,057)	45,577	(82,324)
	(134,669)	(1,070,957)	69,952	(2,582)
Re-measurement loss / (gain) on plan assets				
Actual return on plan assets	(335,841)	(477,924)	(261,949)	(461,620)
Interest income on plan assets	267,090	488,179	193,890	347,535
Others	126,187	(21,329)	–	–
	57,436	(11,074)	(68,059)	(114,085)
Re-measurement loss / (gain) recognised in OCI	(77,233)	(1,082,031)	1,893	(116,667)

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
10.4.11 Principal actuarial assumptions used in the actuarial valuations are as follows:				
Discount rate	14.25	14.25	11.00	11.00
Expected rate of salary growth - short term				
Management	12.25	12.25	11.00	11.00
Non-Management	12.25	–	11.00	-
Expected rate of salary growth - long term				
Management	14.25	14.25	11.00	11.00
Non-Management	14.25	–	11.00	–
Expected rate of return on plan assets	14.25	14.25	11.00	11.00
Expected rate of increase in post retirement pension				
Short term		6.00	–	5.25
Long term		6.00	–	5.25
Maximum pension limit increase rate		6.00	–	5.25
Minimum pension limit increase rate		6.00	–	5.25
Demographic assumptions				
Mortality rates (for death in service)	SLIC (2001-05)-1		SLIC (2001-05)-1	
Rates of employee turnover				
Management	Moderate	Moderate	Moderate	Moderate
Non-Management	Light	–	Light	–

10.4.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	2022 Defined benefit obligation		2021 Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	Rs '000	Rs '000	Rs '000
Discount rate	(542,764)	628,663	(685,452)	812,367
Future salary growth	175,849	(159,208)	272,264	(250,307)
Future pension	424,702	(366,971)	377,963	(326,043)

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

10.4.13 The weighted average number of years of defined benefit obligation is given below:

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Years	Years	Years	Years
Plan duration	7.07	7.96	7.22	9.62

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
10.4.14 Analysis of present value of defined benefit obligations:				
Vested / non - vested				
Vested	3,192,892	–	3,199,826	–
Non - vested	24,028	–	22,861	–
	3,216,920	–	3,222,687	–
Types of members				
Active	–	2,090,883	–	2,607,936
Retirees	–	2,041,311	–	2,245,462
	–	4,132,194	–	4,853,398
Types of benefits earned to date				
Accumulated benefit obligation	1,467,477	3,570,645	1,633,662	4,141,094
Amount attributed to future salary increases	1,749,443	561,549	1,589,025	712,304
Total	3,216,920	4,132,194	3,222,687	4,853,398

10.4.15 The Company contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday.

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
10.4.16 Distribution of timing of benefit payments:				
1 year	287,341	321,819	294,191	338,322
2 years	379,206	405,923	436,637	356,558
3 years	502,408	446,055	306,937	356,613
4 years	488,935	465,412	501,971	435,772
5 years	477,261	483,182	475,464	451,462
6-10 years	3,084,606	3,128,589	2,577,810	2,758,006

10.4.17 Retirement benefit plans are exposed to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal / mortality risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

10.4.18 Salaries, wages and benefits" expense, stated in notes 28 and 29 include retirement benefits in respect of gratuity fund, provident fund, pension plan and compensated absences amounting to Rs 239,270 thousand, Rs 178,845 thousand, Rs 133,838 thousand and Rs 176,518 thousand respectively (2021: Rs 211,916 thousand, Rs 173,852 thousand, Rs 132,240 thousand and Rs 242,586 thousand respectively). These are reduced by the amount of charges debited to Fauji Fertilizer Bin Qasim Limited and FFC Energy Limited under Inter Company Services Agreements.

10.5 Defined contribution plan

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for the purpose.

	2022	2021
	Rs '000	Rs '000
10.6 Contract liabilities - advances from customers		
Balance at beginning	6,362,171	6,443,961
Revenue recognised during the year	(107,334,820)	(64,245,050)
Advance received during the year	113,692,351	64,163,260
Balance at end	12,719,702	6,362,171

10.6.1 This represents payment received by the Company from its customers before the related goods are transferred. Advances from customer are recognised as revenue when the performance obligation in accordance with the policy as described in note 3.19 to these financial statements is satisfied. Revenue for an amount of Rs 6,290,132 thousand (2021: 6,410,276 thousand) has been recognised in current year in respect of advances from customers at the beginning of year.

	2022 Rs '000	2021 Rs '000
11. MARK-UP AND PROFIT ACCRUED		
On long term borrowings		
From conventional banks	215,538	323,918
From Islamic banks	518,605	18,824
	734,143	342,742
On short term borrowings		
From conventional banks	618,945	343,452
From Islamic bank	152,848	36,747
	771,793	380,199
	1,505,936	722,941

12. SHORT TERM BORROWINGS - SECURED

The Company has obtained short-term running finance facilities from various banks, under separate terms and agreements. The total amounts outstanding against each facility at the year end and the terms of each facility are given below:

	Note	2022 Rs '000	2021 Rs '000
Lending Institutions			
From conventional banks	12.1		
MCB Bank Limited		2,500,000	12,311,600
Allied Bank Limited		6,406,697	6,449,127
United Bank Limited		8,021,854	5,035,809
Askari Bank Limited (related party)		29,871,241	4,212,743
Bank Alfalah Limited		825,932	939,626
Habib Bank Limited		2,831,113	122,932
The Bank of Punjab		26,998	–
Habib Metropolitan Bank Limited		882,324	940,003
Standard Chartered Bank (Pakistan) Limited		625,093	4,960,853
		51,991,252	34,972,693
From Islamic bank			
Meezan Bank Limited	12.2	6,003,169	3,981,579
		57,994,421	38,954,272

12.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 67,240,000 thousands (2021: Rs. 52,681,600 thousands) which represent the aggregate of all facility agreements between the Company and respective banks. The per annum rates of mark-up are 1 month KIBOR minus 0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR minus 0.20% to 0.35% (2021: 1 week KIBOR minus 2.37%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 3 month KIBOR + 0.35%).

The facilities are secured by pari passu / ranking hypothecation charges on movable assets of the Company besides lien on mutual fund investments and PIBs in certain cases. The facilities have various maturity dates upto December 29, 2023.

12.2 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs. 6,200,000 thousands (2021: Rs. 4,000,000 thousands). The per annum rate of profit is 1 month KIBOR minus 0.35% (2021: 3 month KIBOR + 0%).

The facility is secured by ranking hypothecation charge on current assets of the Company and lien over debt instruments. The facility has a maturity date of December 31, 2023.

	2022 Rs '000	2021 Rs '000
13. CONTINGENCIES AND COMMITMENTS		
13.1 Contingencies:		
i) Guarantees issued by banks on behalf of the Company	6,762,374	7,384,810
ii) Claims against the Company and / or potential exposure not acknowledged as debt	50,696	50,696

iii) The Company has issued corporate bank guarantee and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 3,445,000 thousand (2021: Rs 2,245,000 thousand).

iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in last year, CCP under the said Tribunal guidelines, resumed the proceedings and the Company, duly joined these proceedings through Counsel. The Company filed writ petition before Islamabad High Court which was disposed of, directing CCP to proceed with regular hearings. CCP is yet to initiate its proceedings and the Company is awaiting hearing notice. The Company remains confident of successfully defending these unreasonable claims.

	2022 Rs '000	2021 Rs '000
13.2 Commitments in respect of:		
i) Capital expenditure commitments (including share of commitments amounting to Rs 4,881,728 thousand (2021: Rs Nil) relating to PEF joint operations as disclosed in note 41.	7,144,635	2,565,416
ii) Purchase of fertilizer, stores, spares and other operational items	4,899,193	9,973,763
iii) Investment in Thar Energy Limited	421,392	2,283,042
iv) Contracted out services	661,513	335,704
v) Arrangement with SNGPL for pipeline for supply of RLNG	2,420,000	–
vi) Revolving credit facilities to:		
- Foundation Wind Energy Limited - I	1,500,000	–
- FFC Energy Limited	1,700,000	–

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Lease hold land	Building and structures on freehold land	Building and structures on leasehold land	Railway siding	Plant and machinery	Catalysts	Office and electrical equipment	Furniture and fixtures	Vehicles	Maintenance and other equipment	Library books	Right of use asset	Capital work in progress (note 14.4)	Total
								Rs '000							
As at January 1, 2021															
Cost	396,147	178,750	5,125,847	2,008,937	26,517	41,390,474	2,498,615	1,434,108	551,578	801,237	2,772,139	28,558	146,375	897,906	58,257,188
Accumulated depreciation	–	(178,750)	(3,118,993)	(805,178)	(26,517)	(24,496,050)	(2,286,696)	(1,056,515)	(323,741)	(615,989)	(2,396,835)	(27,532)	(83,403)	–	(35,416,199)
Net Book Value	396,147	–	2,006,854	1,203,759	–	16,894,424	211,919	377,593	227,837	185,248	375,304	1,026	62,972	897,906	22,840,989
Year ended December 31, 2021															
Opening net book value	396,147	–	2,006,854	1,203,759	–	16,894,424	211,919	377,593	227,837	185,248	375,304	1,026	62,972	897,906	22,840,989
Additions	–	–	50,371	–	–	1,587,649	255,368	154,861	59,462	119,598	244,477	524	3,781	2,816,117	5,292,208
Disposals															
Cost	–	–	(77)	–	–	–	–	(42,088)	(6,275)	(22,882)	(11,121)	(284)	–	–	(82,727)
Depreciation	–	–	14	–	–	–	–	41,975	6,268	22,882	11,121	284	–	–	82,544
	–	–	(63)	–	–	–	–	(113)	(7)	–	–	–	–	–	(183)
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,705,888)	(1,705,888)
Depreciation charge	–	–	(196,343)	(98,355)	–	(1,603,274)	(111,851)	(104,041)	(45,114)	(71,200)	(177,817)	(764)	(31,081)	–	(2,439,840)
Balance as at December 31, 2021	396,147	–	1,860,819	1,105,404	–	16,878,799	355,436	428,300	242,178	233,646	441,964	786	35,672	2,008,135	23,987,286
As at January 1, 2022															
Cost	396,147	178,750	5,176,141	2,008,937	26,517	42,978,123	2,753,983	1,546,881	604,765	897,953	3,005,495	28,798	150,156	2,008,135	61,760,781
Accumulated depreciation	–	(178,750)	(3,315,322)	(903,533)	(26,517)	(26,099,324)	(2,398,547)	(1,118,581)	(362,587)	(664,307)	(2,563,531)	(28,012)	(114,484)	–	(37,773,495)
Net Book Value	396,147	–	1,860,819	1,105,404	–	16,878,799	355,436	428,300	242,178	233,646	441,964	786	35,672	2,008,135	23,987,286
Year ended Dec 31, 2022															
Opening net book value	396,147	–	1,860,819	1,105,404	–	16,878,799	355,436	428,300	242,178	233,646	441,964	786	35,672	2,008,135	23,987,286
Additions	–	31,209	248,305	–	–	4,744,986	269,400	139,290	97,447	117,359	132,034	16	–	1,769,225	7,549,271
Disposals															
Cost	–	–	–	–	–	(5,513)	–	(50,166)	(13,516)	(32,741)	(29,946)	(298)	–	–	(132,180)
Depreciation	–	–	–	–	–	5,468	–	50,145	13,399	32,726	29,946	298	–	–	131,982
	–	–	–	–	–	(45)	–	(21)	(117)	(15)	–	–	–	–	(198)
Transfers	–	–	–	–	–	(2,712)	–	2,197	515	–	–	–	–	(1,480,192)	(1,480,192)
Depreciation charge	–	(1,475)	(197,273)	(98,355)	–	(1,534,684)	(133,349)	(111,092)	(49,836)	(96,807)	(183,316)	(421)	(18,508)	–	(2,425,116)
Balance as at December 31, 2022	396,147	29,734	1,911,851	1,007,049	–	20,086,344	491,487	458,674	290,187	254,183	390,682	381	17,164	2,297,168	27,631,051
As at December 31, 2022															
Cost	396,147	209,959	5,424,446	2,008,937	26,517	47,714,884	3,023,383	1,638,202	689,211	982,571	3,107,583	28,516	150,156	2,297,168	67,697,680
Accumulated depreciation	–	(180,225)	(3,512,595)	(1,001,888)	(26,517)	(27,628,540)	(2,531,896)	(1,179,528)	(399,024)	(728,388)	(2,716,901)	(28,135)	(132,992)	–	(40,066,629)
Net Book Value	396,147	29,734	1,911,851	1,007,049	–	20,086,344	491,487	458,674	290,187	254,183	390,682	381	17,164	2,297,168	27,631,051
Rate of depreciation in %	–	6.25 to 9.25	5 to 10	5	5	5	20	15	10	20	15 to 33.33	30	20	–	

		Note	2022	2021
			Rs '000	Rs '000
14.1	**Depreciation charge has been allocated as follows:**			
	Cost of sales	28	2,328,141	2,355,726
	Distribution cost	29	81,602	73,360
	Other expenses		2,108	2,225
	Charged to FFBL under Inter Company Services Agreement		13,265	8,529
			2,425,116	2,439,840

14.2 No fixed assets having net book value in excess of Rs 5,000 thousand were disposed off during the year.

14.3 **Details of immovable property (land and building) in the name of the Company:**

Location	Usage	Area
Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab	Head office building	16 kanals and 7.5 marlas
Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab	Manufacturing plant including allied facilities	1,285 acres, 5 kanals and 7 marlas
Mirpur Mathelo (District: Ghotki), Sindh	Manufacturing plant including allied facilities	575 acres, 4 kanals and 16 marlas
FFC Warehouse, G T Road Adda Yousafwala, (District: Sahiwal), Punjab	Warehouse	3 acres, 2 kanals and 11 marlas
FFC Warehouse Opposite Chiniot Railway Station Bypass Road Chiniot (District Chiniot), Punjab	Warehouse	5 acres, 2 kanals and 3 marlas
FFC Warehouse Main Highway Road Dhabeji (District: Thatta), Sindh	Warehouse	16 marlas and 136 sqft
18 Khaira Gali (District: Abbottabad), Khyber Pakhtunkhwa	Guesthouse	1 kanal and 3 marlas

		2022	2021
		Rs '000	Rs '000
14.4	**Capital Work in Progress**		
	Civil works	517,614	262,425
	Plant and machinery (including-in-transit items)	1,779,554	1,745,710
		2,297,168	2,008,135

14.5 Capital work in progress include Rs 683,171 thousand (2021: Rs Nil) being Company's share in Joint operation related to Gas Pressure Enhancement Facility (PEF), as disclosed in note 41 to the financial statements.

		Note	2022 Rs '000	2021 Rs '000
15.	**INTANGIBLE ASSETS**			
	Computer software	15.1	3,909	7,207
	Goodwill	15.2	1,569,234	1,569,234
			1,573,143	1,576,441
15.1	**Computer software**			
	Balance at the beginning		7,207	2,701
	Additions during the year		–	8,307
	Amortisation charge for the year		(3,298)	(3,801)
	Balance at the end		3,909	7,207
	Amortisation rate		33 1/3%	33 1/3%
	Amortisation charge has been allocated as follows:			
	Cost of sales	28	2,436	2,767
	Distribution cost	29	862	1,034
			3,298	3,801

15.2 Goodwill

This represents excess of the amount paid over fair value of net assets of Pak Saudi Fertilizer Company Limited (PSFL) on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 2% and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 16.88%. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2022 Rs '000	2021 Rs '000
16.	**LONG TERM INVESTMENTS**			
	Investments held at cost			
	In associated companies (Quoted)			
	Fauji Cement Company Limited (FCCL)	16.1	1,500,000	1,500,000
	Fauji Fertilizer Bin Qasim Limited (FFBL)	16.2	7,152,693	7,152,693
	Askari Bank Limited (AKBL)	16.3	10,461,921	10,461,921
			19,114,614	19,114,614
	In associated company (Unquoted)			
	Thar Energy Limited (TEL)	16.4	4,828,700	3,206,251
	Advance against issue of shares		931,300	376,707
			5,760,000	3,582,958
	In joint venture (Unquoted)			
	Pakistan Maroc Phosphore S.A., Morocco (PMP)	16.5	705,925	705,925

	Note	2022	2021
		Rs '000	Rs '000
In subsidiary companies (Unquoted)			
FFC Energy Limited (FFCEL)	16.6	2,438,250	2,438,250
Foundation Wind Energy- I Limited (FWEL-I)	16.7	7,493,051	7,493,051
Foundation Wind Energy- II Limited (FWEL-II)	16.8	6,019,288	6,019,288
OLIVE Technical Services (Private) Limited (OLIVE)	16.9	20,000	20,000
Fauji Fresh n Freeze Limited (FFF)			
Investment at cost	16.10	6,335,500	6,335,500
Less: Impairment loss		(2,100,000)	(2,100,000)
		4,235,500	4,235,500
		20,206,089	20,206,089
		45,786,628	43,609,586
Investments - fair value through other comprehensive income (FVTOCI)	16.11		
Term Deposit Receipts - from conventional bank		64,710	110,197
Bank Alfalah Term Finance Certificates		485,029	185,785
Pakistan Investment Bonds		4,574,399	4,462,282
		5,124,138	4,758,264
		50,910,766	48,367,850
Less: Current portion shown under			
- Short term investments - fair value through other comprehensive income (FVTOCI)			
Term Deposit Receipts - from conventional bank		27,070	40,052
Pakistan Investment Bonds		358,572	2,213,100
	25	385,642	2,253,152
		50,525,124	46,114,698

16.1 Investment in FCCL - at cost

As per the scheme of arrangement effective July 1, 2021, for the amalgamation of Askari Cement Limited (a wholly owned subsidiary of Fauji Foundation), with and into, Fauji Cement Company Limited (FCCL), duly sanctioned by Lahore High Court, Rawalpindi Bench, FCCL has allotted 800,493,615 ordinary shares of Rs 10 each credited as fully paid to Fauji Foundation on May 24, 2022. Accordingly, the total number of ordinary shares of FCCL have increased from 1,379,815,025 to 2,180,308,640. Consequent to above, investment of the Company in FCCL of 105,469 thousand fully paid ordinary shares of Rs 10 each now represents 4.29% of share capital of FCCL (previously 6.79%). Market value of the Company's investment as at December 31, 2022 was Rs 1,267,734 thousand (2021: Rs 1,772,188 thousand). FFCL is an associate due to common directorship.

16.2 Investment in FFBL - at cost

Investment in FFBL represents 644,019 thousand fully paid ordinary shares of Rs 10 each representing 49.88% (2021: 49.88%) of FFBL's share capital as at December 31, 2022. Market value of the Company's investment as at December 31, 2022 was Rs 9,872,811 thousand (2021: Rs 15,958,791 thousand).

Pursuant to an agreement dated October 16, 2014, the Company has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of the Company in all general meetings. Further, the Company has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of FFBL, shall be nominated by FF.

16.3 Investment in AKBL - at cost

Investment in AKBL represents 543,768 thousand fully paid ordinary shares of Rs 10 each representing 43.15% (2021: 43.15%) of AKBL's share capital. Market value of the Company's investment as at December 31, 2022 was Rs 10,929,737 thousand (2021: Rs 11,973,771 thousand).

At year end, 543,768 thousand (2021: 542,567 thousand) shares owned by the Company are held in blocked account with Central Depository Company of Pakistan. No withdrawal/ sale from such blocked account is allowed without the prior approval of the State Bank of Pakistan.

Pursuant to an agreement dated October 16, 2014, the Company has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of the Company in all general meetings. Further, the Company has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of AKBL, shall be nominated by FF.

16.4 Investment in TEL - at cost

Investment in TEL represents 482,900 thousand (2021: 320,625 thousand) fully paid ordinary shares of Rs 10 each. The Company currently holds 30% shareholding interest in TEL. TEL is a public limited company. TEL is the subsidiary of the HUB Power Company Limited. The principal activities of TEL are to develop, own, operate and maintain a 1 x 330 MW mine-month coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh. At year end, 320,625 thousand (2021: 320,625 thousand) shares owned by the Company are pledged against security trustee of lenders of TEL.

Under the amended Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in COD, TEL requested Central Power Purchasing Agency (Guarantee) Limited CPPA(G) for extension in RCOD in view of the COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension in the RCOD of TEL till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Dispatch Company Limited (NTDC), from the COD of HVDC line under certain conditions. During the year, CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 13,132,284, however, TEL has challenged the determination of the invoices and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TEL to make payment and therefore currently there is no exposure on TEL in this regard.

As mentioned in the PPA, any delay in the achievement of COD beyond RCOD would also result in liquidated damages amounting to USD 0.75 million per month. During the year, CPPA(G) has raised invoices for said liquidated damages for the period November 23, 2021 to September 30, 2022 amounting to USD 7.7 million (equivalent to Rs 1,772.38 million). The management of TEL, based on the advice of its internal legal counsel has concluded that due to the complexity involved in the matter, the actual outcome cannot be assessed at this stage. However, its management on a prudent basis has recorded a provision amounting to USD 3.2 million (equivalent to Rs 736.58 million). TEL has now achieved its COD in October 2022.

16.5 Investment in PMP - at cost

Investment in PMP represents 12.5% (2021: 12.5%) equity participation in PMP, amounting to Moroccan Dirhams (MAD) 100,000 thousand equivalent to Rs 705,925 thousand. PMP is a joint venture between the Company, Fauji Foundation (FF), FFBL and Office Cherifien Des Phosphates, Morocco. The principal activity of PMP is to manufacture and market Phosphoric acid, fertilizer and other related products in Morocco and abroad.

According to the Shareholders' agreement, if any legal restriction is laid on dividends by PMP, the investment will be converted to interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

Following particulars relate to investment made in the foreign company:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name and jurisdiction of associated company	Pakistan Maroc Phosphore S.A., Morocco
Name and address of beneficial owner	Fauji Fertilizer Company Limited located at 156, The Mall Rawalpindi Cantt, Pakistan Fauji Foundation located at 68 Tipu Road, Chaklala, Rawalpindi, Pakistan Fauji Fertilizer Bin Qasim Limited located at FFBL Tower Plot No C1/C2, Sector B, Jinnah Boulevard Phase II DHA Islamabad, Pakistan Office Cherifien Des Phosphates located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Amount of investment	Rs 705,925 thousand (MAD 100,000 thousand)
Terms and conditions of investment	Equity investment
Amount of return received	Dividend 2009 Rs 42,563 thousand Dividend 2015 Rs 50,911 thousand Dividend 2016 Rs 55,720 thousand Dividend 2017 Rs 262,551 thousand Dividend 2018 Rs 144,061 thousand Dividend 2019 Rs 371,638 thousand Dividend 2020 Rs 335,525 thousand Dividend 2021 Rs 518,962 thousand Dividend 2022 Rs 1,349,419 thousand
Details of litigations	None
Details of default / breach relating to investment	None
Gain / loss on disposal of investment	Not applicable

16.6 Investment in FFCEL - at cost

Investment in FFCEL represents 243,825 thousand (2021: 243,825 thousand) fully paid ordinary shares of Rs 10 each. FFCEL has been incorporated for the purpose of implementing a project comprising establishment and operation of wind power generation facility and supply of electricity. The Company currently holds 100% shareholding interest in FFCEL, out of which 70,000 shares amounting to Rs 700,000 are held in the name of seven nominee directors of the Company.

16.7 Investment in FWEL - I - at cost

Investment in FWEL - I represents 350,249 thousand (2021: 350,249 thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021, the Company acquired 100% of the issued share capital of Foundation Wind Energy-I Limited (FWEL - I) from Fauji Foundation (FF) (previously holding 65% interest) and Fauji Fertilizer Bin Qasim Limited (FFBL) (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL - I was incorporated in Pakistan on June 16, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs), of the Company is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,210 acres of land to the Company under a sublease agreement. The Company achieved COD on April 11, 2015. Shares of FWEL - I have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 16.8.1 to the financial statements.

16.8 Investment in FWEL - II - at cost

Investment in FWEL - II represents 282,215 thousand (2021: 282,215 thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021, the Company acquired 80% of the issued share capital of Foundation Wind Energy-II Limited (FWEL-II) from Fauji Foundation (previously holding 45% interest) and Fauji Fertilizer Bin Qasim Limited (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL-II was incorporated in Pakistan on October 5, 2004 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company applied for conversion into public limited company and the related certificate of conversion into public limited company was issued by Securities and Exchange Commission of Pakistan (SECP) with effect from September 4, 2018. The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) on behalf of Ex-WAPDA DISCOs, under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years from the Commercial Operation Date (COD). The plant, 50 MW Wind Turbine Generators (WTGs) , of the Company is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,656 acres of land to the Company under a sublease agreement. The Company achieved COD on December 10, 2014. Shares of FWEL - II have been pledged by the Company in favor of project lenders, till discharge of its debt obligations. Also refer note 16.8.1 to the financial statements.

16.8.1 In accordance with the Share Purchase Agreement, the Company, in 2021, has paid base payment amount net of payment amount adjustments of Rs 7,493,051 thousand and Rs 6,019,288 thousand, in full for acquisition of shares of FWEL - I and FWEL - II, respectively, to its previous owners i.e. FF and FFBL. Further, the Company is also liable to pay additional consideration to its previous owners as and when FWEL - I & FWEL - II receive Delayed Payment Surcharge (DPS), under their respective EPAs. The management of the Company based on its assessment performed believes that the amount of contingent consideration due to FF and FFBL would be immaterial in overall context of the financial statements and has not recognised the same in these financial statements.

16.9 Investment in OLIVE Technical Services (Private) Limited (OLIVE)

Investment in OLIVE represents investment in 4 fully paid ordinary shares of Rs 10 each. The Company currently holds 100% shareholding interest in OLIVE. Further, advance against issue of future shares amounting to Rs 20,000 thousand is outstanding as at year end. OLIVE is a private limited company incorporated in Pakistan under Companies Act, 2017. The principal line of business of the Company is to provide technical and engineering services.

16.10 Investment in FFF - at cost

Investment in FFF represents 623,960 thousand (2021: 623,960 thousand) fully paid ordinary shares of Rs 10 each. The Company currently holds 100% shareholding interest in FFF, out of which 7,000 shares amounting to Rs 70,000 are held in the name of seven nominee directors of the Company.

The Company management has carried out an impairment analysis of this investment, based on future expected cash flows for the future years and technical values. The future cash flows has been discounted at weighted average cost of capital of 15.49% (2021: 14.07%) per annum and terminal growth rate of 4% (2021: 4%). Based on this analysis, management believes that carrying value of the investment is recoverable in full.

16.11 Investments at fair value through other comprehensive income (FVTOCI)

Term Deposit Receipts (TDR)

These represent placement in Term Deposit Receipts with financial institution having tenure from one to five years with returns ranging from 4.70% to 11.83% per annum (2021: 4.49% to 12.40%).

Term Finance Certificates

This represents investments in Bank Alfalah Term Finance Certificates amounting to Rs. 185,029 thousand (2021: Rs. 185,785 thousand) and Rs. 300,000 thousand (2021: Rs. Nil) holding tenure of 3 years & perpetuity with a fixed return of 9.03% and floating return of 6MK+2% per annum respectively.

Pakistan Investment Bonds

Pakistan Investment Bonds with 3, 5 and 10 years tenure having aggregate face value of Rs. 5.2 billion are due to mature within a period of 7 Years. Profit on fixed rate PIBs is payable on half yearly basis with coupon rates ranging from 7.0% to 10.00% per annum and floating rate PIB at weighted average 6-months T-Bill yield + 0.70%. The Pakistan Investment Bonds are placed with banks as collateral to secure borrowing facilities.

		Note	2022 Rs '000	2021 Rs '000
17.	**LONG TERM LOANS AND ADVANCES - SECURED**			
	Loans and advances - considered good, to:			
	Executives			
	Interest bearing		882,673	703,017
	Non-interest bearing		700,795	482,295
			1,583,468	1,185,312
	Other employees			
	Interest bearing		614,833	527,279
	Non-interest bearing		362,407	336,286
			977,240	863,565
			2,560,708	2,048,877
	Advances to suppliers	17.3	2,587,892	1,486,204
	Less: Amount due within twelve months, shown			
	under current loans and advances	22		
	Interest bearing		252,134	214,077
	Non-interest bearing		340,886	276,867
			593,020	490,944
			4,555,580	3,044,137

17.1 Reconciliation of carrying amount of loans and advances:

	Executives Rs '000	Other employees Rs '000	2022 Total Rs '000	2021 Total Rs '000
Balance at January 1	1,185,312	863,564	2,048,876	1,747,279
Adjustments	66,232	(66,232)	–	–
Disbursements	852,199	608,646	1,460,845	1,065,628
	2,103,743	1,405,978	3,509,721	2,812,907
Repayments	(520,275)	(428,738)	(949,013)	(764,030)
Balance at December 31	1,583,468	977,240	2,560,708	2,048,877

These subsidized and interest free loans and advances are granted to employees as per the Company's policy and are repayable within one to ten years. House building loans carry mark-up at 4% per annum and are secured against the underlying assets.

The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs 1,624,158 thousand (2021: Rs 1,203,956 thousand).

Management considers that the impact of recognizing loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

17.2 Loans and advances to employees exceeding Rs 1 million

Category	2022 No. of employees	2022 Amount	2021 No. of employees	2021 Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	227	328,700	226	346,573
Exceeding Rs 2 million upto Rs 3 million	121	297,236	114	279,821
Exceeding Rs 3 million upto Rs 5 million	136	505,857	77	281,761
Exceeding Rs 5 million upto Rs 10 million	94	653,244	84	618,734
Exceeding Rs 10 million upto Rs 25 million	46	601,205	25	293,881
	624	2,386,242	526	1,820,770

17.3 These represent advances to suppliers for construction of building and will be transferred to property, plant and equipment on completion of related project.

		Note	2022	2021
			Rs '000	Rs '000
18.	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		12,378	12,378
	Prepayments		–	2,300
			12,378	14,678
19.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		454,913	249,109
	Spares		4,942,639	4,465,344
	Provision for slow moving spares	19.1	(599,931)	(566,939)
			4,342,708	3,898,405
	Loose tools		11,468	4,098
	Items in transit		1,491,997	405,897
			6,301,086	4,557,509
19.1	**Movement of provision for slow moving spares**			
	Balance at the beginning		566,939	562,575
	Provision during the year	28.1	36,417	14,734
	Reversal during the year		(3,425)	(10,370)
	Balance at the end		599,931	566,939
20.	**STOCK IN TRADE**			
	Raw materials		336,357	176,852
	Work in process		120,594	107,865
	Finished goods			
	Manufactured urea		285,104	657,370
	Purchased fertilizer	20.1	18,745,746	93,048
			19,030,850	750,418
	Stock in transit		–	13,262
			19,487,801	1,048,397

20.1 Purchased fertilizer as at December 31, 2022 includes Di-ammonium Phosphate (DAP) stock having cost of Rs 16,608,702 thousand, which have been written down to its expected net realisable value of Rs 14,843,702 thousand as a result of decline in the expected selling prices of this product.

		Note	2022	2021
			Rs '000	Rs '000
21.	**TRADE DEBTS**			
	Considered good - secured	21.1	371,540	833,231
	Considered doubtful		1,758	1,758
			373,298	834,989
	Loss allowance		(1,758)	(1,758)
			371,540	833,231

21.1 These debts are secured by way of bank guarantees.

		Note	2022	2021
			Rs '000	Rs '000
22.	**LOANS AND ADVANCES**			
	Current portion of long term loans and advances	17	593,020	490,944
	Loans and advances to employees - unsecured			
	- considered good, non-Interest bearing			
	Executives		73,156	80,763
	Others		23,595	16,888
	Advance to subsidiary companies - interest bearing	22.1		
	FFC Energy Limited (FFCEL)		–	–
	Foundation Wind Energy I Limited (FWEL - I)		–	–
	Advances to suppliers - considered good		262,775	170,063
			952,546	758,658

22.1 The Company has provided unsecured advance facilities to FFC Energy Limited (FFCEL) and Foundation Wind Energy I Limited (FWEL - I), subsidiary companies, under revolving credit facilities upto an amount of Rs 1,700,000 thousand and Rs 1,500,000 thousand, respectively, to meet debt servicing obligations and other working capital / cashflow requirements, at markup rate of the borrowing cost of the Company. The whole of the amounts were unavailed as at year end.

22.2 Loans and advances to employees exceeding Rs 1 million

	2022		2021	
Category	No. of employees	Amount	No. of employees	Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	8	10,960	4	5,176
Exceeding Rs 2 million upto Rs 3 million	2	4,530	1	2,278
Exceeding Rs 3 million upto Rs 5 million	–	–	–	–
Exceeding Rs 10 million upto Rs 25 million	–	–	–	–
	10	15,490	5	7,454

	Note	2022	2021
		Rs '000	Rs '000
23. DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		242,214	1,414
Prepayments		59,113	65,270
		301,327	66,684
24. OTHER RECEIVABLES			
Accrued income on investments and bank deposits:			
-Pakistan Investment Bonds		181,299	144,388
-Conventional banks		71,251	24,251
-Islamic banks		172	26
-Subsidiaries - conventional		127,995	127,995
Sales tax receivable		18,421,786	16,614,878
Advance tax	24.1	322,368	322,368
Subsidy receivable from Government agencies	24.2	6,961,878	6,961,878
Receivable from Workers' Profit Participation Fund - unsecured		178,307	140,748
Receivable from subsidiary companies	24.3		
-FFC Energy Limited - unsecured		25,173	34,618
-Fauji Fresh n Freeze Limited - unsecured		4,682	1,439
-OLIVE Technical Services (Private) Limited - unsecured		8,222	7,767
-Foundation Wind Energy Limited - unsecured		18,143	–
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured		358,573	359,344
Receivable from Sona Welfare Foundation		23	30
Receivable from pension fund (related party)		759,001	–
Cash margin with Bank - PEF project	24.4	1,637,078	–
Other receivables		364,043	28,871
Loss allowance	24.5	(2,819,404)	(2,149,404)
		26,620,590	22,619,197

24.1 This represents tax paid by PSFL in excess of admitted tax liabilities net of adjustments of determined refunds. The Company intends to adjust the remaining amount after finalisation of pending re-assessments by the taxation authorities.

24.2 This represents subsidy receivable on sale of Di-Ammonium Phosphate (DAP) fertilizer under schemes announced on October 25, 2015 @ Rs 500 per 50 kg bag and on June 25, 2016 @ Rs 300 per 50 kg bag respectively and subsidy receivable on sale of Urea under scheme announced on June 25, 2016 @ Rs 156 per 50 kg bag under notifications issued by Ministry of National Food Security & Research, Government of Pakistan. Finance Act, 2017 revoked subsidy on sale of DAP and also reduced Urea subsidy to Rs 100 per 50 kg bag for the financial year 2017-18.

24.3 The maximum amount of receivable from FFCEL, FFF, OLIVE, FFBL and Sona Welfare Foundation (SWF) during the year was Rs 56,353 thousand (2021: Rs 169,514 thousand), Rs 128,677 thousand (2021: Rs 1,439 thousand), Rs 8,222 thousand (2021: Rs 7,767 thousand), Rs 369,748 thousand (2021 : Rs 373,366 thousand) and Rs 23 thousand (2021: Rs 30 thousand), respectively.

24.4 This represents cash margin account maintained with a Bank related to PEF project, as disclosed in note 41 to the financial statements.

		Note	2022 Rs '000	2021 Rs '000
24.5	**Movement of loss allowance**			
	Balance at the beginning		2,149,404	1,779,404
	Charge for the year		670,000	370,000
	Balance at the end	24.5.1	2,819,404	2,149,404

24.5.1 The Company considers that the allowance for expected credit loss is adequate to cover any default in recoverability of balances in future.

		Note	2022 Rs '000	2021 Rs '000
25.	**SHORT TERM INVESTMENTS**			
	Amortised cost - conventional investments	25.1		
	Term deposits with banks and financial institutions			
	Local currency (net of provision for doubtful recovery			
	Rs 1,300 thousand (2021: Rs 1,300 thousands)		–	11,000,000
	Foreign currency		3,625,295	2,712,822
			3,625,295	13,712,822
	Investments at fair value through profit or loss	25.2		
	Conventional investments		94,127,281	76,825,517
	Shariah compliant investments		2,131,652	223,474
			96,258,933	77,048,991
	Investments at fair value through other comprehensive income (OCI)	25.2		
	Treasury Bills		–	2,181,306
	Current maturity of long term investments			
	Fair value through OCI	16	385,642	2,253,152
			100,269,870	95,196,271

25.1 These represent investments having maturities ranging between 1 to 3 months and are being carried at amortized cost.

25.2 Fair values of these investments are determined using quoted repurchase price. In the year 2021, Treasury Bills carried interest yield of 8.30% to 10.75% per annum.

25.2.1 The details of investment in mutual funds are as follows:

Conventional investments	2022 Number of units In '000	2022 Fair value Rs '000	2021 Number of units In '000	2021 Fair value Rs '000
Money Market Funds	2,500,886	83,356,524	5,611,280	70,435,332
Income Fund	1,018,569	10,770,757	605,412	6,390,185
Shariah Compliant Money Market Funds	21,317	2,131,652	1	17
Shariah Compliant Balanced Funds	-	-	13,914	223,457
	3,540,772	96,258,933	6,230,607	77,048,991

	Note	2022 Rs '000	2021 Rs '000
26. CASH AND BANK BALANCES			
At banks			
Local Currency			
Current account - Conventional banking		140,671	78,148
Current account - Islamic banking		223,121	232,981
Deposit account - Conventional banking	26.1	284,176	272,404
Deposit account - Islamic banking	26.2	30,533	2,913
		678,501	586,446
Foreign Currency			
Deposit account (2022: US$ 2,159; 2021: US$ 67)		489	12
	26.3	678,990	586,458
Drafts in hand and in transit			
Cash in transit	26.4	840,981	603,070
Cash in hand		–	50
		1,519,971	1,189,578

26.1 Balances with banks carry markup ranging from 14.50% to 14.75% (2021: 7.25% to 7.80%) per annum.

26.2 Balances with banks carry profit of 7% (2021: 2.87% to 3.05%) per annum.

26.3 Balances with banks include Rs 271,838 thousand (2021: Rs 247,501 thousand) in respect of security deposits received.

26.4 These represent demand drafts held by the Company at year end.

		Note	2022	2021
			Rs '000	Rs '000
27.	**TURNOVER - NET**			
	Manufactured urea		95,176,797	83,474,865
	Purchased and packaged fertilizers		15,336,115	27,440,545
			110,512,912	110,915,410
	Sales tax		(1,149,095)	(2,264,520)
			109,363,817	108,650,890
28.	**COST OF SALES**			
	Raw materials consumed		20,583,861	20,398,648
	Fuel and power		12,830,196	12,369,177
	Chemicals and supplies		881,970	570,331
	Salaries, wages and benefits		8,306,496	8,066,551
	Training and employees welfare		1,086,160	1,040,991
	Rent, rates and taxes		38,839	38,559
	Insurance		340,182	312,887
	Travel and conveyance		654,498	417,687
	Repairs and maintenance (includes stores and spares consumed of Rs 822,222 thousand; 2021: Rs 848,310 thousand)		3,499,310	2,658,416
	Depreciation	14.1	2,328,141	2,355,726
	Amortisation	15.1	2,436	2,767
	Communication and other expenses	28.1	3,148,231	2,381,686
			53,700,320	50,613,426
	Opening stock - work in process		107,865	82,842
	Closing stock - work in process		(120,594)	(107,865)
			(12,729)	(25,023)
	Cost of goods manufactured		53,687,591	50,588,403
	Opening stock - manufactured urea		657,370	49,039
	Closing stock - manufactured urea		(285,104)	(657,370)
			372,266	(608,331)
	Cost of sales - manufactured urea		54,059,857	49,980,072
	Opening stock - purchased fertilizers		93,048	9,783
	Purchase of fertilizers for resale		33,910,312	19,875,006
	Closing stock - purchased fertilizers		(18,745,746)	(93,048)
	Cost of sales - purchased fertilizers		15,257,614	19,791,741
			69,317,471	69,771,813

28.1 This includes provision for slow moving spares amounting to Rs 32,992 thousand (2021: Rs 14,734 thousand).

		Note	2022	2021
			Rs '000	Rs '000
29.	**DISTRIBUTION COST**			
	Product transportation		6,328,824	4,832,725
	Salaries, wages and benefits		2,192,233	2,209,300
	Training and employees welfare		165,542	146,517
	Rent, rates and taxes		215,925	202,284
	Insurance		21,388	7,508
	Technical services to farmers		14,455	11,595
	Travel and conveyance		259,004	185,812
	Sale promotion and advertising		161,182	186,960
	Communication and other expenses		516,238	413,766
	Warehousing expenses		150,503	138,271
	Depreciation	14.1	81,602	73,360
	Amortisation	15.1	862	1,034
			10,107,758	8,409,132
30.	**FINANCE COST**			
	Mark-up / profit on long term borrowings			
	Conventional banking		1,435,610	903,723
	Islamic banking		1,091,764	327,814
			2,527,374	1,231,537
	Mark-up / profit on short term borrowings			
	Conventional banking		2,001,596	854,335
	Islamic banking		267,519	166,511
			2,269,115	1,020,846
	Bank and other charges		71,901	39,732
			4,868,390	2,292,115

		2022	2021
		Rs '000	Rs '000
31.	**OTHER EXPENSES**		
	Research and development	718,443	722,941
	Workers' Profit Participation Fund	1,799,262	1,626,823
	Workers' Welfare Fund	499,417	570,500
	Auditor's Remuneration		
	Audit fee	2,890	2,625
	Fee for half yearly review, audit of consolidated financial statements, audit of employee retirement benefit funds, review of Code of Corporate Governance and other certifications in the capacity of external auditors	1,921	5,260
	Taxation services	14,865	17,980
	Out of pocket expenses	226	237
		19,902	26,102
		3,037,024	2,946,366

		2022	2021
		Rs '000	Rs '000
32.	**OTHER INCOME**		
	Income from financial assets		
	Income on loans, deposits and investments in:		
	-Pakistan Investment Bonds	441,626	442,900
	-Conventional banks	475,687	228,719
	-Islamic banks	6,740	834
	Gain on investments - Conventional mutual funds	4,977,538	1,709,625
	Gain on re-measurement of investments		
	classified as fair value through profit of loss on:		
	-Conventional mutual funds	50,462	182,075
	-Shariah compliant mutual funds	–	5,354
	Gain on Treasury Bills	371,426	19,651
	Dividend income on:		
	-Conventional mutual fund	2,342,316	2,723,331
	-Shariah compliant mutual fund	191,582	65,110
	Exchange gain on foreign currency balances	766,108	234,784
		9,623,485	5,612,383
	Income from subsidiaries/ associated companies		
	Dividend from subsidiaries		
	- FWEL-I	1,750,000	–
	- FWEL-II	1,400,000	–
		3,150,000	–
	Dividend from associated company/ joint venture		
	- AKBL	–	1,631,304
	- PMP	1,349,419	295,247
		1,349,419	1,926,551
	Income from non - financial assets		
	Gain on disposal of property, plant and equipment	49,487	21,664
	Commission on sale of FFBL products	23,670	25,827
		73,157	47,491
	Other income		
	Scrap sales	40,686	69,820
	Income on house building loan	53,341	42,770
	Others	151,761	220,151
		245,788	332,741
		14,441,849	7,919,166

		2022	2021
		Rs '000	Rs '000
33.	**PROVISION FOR TAXATION**		
	Current tax		
	Current year	10,681,523	9,635,000
	Prior year	3,518,477	–
		14,200,000	9,635,000
	Deferred tax	(563,000)	(1,192,000)
		13,637,000	8,443,000

33.1 Reconciliation between tax expense and accounting profit

	2022	2021
	Rs '000	Rs '000
Profit before tax	33,686,510	30,339,141

	2022	2021
	%	%
Applicable tax rate	29.00	29.00
Tax effect of income that is exempt or		
taxable at reduced rates	(5.69)	(3.06)
Effect of permanent differences	1.77	1.94
Prior year charge - super tax	10.44	–
Effect of super tax	4.44	–
Others	0.52	(0.05)
Average effective tax rate charged on income	40.48	27.83

		2022	2021
		Rs '000	Rs '000
33.2	**Tax impacts on items recognised in other**		
	comprehensive income Tax impact on:		
	(Deficit) / surplus on re-measurement		
	of investments to fair value	(81,240)	(57,940)
	Gain on re-measurement of staff retirement benefit plans	382,557	33,285
		301,317	(24,655)

		2022	2021
34.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees '000)	20,049,510	21,896,141
	Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
	Basic and diluted earnings per share (Rupees)	15.76	17.21

There is no dilutive effect on the basic earnings per share of the Company.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Company are given below:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000		Rs '000	
Managerial remuneration	42,658	1,787,874	17,162	1,745,774
Contribution to provident fund	2,942	112,010	1,227	109,584
Bonus and other awards	–	10,986	2,725	3,833
Good performance award	–	812,365	–	1,835,577
Allowances and contribution to retirement benefit plans	12,749	2,966,282	10,744	1,660,592
Total	58,349	5,689,517	31,858	5,355,360
No. of person(s)	1	434	2	431

The above were provided with medical facilities; the chief executive and certain executives were also provided with some furnishing items and vehicles in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuations. Leave encashment of Rs Nil thousand (2021: Rs 3,611 thousand) and Rs 54,465 thousand (2021: Rs 518,527 thousand) were paid to chief executive and executives respectively on separation, in accordance with the revised Company's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousands (2021:Rs 1,200 thousand) during the year.

In addition, 15 (2021:15) directors were paid aggregate fee of Rs 21,500 thousand (2021: Rs 23,425 thousand). Directors are not paid any remuneration except meeting fee.

36. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Long term borrowings Rs '000	Lease liabilities Rs '000	Government grant Rs '000	Unclaimed dividend Rs '000	Total Rs '000
Balance at January 1, 2022	21,244,198	61,744	40,802	471,891	21,818,635
Changes from financing cash flows					
Draw-downs	5,000,000	–	–	–	5,000,000
Repayments	(4,504,198)	–	–	–	(4,504,198)
Repayment of lease liability - net	–	(28,564)	–	–	(28,564)
Dividend paid	–	–	–	(17,333,823)	(17,333,823)
	495,802	(28,564)	–	(17,333,823)	(16,866,585)
Other changes					
Dividend declared	–	–	–	17,340,608	17,340,608
Amortisation of government grant	–	–	(40,802)	–	(40,802)
	–	–	(40,802)	17,340,608	17,299,806
Balance at December 31, 2022	21,740,000	33,180	–	478,676	22,251,856

	Long term borrowings Rs '000	Lease liabilities Rs '000	Government grant Rs '000	Unclaimed dividend Rs '000	Total Rs '000
Balance at January 1, 2021	14,962,097	82,293	112,292	467,812	15,624,494
Changes from financing cash flows					
Draw-downs	10,469,601	–	–	–	10,469,601
Repayments	(4,187,500)	–	–	–	(4,187,500)
Repayment of lease liability - net	–	(24,330)	–	–	(24,330)
Dividend paid	–	–	–	(16,853,077)	(16,853,077)
	6,282,101	(24,330)	–	(16,853,077)	(10,595,306)
Other changes					
Liability related	–	3,781	–	–	3,781
Dividend declared	–	–	–	16,857,156	16,857,156
Amortisation of government grant	–	–	(71,490)	–	(71,490)
	–	3,781	(71,490)	16,857,156	16,789,447
Balance at December 31, 2021	21,244,198	61,744	40,802	471,891	21,818,635

		2022	2021
		Rs '000	Rs '000
37.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	33,686,510	30,339,141
	Adjustments for:		
	Unwinding of GIDC liability	2,118,513	2,441,489
	Loss allowance on subsidy receivable	670,000	–
	Depreciation	2,411,851	2,431,311
	Amortization	3,298	3,801
	Provision for slow moving spares	36,417	14,734
	Finance cost	4,868,390	2,292,115
	Income on loans, deposits and investments	(977,394)	(715,223)
	Gain on re-measurement of investments at fair value through profit or loss	(5,399,426)	(187,429)
	Dividend income	(4,499,419)	(1,926,551)
	Amortization of government grant	(40,802)	(71,490)
	Exchange gain - net	(766,108)	(234,784)
	Gain on disposal of property, plant and equipment	(49,487)	(21,664)
		(1,624,167)	4,026,309
		32,062,343	34,365,450
	Changes in working capital:		
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	(1,779,994)	(138,483)
	Stock in trade	(18,439,404)	(728,408)
	Trade debts	461,691	1,454,105
	Loans and advances	(193,888)	30,512
	Deposits and prepayments	(234,643)	(15,999)
	Other receivables	(4,574,071)	(1,872,532)
	Increase in current liabilities		
	Trade and other payables	12,374,874	1,449,279
		(12,385,435)	178,474
	Changes in long term loans and advances	(1,511,443)	(1,098,604)
	Changes in long term deposits and prepayments	2,300	(590)
	Changes in deferred liabilities	159,389	(303,729)
		18,327,154	33,141,001

38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

38.1 Financial instruments by category

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2022				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	371,540	–	–	371,540
Loans and advances	689,771	–	–	689,771
Deposits	242,214	–	–	242,214
Other receivables	6,939,128	–	–	6,939,128
Short term investments	3,625,295	96,258,933	385,642	100,269,870
Cash and bank balances	1,519,971	–	–	1,519,971
Maturity after one year				
Long term investments	–	–	4,738,496	4,738,496
Long term loans and advances	1,967,687	–	–	1,967,687
Long term deposits	12,378	–	–	12,378
	15,367,984	96,258,933	5,124,138	116,751,055

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	5,445,000
Current portion of lease liabilities	15,743
Trade and other payables	72,240,956
Markup and profit accrued	1,505,936
Short term borrowings	57,994,421
Unclaimed dividend	478,676
Maturity after one year	
Long term borrowings	16,295,000
Lease liabilities	17,437
Gas Infrastructure Development Cess (GIDC) payable	7,940,534
Provision for compensated leave absences	1,531,973
	163,465,676

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	833,231	–	–	833,231
Loans and advances	588,595			588,595
Deposits	1,414	–	–	1,414
Other receivables	5,541,203	–	–	5,541,203
Short term investments	13,712,822	77,048,991	4,434,458	95,196,271
Cash and bank balances	1,189,578	–	–	1,189,578
Maturity after one year				
Long term investments	–	–	2,505,112	2,505,112
Long term loans and advances	1,557,932	–	–	1,557,932
Long term deposits	12,378	–	–	12,378
	23,437,153	77,048,991	6,939,570	107,425,714

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	4,504,198
Current portion of lease liabilities	37,494
Trade and other payables	58,199,821
Markup and profit accrued	722,941
Short term borrowings	38,954,272
Unclaimed dividend	471,891
Maturity after one year	
Long term borrowings	16,740,000
Lease Liabilities	24,250
Gas Infrastructure Development Cess (GIDC) payable	20,801,970
Provision for compensated leave absences	1,372,584
	141,829,421

38.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (formerly JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2022	2021
		Rs '000	Rs '000
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		371,540	833,231
Loans and advances			
Counterparties without external credit ratings			
Loans and advances to employees		689,771	2,146,527
Deposits			
Counterparties without external credit ratings			
Others		242,214	1,414
Other receivables			
Counterparties with external credit ratings	A1+ / A1+		
	A1 / A1	252,722	168,665
Counterparties without external credit ratings			
Balances with related parties		516,423	523,396
Others		6,169,983	4,849,142
		6,939,128	5,541,203
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	3,652,365	13,752,875
	AM1	66,455,158	37,500,111
	AM2++/AM2		
	/AM2+	29,803,775	39,548,879
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		358,572	4,394,406
		100,269,870	95,196,271
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	1,519,910	1,189,466
	A1 / A1	51	51
	A-2	9	9
	A-3	1	2
		1,519,971	1,189,528
Long term investments			
Counterparties with external credit ratings	AA +	522,669	255,930
Counterparties without external credit ratings			
PIBs issued by the Government of Pakistan		4,215,827	2,249,182
		4,738,496	2,505,112
Long term loans and advances			
Counterparties without external credit ratings		1,967,687	1,557,932
Long term deposits			
Counterparties without external credit ratings		12,378	12,378

38.3 Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investments, loans and advances, deposits, trade debts, other receivables, short term investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	Rs '000	Rs '000
Long term investments	4,738,496	2,505,112
Loans and advances	2,657,458	2,146,527
Deposits	12,378	12,378
Trade debts - net of provision	371,540	833,231
Other receivables - net of provision	6,939,128	5,541,203
Short term investments - net of provision	100,269,870	95,196,271
Bank balances	1,519,971	1,189,578
	116,508,841	107,424,300

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the Country.

The Company's most significant amount receivable is from an Asset Management Company which amounts to Rs. 15,111,114 thousand (2021: Rs. 12,329,738 thousand from an Asset Management Company). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 371,540 thousand (2021: Rs 833,231 thousand) are secured against letter of guarantee. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts.

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	Rs '000		Rs '000	
Not yet due	346,647	–	754,744	–
Past due 1-30 days	24,893	–	58,658	–
Past due 31-60 days	–	–	19,829	–
Past due 61-90 days	–	–	–	–
Over 90 days	1,758	1,758	1,758	1,758
	373,298	1,758	834,989	1,758

The management believes that no impairment allowance is necessary in respect of trade debts since significant amount of past due debts are secured by way of bank guarantees.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	Carrying amount	Within 1 year	1 to 5 years	More than 5 years
		Contractual Amount		
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2022				
Long term borrowings and accrued interest	22,474,143	6,179,143	16,295,000	–
Lease liabilities	33,180	15,743	17,437	–
Trade and other payables	72,240,956	72,240,956	–	–
Unclaimed dividend	478,676	478,676	–	–
Short term borrowings and accrued interest	58,766,214	58,766,214	–	–
Gas Infrastructure Development Cess (GIDC) payable	7,940,534	–	7,940,534	–
Provision for compensated leave absences	1,531,973	–	1,531,973	–
	163,465,676	137,680,732	25,784,944	–
December 31, 2021				
Long term borrowings and accrued interest	21,586,940	4,846,940	16,740,000	–
Lease liabilities	61,744	37,494	24,250	–
Trade and other payables	60,674,800	60,674,800	–	–
Unclaimed dividend	471,891	471,891	–	–
Short term borrowings and accrued interest	39,334,471	39,334,471	–	–
Gas Infrastructure Development Cess (GIDC) payable	20,801,970	–	20,801,970	–
Provision for compensated leave absences	1,372,584	–	1,372,584	–
	144,304,400	105,365,596	38,938,804	–

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currencies.

Exposure to Currency Risk

The Company is exposed to currency risk on bank balance and investments which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2022		2021	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	489	2.16	12	0.07
Investments (Term deposit receipts)	3,625,295	16,013	2,712,822	15,328

The following significant exchange rates applied during the year:

	2022	2021	2022	2021
	Average rate		Reporting date rate	
US Dollars	206.95	163.36	226.40	176.98

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 362,578 thousand (2021: Rs 271,283 thousand). A 10% weakening of the functional currency against foreign currencies at December 31 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

ii) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings, long term borrowings, long term investments, loans and advances, short term investments and deposits with banks. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

	2022	2021
	Carrying amount	
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	5,124,138	8,455,789
Financial liabilities	–	40,802
Variable rate instruments		
Financial liabilities	79,734,421	60,198,471

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to variations in profit and loss on its fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2022		
Cash flow sensitivity - Variable rate instruments		
Financial liabilities	(566,114)	566,114
December 31, 2021		
Cash flow sensitivity - Variable rate instruments		
Financial liabilities	(427,409)	427,409

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis – price risk

For quoted investments classified as fair value through other comprehensive income, a 1 percent increase in market price at reporting date would have increased equity by Rs 44,756 thousand (2021: Rs 48,488 thousand); an equal change in the opposite direction would have decreased equity after tax by the same amount. For investments classified as fair value through profit or loss, the impact on profit would have been an increase or decrease by Rs 962,589 thousand (2021: Rs 547,047 thousand). The analysis is performed on the same basis for 2021 and assumes that all other variables remain the same.

38.4 Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

38.5 Fair Values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying values shown in the statement of financial position, are as follows:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000		Rs '000	
Assets carried at amortised cost				
Long term loans and advances	1,967,687	1,967,687	1,557,932	1,557,932
Long term deposits	12,378	12,378	12,378	12,378
Trade debts	371,540	371,540	833,231	833,231
Loans and advances	689,771	689,771	588,595	588,595
Deposits	242,214	242,214	1,414	1,414
Other receivables	6,939,128	6,939,128	5,541,203	5,541,203
Short term investments	3,625,295	3,625,295	13,712,822	13,712,822
Cash and bank balances	1,519,971	1,519,971	1,189,578	1,189,578
	15,367,984	15,367,984	23,437,153	23,437,153
Assets carried at fair value				
Long term investments	4,738,496	4,738,496	2,505,112	2,505,112
Short term investments	96,644,575	96,644,575	81,483,449	81,483,449
	101,383,071	101,383,071	83,988,561	83,988,561

	2022 Carrying amount	2022 Fair value	2021 Carrying amount	2021 Fair value
	Rs '000		Rs '000	
Liabilities carried at amortised cost				
Long term borrowings	21,740,000	21,740,000	21,244,198	21,244,198
Provision for compensated leave absences	1,531,973	1,531,973	1,372,584	1,372,584
Trade and other payables	72,240,956	72,240,956	60,674,800	60,674,800
Mark-up and profit accrued	1,505,936	1,505,936	722,941	722,941
Short term borrowings	57,994,421	57,994,421	38,954,272	38,954,272
Gas Infrastructure Development Cess (GIDC) payable	7,940,534	7,940,534	20,801,970	20,801,970
Unclaimed dividend	478,676	478,676	471,891	471,891
Lease liabilities	33,180	33,180	61,744	61,744
	163,465,676	163,465,676	144,304,400	144,304,400

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

	Level 1	Level 2	Level 3
	Rs '000	Rs '000	Rs '000
December 31, 2022			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,738,496	–
Short term investments - FVTPL	96,644,575	–	–
	96,644,575	4,738,496	–
December 31, 2021			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,686,418	–
Short term investments - FVTPL	81,483,449	–	–
	81,483,449	4,686,418	–

38.5.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment at fair value through profit and loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment at fair value through other comprehensive income

Investments at fair value through other comprehensive income are determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investment in associate and subsidiary

The fair value of investment in listed associate and subsidiary is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

39. RELATED PARTY TRANSACTIONS

39.1 Following are the related parties with whom the Company had entered into transactions during the year:

Related party	Basis of relationship	Aggregate % age shareholding in the Company
Fauji Foundation	Holding company	44.35%
Mr. Waqar Ahmed Malik	Director	–
Mr. Sarfaraz Ahmed Rehman	Director	–
Dr. Nadeem Inyat	Director	–
Mr. Saad Amanullah Khan	Director	0.00004%
Ms. Maryam Aziz	Director	0.00001%
Maj Gen Naseer Ali Khan (Retd)	Director	–
Mr. Peter Bruun Jensen	Director	–
Maj Gen Ahmad Mahmood Hayat (Retd)	Director	–
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Dr. Hamid Ateeq Sarwar	Director	–
Mr Iftikhar Ali Sahoo	Director	–
Mr. Jehangir Shah	Director	–
Dr. Ayesha Khan	Director	0.00001%

Related party	Basis of relationship	Aggregate % age shareholding in the Company
FFC Energy Limited	Subsidiary company	100.00%
Fauji Fresh n Freeze Limited	Subsidiary company	100.00%
Foundation Wind Energy - I Limited	Subsidiary company	100.00%
Foundation Wind Energy - II Limited	Subsidiary company	80.00%
OLIVE Technical Services (Private) Limited	Subsidiary company	100.00%
Fauji Fertilizer Bin Qasim Limited	Associated company	49.88%
Askari Bank Limited	Associated company	43.15%
Thar Energy Limited	Associated company	30.00%
Pakistan Maroc Phosphore S.A., Morocco	Common directorship	12.50%
Fauji Cement Company Limited	Common directorship	4.29%
Mari Petroleum Company Limited	Common directorship	–
Sona Welfare Foundation	Associated undertaking	–
Provident Fund Trust	Contributory provident fund	–
Gratuity Fund Trust	Defined benefit fund	–
Pension Fund Trust	Defined benefit fund	–

39.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Company had entered into transactions during the year:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name of associated company	Pakistan Maroc Phosphore S.A.
Basis of association	Joint Venture of OCP Group and Fauji Group
Aggregate %age of shareholding by the Company	12.5% Equity Investment by the Company

39.3 Fauji Foundation holds 44.35% (2021: 44.35%) shares of the Company at the year-end. Therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and employees' funds. Material transactions with related parties and the balances outstanding at the year-end are given below. Loans and advances to executives and remuneration of chief executive, directors and executives are disclosed in notes 17, 22 and 35 to the financial statements respectively.

	2022 Rs '000	2021 Rs '000
HOLDING COMPANY		
Transactions		
Dividend paid	7,690,559	7,476,149
Consideration paid for acquisition		
of subsidiaries - FWEL I & II	–	8,256,333
Cost recharge	252,697	249,292
Sale of fertilizer	2,199	1,255
Others	25,253	14,493
Balances		
Balance payable - unsecured	52,024	–

	2022 Rs '000	2021 Rs '000
SUBSIDIARY COMPANIES		
Transactions		
Letter of comfort/ guarantee against loan of subsidiary company	3,445,000	2,245,000
Equity investment	–	13,512,339
Advance against issue of shares	–	20,000
Interest Income	–	2,219
Rental income	29,484	11,040
Dividend income	3,150,000	–
Expense incurred on behalf of subsidiary companies	116,799	161,890
Receipt against expenses on behalf of subsidiary companies	134,784	298,867
Receipt of interest accrued on loans	–	22,834
Receipt of loan	–	55,279
Sale of Fertilizer	14,080	–
Balances		
Balance receivable - unsecured	184,215	171,819
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,264,935	1,199,814
Commission on sale of products	23,670	25,827
Consideration paid for acquisition of subsidiaries- FWEL I & II	-	5,256,006
Payments under consignment account - net	143,302,729	114,718,306
Payment against purchase of gas as feed and fuel stock	31,562,001	32,763,354
Equity investment	1,245,742	-
Advance against issue of shares	931,300	376,707
Services and materials provided	19,620	17,011
Services and materials received	705	1,368
Donations	664,029	314,000
Interest expense	807,201	180,922
Interest income	8,252	9,319
Dividend income	1,349,419	1,926,551
Balances		
Long term investments	64,710	110,197
Short term investments	–	11,000,000
Short term borrowings	29,871,241	4,212,743
Running Finance	247,622	215,186
Balance receivable	362,543	360,858
Balance payable	68,537,591	69,527,302

	2022	2021
	Rs '000	Rs '000
STAFF RETIREMENT BENEFITS		
Contribution		
Employees' Provident Fund Trust	504,144	483,898
Employees' Gratuity Fund Trust	253,339	229,632
Employees' Pension Fund Trust	148,611	217,967
Employees' Funds as Dividend on equity holding	42,837	27,092
0.25% (2021: 0.22%)		
Balances		
Balance payable - Gratuity Fund Trust	659,625	736,858
Balance (receivable)/ payable - Pension Fund Trust	(759,001)	323,030

40. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 27 to the financial statements.

41. INTEREST IN JOINT ARRANGEMENTS

During the year, the Company, Engro Fertilizer Company Limited (EFERT) and Fatima Fertilizer Company Limited (FATIMA) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project dated November 30, 2022. Under the Agreement, the Company, EFERT and FATIMA have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL).

All decisions with respect to development and operations of PEF would be made only with unanimous consent of the Company, EFERT and FATIMA. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS - 11. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by the Company, EFERT and FATIMA, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operations' in these financial statements. Current cost sharing percentages in PEF of the Company, EFERT and FATIMA are 47.7%, 33.9% and 18.4%, respectively.

The Company has recognised its share of jointly held assets and liabilities of the joint operation under the appropriate heads and disclosed the same in related notes to the financial statements.

42. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in its meeting held on January 30, 2023 has proposed a final dividend of Rs 3.15 per share.

43. GENERAL

43.1 Production capacity - Urea

	Design capacity		Production	
	2022	2021	2022	2021
	(Tonnes '000)		(Tonnes '000)	
Goth Machhi - Plant I	695	695	787	864
Goth Machhi - Plant II	635	635	767	753
Mirpur Mathelo - Plant III	718	718	850	890
	2,048	2,048	2,404	2,507

43.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs. 30,722,000 thousand and Rs. 866,000 thousand (2021: Rs.31,720,600 thousand and Rs. 835,000 thousand) respectively are available to the Company against lien on shipping/title documents, and charge on assets of the Company. Facilities against letter of credit include Rs. 5,203,000 thousand and Rs. 2,719,000 thousand limits assigned for issuance of SBLCs in relation to the Company's investment in Thar Energy Limited (TEL) and Foundation Wind Energy Limited - I (FWEL - I) and Foundation Wind Energy Limited-II (FWEL - II).

43.3 Donations

Cost of Sales and Distribution Cost include donations amounting to Rs 526,291 thousand (2021: Rs 210,225 thousand) and Rs 137,738 thousand (2021: Rs 103,775 thousand) respectively. These are disbursed through Sona Welfare Foundation, Sona Tower, 156, The Mall, Rawalpindi (associated undertaking). Interest of Mr. Sarfaraz Ahmed Rehman in Sona Welfare Foundation is limited to the extent of his involvement in Sona Welfare Foundation as Chairman.

	2022	2021
43.4 Number of employees		
Total number of employees at end of the year	3,216	3,272
Average number of employees for the year	3,244	3,275

43.5 Corresponding figures

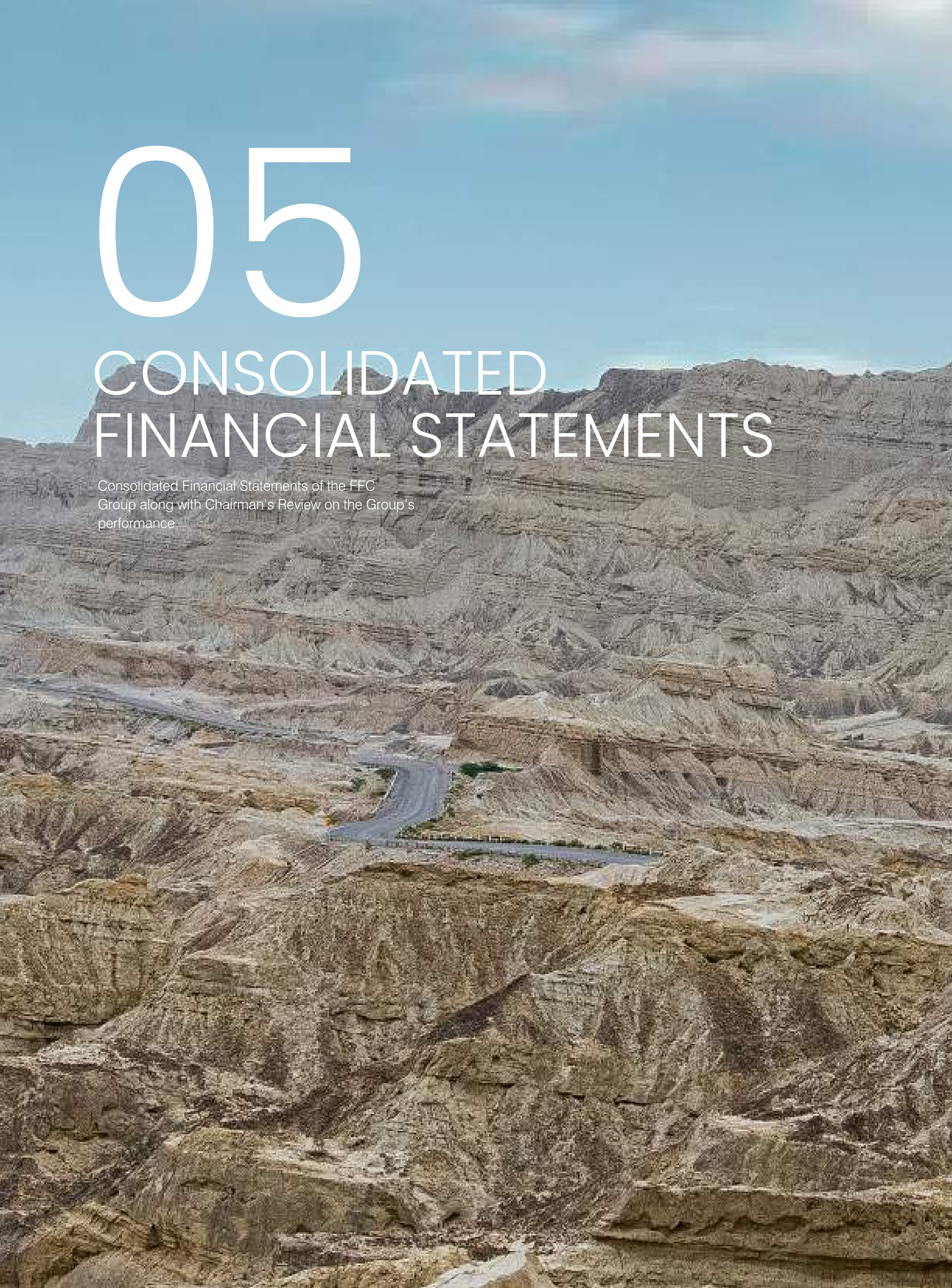
Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.

44. DATE OF AUTHORIZATION

These Financial Statements have been authorized for issue by the Board of Directors of the Company on January 30, 2023.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

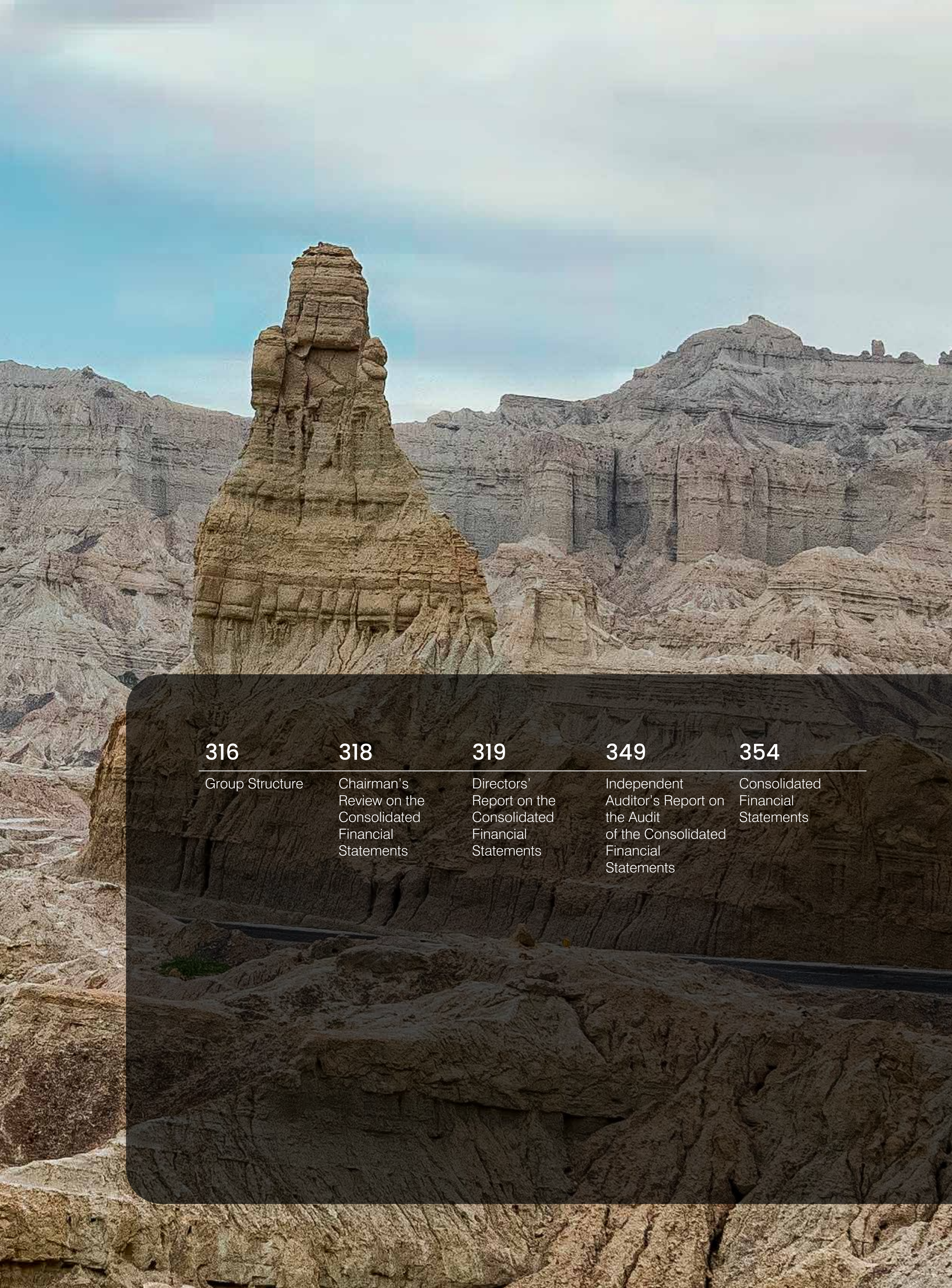
SAY NO TO CORRUPTION



05

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements of the FFC Group along with Chairman's Review on the Group's performance



GROUP STRUCTURE

FFBL
Fauji Fertilizer Bin Qasim Limited

Associate

FFC Share
49.88%

Investment
RS 7.15 bn

PAKMAROC

Joint Venture

FFC Share
12.5%

Investment
RS 706 mn

FFC ENERGY

Subsidiary

FFC Share
100%

Investment
RS 2.44 bn

Foundation Wind Energy-I Limited

Subsidiary

FFC Share
100%

Investment
RS 7.49 bn

Foundation Wind Energy-II Limited

Subsidiary

FFC Share
80%

Investment
RS 6.02 bn

HUBCO

Associate

FFC Share
30%

Investment
RS 5.76 bn

Fauji Fresh n Freeze

Subsidiary

FFC Share
100%

Investment
RS 4.24 bn

- Associated Companies
- Subsidiary Companies
- Joint Venture Company

Investment at Cost

OLIVE

Subsidiary

FFC Share
100%

Investment
RS 20 mn

FAUJI CEMENT

Associate

FFC Share
4.29%

Investment
RS 1.50 bn

askari bank LIMITED

Associate

FFC Share
44.13%

Investment
RS 10.46 bn

Banking

Cement

Services

Fertilizer

Energy

Food

FFC

CHAIRMAN'S REVIEW
on the Consolidated Financial Statements

Dear Shareholders,

The country underwent various hardships during the year including economic, environmental and international issues.

Although the revenues touched all-time records, the very high levels of inflation, double-digit interest rates and devaluation of currency negatively impacted the Group's profitability. The financial performance was further suppressed by the imposition of super-tax and exemption of GST for fertilizer sector.

Our pioneer wind energy project FFCEL in 2022 earned its highest ever net profit of Rs 2.50 billion compared to Rs 1.94 billion last year and achieved average availability factor of 99%, supplying 89.49 GWh electricity to the National Grid. We believe that FFCEL will continue to surpass our expectations in the future, thus providing sustained returns to shareholders.

The recently-acquired wind energy projects FWEL-I and FWEL-II also did well and accomplished all their performance KPIs. During the year, both FWEL-I and FWEL-II paid cash dividends of Rs 1.75 billion each to their shareholders, successfully supplementing the Group's income. Average energy availability factor of FWEL-I and FWEL-II was 98.48% and 98.31% respectively while the power projects together delivered 220.74 GWh of electricity to the National Grid.

Fauji Fresh n Freeze Limited (FFF) achieved turnover growth of 82% during the year and saw significant increase of 125% in gross profit margins compared to last year. It also successfully commissioned a new french fries line which has enhanced production capacity. However, increased finance cost due to high interest rates eroded the profit margin and resulted in loss after tax of Rs 396 million, compared to loss of Rs 333 million in 2021. The Board expects that with sustained improvement and efficiencies, FFF will start augmenting the Group's profits.

The technical services company, OLIVE, also showed good progress during its first year of consistent operations post-Covid. It undertook projects in fertilizer, oil refining, IT and wind power sectors and also started collaborating with local and international service companies to boost clientele and outreach. We expect it to gradually expand in the years ahead.

Our associated company Askari Bank Limited (AKBL) depicted a growth of 57% and earned profit after tax of Rs 10.72 billion for the period ended September 30, 2022, compared to Rs 6.72 billion in previous year, primarily due to reduced provisions and write offs in 2022 compared to last year. The earnings per share in 2022 thus increased to Rs 8.53 per share from Rs 5.39 per share last year.

Fauji Fertilizer Bin Qasim Limited (FFBL) earned highest ever consolidated turnover of Rs 183.13 billion in 2022, 43% above 2021 primarily due to increased DAP revenues. However, due to high cost of imported raw material and imposition of super-tax, net profit decreased by 13% to Rs 8.03 billion.

Thar Energy Limited achieved commercial operations during the year and the Board is confident that the project shall become profitable within a few years.

The Group earned Rs 12.44 billion as share of net profit from associates, 23% higher than last year. This combined with effective cost control measures besides impressive income on deposits, enabled the Group to achieve profitability of Rs 34.37 billion. Parent Company FFC had declared Rs 8.98 per share as interim dividends. Additionally, the Board of Directors has proposed Rs 3.15 per share as final dividend.

The adverse economic environment of the country poses many challenges to the operations but the Board remains committed to steer the Group towards achievement of strategic objectives and inculcating culture of strong performance to offer sustainable returns to shareholders.

Waqar Ahmed Malik
Chairman

Rawalpindi
January 30, 2023

FINANCIAL PERFORMANCE OF THE GROUP

Group Composition

FFC Group comprises of the following companies:

Holding Company

Fauji Fertilizer Company Limited

Subsidiary Companies

FFC Energy Limited
Fauji Fresh n Freeze Limited
Foundation Wind Energy – I Limited
Foundation Wind Energy – II Limited
OLIVE Technical Services (Private) Limited

Associated Companies

Askari Bank Limited
Fauji Cement Company Limited
Fauji Fertilizer Bin Qasim Limited
Pak Maroc Phosphore S.A., Morocco
Thar Energy Limited

Profit or Loss Analysis

Turnover

Record turnover of Rs 125.6 billion, representing a growth of 10% compared to last year was registered by the group; primarily attributable to higher urea prices on account of pass on of inflationary costs, and improved turnover of our food and energy businesses.

Cost of Sales

Cost of sales was recorded at Rs 75.9 billion, with an increase of 4% over 2021, mainly due to inflationary factors and exemption of GST for fertilizer sector.

Gross Profit

Gross profitability of the Group thus stood at Rs 49.7 billion, improving by 20% compared to Rs 41.4 billion in 2021.

Administrative and Distribution Expenses

Administrative and distribution expenses of Rs 11.2 billion increased by 23% compared to last year mainly on account of higher fuel prices and double-digit inflation.

Finance Cost

The sharp increase in interest rates besides higher financing requirements during 2022 resulted in finance cost of Rs 5.9 billion compared to Rs 2.7 billion in previous year.

Other Income

Effective treasury management and high rate of returns resulted in other income of Rs 11.5 billion, 82% above 2021.

Other Losses / Other Expenses

Other losses comprising of unwinding of GIDC liability of Rs 2.1 billion and provision for expected credit loss of Rs 670 million on subsidy receivable from Government were booked during the year. While other expenses increased by 3% to Rs 3.1 billion owing to higher charge of WPPF/ WWF due to improved profitability.

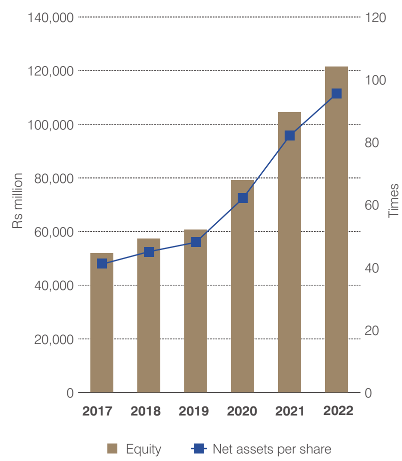
Share of Profit of Associates and Joint Venture

Share of profit of associates and joint venture was recorded at Rs 12.4 billion compared to Rs 10.2 billion last year, mainly due to increase in profitability of associated companies.

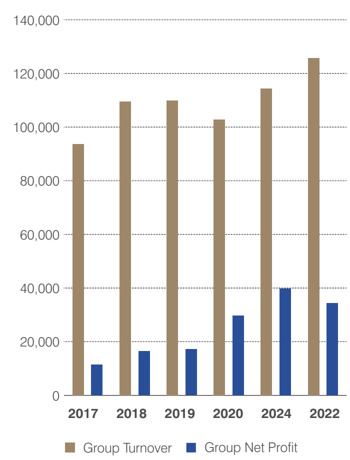
Provision For Taxation

Tax charge of Rs 16.3 billion increased by 62% compared to 2021 mainly due to imposition of super tax, negatively affecting the Group's profitability.

Group Equity & Net Assets per Share



Group Turnover & Profit
(Rs million)



Net Profit

Consequently, the Group's profitability declined by 14% to Rs 34.4 billion with an earnings per share of Rs 27.02 compared to Rs 31.33 last year.

Subsidiary Companies

FFC Energy Limited

The pioneer wind power company FFCEL is a wholly owned subsidiary of FFC. Established with the primary objective to undertake the business of power generation and sale, FFCEL started its commercial operations in May 2013 and has a power

FINANCIAL PERFORMANCE OF THE GROUP

generation capacity of 49.5 MW. FFC currently has an equity investment of Rs 2.44 billion in the company.

FFCEL achieved average availability factor of 99% and supplied 89.5 GWh electricity to the National Grid. Plant accomplished performance targets despite bi-annual maintenance activity during the year.

Despite reduction in return on equity components from 17% to 13%, pursuant to the amendment agreements signed with the Power Purchaser, sales revenue increased by 6% from Rs. 3.1 billion last year to Rs. 3.3 billion in 2022 owing to increase in tariff through quarterly indexation. The increase of 10% in operating cost was mainly on account of inflationary factors, whereas lower borrowings led to reduced finance cost as compared to last year despite unprecedented hike in KIBOR rates during the year. Improved cash flows and higher interest rates contributed in achievement of record income on investments/deposits of Rs 740 million during the year. Consequently, the company reported highest ever net profit of Rs. 2.5 billion compared to Rs. 1.9 billion last year.

The Auditors of FFCEL have issued an unmodified opinion in their separate audit report on FFCEL's financial statements for the year ended December 31, 2022.

Composition of The Board

The following members formed the FFCEL's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Maj Gen Asif Ali, HI(M) (Retired)
- Maj Gen Ahmad Mahmood Hayat, HI(M) (Retd)
- Mr Qamar Haris Manzoor
- Mr Muhammad Aleem Khan
- Syed Bakhtiyar Kazmi
- Mr Khurram Shahzad Khan

Board Meetings during the Year 2022

Name of Director	Jan 28	Apr 25	Jul 26	Sep 19	Oct 21	Dec 02	Total Meetings Attended
Mr Waqar Ahmed Malik	X	N/A					0
Mr Sarfaraz Ahmed Rehman	📹	👤	👤	👤	X	📹	05
Maj Gen Asif Ali, HI(M) (Retd)	N/A				👤	👤	02
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retd)	👤	📹	📹	📹	X	👤	05
Mr Qamar Haris Manzoor	📹	📹	📹	📹	📹	📹	06
Mr Muhammad Aleem Khan	👤	👤	👤	👤	👤	👤	06
Syed Bakhtiyar Kazmi	👤	📹	📹	📹	📹	📹	06
Mr Khurram Shahzad Khan	📹	X	📹	📹	📹	X	04

Casual Vacancies Filled During the Year

Appointed	Maj Gen Asif Ali, HI(M) (Retired)
Resigned	Mr Waqar Ahmed Malik
Date of Appointment	September 01, 2022

Audit and HR&R Committee Meetings during the Year

Directors	Jan 21	Apr 15	Jul 18	Oct 17	Nov 24	Total Meetings Attended
Syed Bakhtiyar Kazmi	👤	📹	📹	📹	📹	05
Maj Gen Ahmad Mahmood Hayat, HI(M) (Retired)	📹	X	📹	📹	X	03
Mr Khurram Shahzad Khan	📹	📹	📹	📹	📹	05

Foundation Wind Energy – I Limited

On September 29, 2021, FFC acquired 100% equity stake in Foundation Wind Energy – I Limited, which is an unlisted company. FWEL – I is a 50 MW wind power project established with an objective to undertake the business of power generation and sale; it started commercial operations in April 2015. FFC has made an investment of Rs 7.49 billion in the project.

Although these financial statements are for the twelve months period from Jan-Dec 2022, however, due to change of financial year, comparative statements are for the six months period from Jul – Dec 2021, therefore, are not entirely comparable.

FWEL-I achieved average availability factor of 98.48 and delivered 106.3 GWh. Plant accomplished all performance related KPIs.

During the year, sales revenue of Rs 4.8 billion was registered while the company reported net profitability of Rs 3.2 billion, and was able to pay cash dividends of Rs. 1.75 billion to its shareholders owing to better funds receipts from power purchaser.

Auditors of FWEL – I have issued an unmodified opinion in their separate audit report on the company's financial statements for the period ended December 31, 2022.

Composition of The Board

The following members formed the FWEL-I's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Maj Gen Khalid Mahmood, HI(M) (Retired)
- Maj Gen Asif Ali, HI(M) (Retired)
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Maj Gen Abid Rafique, HI(M) (Retired)
- Mr Muhammad Aleem Khan
- Mr Mohammad Munir Malik
- Syed Atif Ali

Board Meetings during the Year 2022

Directors	06 Jan	25 Apr	26 Jul	19 Sep	21 Oct	02 Dec	Total Meetings Attended
Mr Waqar Ahmed Malik		N/A					01
Mr Sarfaraz Ahmed Rehman					X		05
Maj Gen Khalid Mahmood, HI(M) (Retired)		N/A					01
Maj Gen Asif Ali, HI(M) (Retired)	N/A						05
Dr Nadeem Inayat		X		X	X		03
Syed Bakhtiyar Kazmi							06
Maj Gen Abid Rafique, HI(M) (Retired)	X						05
Mr Muhammad Aleem Khan	N/A						05
Mr Mohammad Munir Malik			X	N/A			02
Syed Atif Ali	N/A				X		02

Casual Vacancies Filled during the Year

Appointment	Resignation	Date of Appointment
Maj Gen Asif Ali, HI(M) (Retired)	Mr. Waqar Ahmed Malik	January 10, 2022
Mr Muhammad Aleem Khan	Maj Gen Khalid Mahmood, HI(M) (Retired)	April 12, 2022
Syed Atif Ali	Mr. Mohammad Munir Malik	September 07, 2022

Audit and HR&R Committee Meetings during the Year

Directors	06 Jan	15 Apr	18 Jul	17 Oct	24 Nov	Total Meetings Attended
Syed Bakhtiyar Kazmi						05
Dr Nadeem Inayat	X	X				03
Maj Gen Abid Rafique, HI(M) (Retired)	X					04
Mr Mohammad Munir Malik				N/A		03
Syed Atif Ali	N/A			X		01

Consolidated Financial Statements

FINANCIAL PERFORMANCE OF THE GROUP

Foundation Wind Energy – II Limited

On September 29, 2021, FFC acquired 80% equity stake in Foundation Wind Energy – II Limited, which is an unlisted public limited company. FWEL – II is a 50 MW wind power project established with an objective to undertake the business of power generation and sale; it started commercial operations in Dec 2014. FFC has made an investment of Rs 6.02 billion in the project.

FWEL – II achieved average availability factor of 98.31 and delivered 114.5 GWh electricity to the National Grid. Plant accomplished all performance related KPIs.

During the year the company achieved sales revenue of Rs 4.8 billion while net profitability of Rs 3.1 billion was also registered. Owing to improved cash flows, the company also paid dividends to shareholders of Rs 1.75 billion.

Auditors of FWEL – II have issued an unmodified opinion in their separate audit report on the company's financial statements for the period ended December 31, 2022.

Composition of The Board

The following members formed the FWEL-II's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Maj Gen Khalid Mahmood, HI(M) (Retired)
- Maj Gen Asif Ali, HI(M) (Retired)
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Maj Gen Abid Rafique, HI(M) (Retired)
- Mr Mohammad Munir Malik
- Mr Aziz Ikram
- Mr Tassawor Ishaque
- Syed Atif Ali
- Mr Mustafa Tapal
- Mr Adnan Tapal

Board Meetings during the Year 2022

Directors	06 Jan	25 Apr	26 Jul	21 Oct	02 Dec	Total Meetings Attended
Mr Waqar Ahmed Malik	👤	N/A				01
Mr Sarfaraz Ahmed Rehman	👤	👤	👤	X	🎥	04
Maj Gen Khalid Mahmood, HI(M) (Retired)	👤	N/A				01
Maj Gen Asif Ali, HI(M) (Retired)	N/A	👤	👤	👤	👤	04
Dr Nadeem Inayat	👤	X	🎥	X	🎥	03
Syed Bakhtiyar Kazmi	👤	🎥	🎥	🎥	🎥	05
Maj Gen Abid Rafique, HI(M) (Retired)	X	👤	🎥	🎥	🎥	04
Mr Muhammad Munir Malik	N/A	👤	X	N/A		01
Syed Atif Ali	N/A			X	🎥	01
Mr Aziz Ikram	👤	🎥	🎥	🎥	X	04
Mr Tassawor Ishaque	👤	👤	🎥	👤	X	04
Mr Mustafa Tapal	🎥	🎥	X	X	🎥	03
Mr Adnan Tapal	🎥	🎥	🎥	🎥	🎥	05

Casual Vacancies Filled during the Year

Appointment	Resignation	Date of Appointment
Maj Gen Asif Ali, HI(M) (Retired)	Mr. Waqar Ahmed Malik	January 10, 2022
Mr Mohammad Munir Malik	Maj Gen Khalid Mahmood, HI(M) (Retired)	April 12, 2022
Syed Atif Ali	Mr Mohammad Munir Malik	September 07, 2022

Audit and HR&R Committee Meetings during the Year

Directors	06 Jan	15 Apr	18 Jul	17 Oct	24 Nov	Total Meetings Attended
Syed Bakhtiyar Kazmi	👤	👤	🎥	🎥	🎥	05
Dr. Nadeem Inayat	X	X	🎥	🎥	🎥	03
Mr. Muhammad Munir Malik	X	👤	👤	N/A		02
Syed Atif Ali	N/A			X	👤	01
Mr. Aziz Ikram	👤	🎥	🎥	🎥	🎥	05
Mr. Mustafa Tapal	🎥	🎥	🎥	X	👤	04

FINANCIAL PERFORMANCE

Management objectives (FFCEL, FWEL-I & FWEL-II)

Corporate Strategy

Maintaining our key position in the core business, we employ our unique organization culture, professional excellence and financial strength to maintain excellent business relationships with our stakeholders for development of renewable energy sector in Pakistan.

Strategic Objective	Strategy	Opportunities / Threats
Optimized Energy Production	• Effective Implementation of O&M plans • Effective supply chain management (SCM) • Reliability Improvement Measures • Performance monitoring	• Achieve benchmark energy numbers • Increased revenue • Shareholder's satisfaction • Aging Plant • Circular debt issues • Unscheduled maintenance • Unavailability of spare parts • Weather pattern changes
Cost Optimization	• Optimized resource utilization through proper planning • Improved technology • Need base expenditure • Cost monitoring at multiple levels	Increased profitability Reduced working efficiency
Self-reliance in Operations and Maintenance (O&M)	• Technical trainings • Certification from OEMs / Experts • Technical Audit of O&M Activities	• O&M services to other wind farms • Efficient manpower utilization • Foreign exchange saving • Technical work load • Manpower attrition • Higher administrative work load
Create / enter new lines of business to augment profitability	• O&M Services to wind industry • Renewable Energy trainings	Business diversification New business risks
Social Life, Environment Sustenance and Community development	• Assessment of neighbouring community needs • Provision of support in health, education and utility to community • Improvement in social life at Plant site • Environmental protection & sustenance	• Community harmony • Employee motivation • Clean & safe environment • Increase in employee expectations • Demands from community • Increase in capital cost
Ensure maintenance of plants by the O&M contractors as per best practices	• Strong supervision • Close coordination • Strong reporting • Data Analysis • Third party audits , if so required	• Self O&M • Efficient manpower utilization • Avoidance of LDs under EPA • Technical work load • Manpower attrition • Higher administrative work load
Negotiation of O&M agreements for period beyond 2025	• To work on following options: Extension of term of existing agreements To enter into new Agreements Take over O&M function	• Self O&M • Efficient manpower utilization • New business risks

Significant Changes in Objectives and Strategies

There were no significant changes during the year which affected our course of action for achievement of these objectives.

Resources allocated	Financial capital, Human capital	**Nature** Medium-term
KPI Monitored	Net delivered energy, Plant availability, WTG Power Curve	
Status	Ongoing process	**Priority** High
Future relevance of KPI	KPI will remain relevant in future	

Resources allocated	Financial Capital, Human capital, Intellectual capital	**Nature** Medium Term
KPI Monitored	Gross Profit Margin, Net Profit Margin, O&M Cost Absorption	
Status	Ongoing process	**Priority** High
Future relevance of KPI	The KPI will remain relevant in the future	

Resources allocated	Financial Capital, Human Capital	**Nature** Medium to Long Term
KPI Monitored	Plant availability, training budget utilization, contracted out services expenditure	
Status	Ongoing process	**Priority** High
Future relevance of KPI	Relevant for future as well	

Resources allocated	Human Capital, Intellectual Capital, Financial Capital	**Nature** Long Term
KPI Monitored	Revenue generated from services	
Status	Ongoing process	**Priority** Medium
Future relevance of KPI	The KPI will remain relevant in the future	

Resources allocated	Financial Capital, Human Capital	**Nature** Medium Term
KPI Monitored	CSR budget, feedback from community, employee feedback, monitoring of environmental aspects	
Status	Ongoing process	**Priority** High
Future relevance of KPI	The KPI will remain relevant in the future	

Resources allocated	Financial Capital, Human Capital	**Nature** Short to Medium Term
KPI Monitored	Plant Availability, training budget utilization, performance LDs under the O&M contracts	
Status	Ongoing process	**Priority** High
Future relevance of KPI	Relevant for future as well	

Resources allocated	Human Capital, Intellectual Capital, Financial Capital	**Nature** Long Term
KPI Monitored	Revenue generated from services	
Status	Ongoing process	**Priority** Long term
Future relevance of KPI	The KPI will remain relevant in the future	

FINANCIAL PERFORMANCE

Key Risks and Opportunities (FFCEL, FWEL-I & FWEL-II)

Rating

Likelihood

Magnitude

Demand of GoP for reduction in O&M

Capital

Financial Human

Type

Strategic

Source | External Nature | Long Term

Associated objective: Social Life, Environment Sustenance and Community development, Self-Reliance in O&M

Opportunities: Cost Optimization, Create / enter new line of business

Mitigation Measures:

1. Discussions with GoP based on actual O&M costs
2. Convince GoP that FFCEL has already reduced its O&M component; therefore, no further reduction is possible

Rating

Likelihood

Magnitude

Demand to participate in competitive whole sale power market – CTBCM

Capital

Financial Human

Type

Strategic

Source | External Nature | Long Term

Associated objective: Self-Reliance in Operation & Maintenance

Opportunities: Cost Optimization, Enter new line of Business to augment

Mitigation Measures:

1. Seek exemption from GoP under EPA terms
2. In parallel, make preparations for participation in CTBCM

Rating

Likelihood

Magnitude

Supply Chain Disruption due to natural calamities & GoP Regulations / Default – Delay in spare parts supply resulting in increased downtime of WTGs

Capital

Financial Human

Type

Operational

Source | External Nature | Long Term

Associated objective: Maximize Energy Production

Mitigation Measures:

1. Manage & enhance vendor database and parts supply mechanism alongwith engagement of O&M services experts as needed
2. Increase critical spare parts inventory level
3. Development of local vendors for parts and services
4. Close liaison with the foreign vendors
5. Forex management at Group level

Operational malfunctions, maintenance issues, Plant ageing – that may result in reduced availability, production & reliability

Rating: ★★☆ | Likelihood | Magnitude

Capital

Financial Human

Type

Operational

Source | External | Nature | Medium Term

Associated objective: Maximize Energy Production, Cost Optimization
Opportunities: Increased self-reliance in O&M
Mitigation Measures:

1. Comply with OEM recommended scheduled maintenance plan with continuous monitoring and liaison with OEM for updating O&M practices
2. Keep recommended inventory of spares for unscheduled maintenance with appropriate changes in type/levels of parts based on experience
3. Development and updating of O&M manuals and maintenance SOPs, safety procedures and refresher trainings of O&M team
4. Development of in-house capabilities to repair / refurbish
5. Plant Performance monitoring & reliability studies for mitigation against aging impacts
6. Third party technical audit(s)
7. Appropriate insurance coverage

Attrition of Expert / Experienced Manpower (Increased Inflation and Industry demand)

Rating: ★★☆ | Likelihood | Magnitude

Capital

Financial Human

Type

Operational

Source | Internal | Nature | Short Term

Associated objective: Maximize Energy Production, Create / Enter new line of business, Increased Self Reliance in O&M
Opportunities: Increased self-reliance in O&M
Mitigation Measures:

1. Multitasked team at FFCEL ensures backup for each manpower
2. In-house Technical Training Center ensures sufficient backup resource
3. Market has grown and experienced manpower of NDX/DPS and other IPPs is available
4. Expert manpower can be sourced from China as well – established contact with experts of gearbox, converter, etc.
5. Introduction of market based lucrative manpower retention policies
6. Re-appropriation of remuneration package

Delayed payment resulting in liquidity issues

Rating: ★★★ | Likelihood | Magnitude

Capital

Financial

Type

Financial

Source | External | Nature | Short Term

Associated objective: Maximize Energy Production, Cost Optimization

Mitigation Measures:

1. Variables effecting Center Power Purchasing Company's (CPPA) policy for disbursing payments to IPPs is outside management's control
2. CPPA receivables are backed up by the GOP's sovereign guarantee
3. Regular follow up with CPPA officials for disbursement of funds
4. Keep proactive treasury management system to ensure availability of adequate funds for any unforeseen requirement

Key Risks and Opportunities (FFCEL, FWEL-I & FWEL-II)

Rating
Likelihood
Magnitude

Security / Terrorism threats resulting in loss of production / assets / human resource

Capital
Social
Type
Political Security

Source External Nature Medium Term

Associated objective: Social life, environmental sustenance and community development, Enter new line of business to augment profitability and achieve sustained economic growth.

Mitigation Measures:

1. Services from specialized security firm in place with multi-layer security cover including CCTV coverage, patrolling, watch towers etc.
2. Emergency safety / security drills at Plant site
3. Collaboration with Government agencies deployed in area including police and rangers units
4. Appropriate insurance coverage

Rating
Likelihood
Magnitude

Non Adherence to Energy Purchase Agreement, Implementation Agreement and regulatory framework set by the Regulator

Capital
Financial Human
Type
Compliance risk

Source External Nature Medium Term

Associated objective: Maximize Energy Production, Create / Enter new line of business, Increased Self Reliance in O&M

Mitigation Measures:

Rigorous monitoring / checks are in place to prevent any non-compliance

Base Risk

Rating
Likelihood
Magnitude

Operational Risk

Capital
Financial Human
Type
Strategic

Source External Nature Long Term

Associated objective: Maximize Energy Production
Opportunities: Ensure required availability of the plant;
Ensure complex monthly power curve energy achievement;
Proper record maintenance
Mitigation Measures:

1. Premium O&M Agreements with Contractors
2. Comprehensive Insurance Policies
3. Firefighting Tender & Water Availability
4. QHSE Protocols
5. Long Term Energy Purchase Agreement

Wind Speed Risk

Rating: ★★★ | Likelihood: ●●● | Magnitude

Capital

Financial, Human

Type

Strategic

Source External **Nature** Long Term

Associated objective: Maximize Energy Production

Mitigation Measures:

1. Wind Risk is on Power Purchaser under EPA and NEPRA tariff
2. Close monitoring of monthly CMPCE
3. Close monitoring of monthly availability

Interest & Exchange rate fluctuation Risk

Rating | Likelihood | Magnitude

Capital

Financial, Human

Type

Financial risk

Source External **Nature** Shirt Term

Associated objective: Cost Optimization

Opportunities: Trained Staff

Mitigation Measures:

1. Interest rate fluctuation is covered under NEPRA tariff
2. Exchange rate adjusted through tariff on half yearly basis

Rely on Single Customer

Rating | Likelihood | Magnitude

Capital

Financial

Type

Financial risk

Source External **Nature** Short Term

Associated objective: Maximize Energy Production, Cost Optimization

Mitigation Measures:

1. Cash flow management due to circular debt
2. Availability of grid is responsibility of Power Purchaser
3. Premium O & M contracts with O & M contractors
4. Variables effecting CPPA's policy for disbursing payments to IPPs is outside management's control
5. CPPA receivables are backed up by the GOP's sovereign guarantee
6. Regular follow up with CPPA officials for disbursement of funds
7. Keep proactive treasury management system to ensure availability of adequate funds for any unforeseen requirement

Legend

Rating			Magnitude			Likelihood		
Low	Medium	High	Low	Medium	High	Low	Medium	High

FINANCIAL PERFORMANCE

Fauji Fresh n Freeze Limited

Fauji Fresh n Freeze Limited owns and operates Pakistan's first Individual Quick Freezing (IQF) food processing technology for processing of fresh and frozen fruits and vegetables, with a brand name OPA, a household French fries product. It is a public unlisted company which was acquired by FFC as a wholly-owned subsidiary in 2013. To date, FFC has an aggregate investment of Rs 6.34 billion in the project.

The year 2022 is marked by significant events which are likely to have a positive impact on operational performance and setting long-term strategic direction of the company, which includes successful commissioning of new french fries line with an enhanced production capacity. The project was completed within given timelines in spite of disruptions in the shipping schedules and inflationary pressures.

Another significant development during the year was successful on boarding of international restaurant chains The company has successfully supplied french fries as per the demand of customers. This development has changed our portfolio mix from mid-tier to premium segment and is likely to open regional markets for our products in the future.

Fruits and vegetable segments have continued its positive momentum and has shown impressive growth during the year. Success in this segment is primarily attributed to Agri Development Program through which we contractually procure high quality product at competitive rates. The momentum is likely to carry on as the company has ambitious plans to expand its nationwide footprint supplemented by a wholistic marketing campaign.

FFF achieved turnover growth of 82% due to undisrupted supply chain together with distribution expansion and investment behind the brand, resulting in a significant increase of 125% in gross profit margins from last year. However increased finance cost due to sharp rise in interest charge led to an increased loss after tax to Rs 397 million as compared to previous year.

The company is prepared and well placed to achieve its business plans on the strength of its backward integration at farm level, country wide distribution network, highly committed and experienced workforce and the trust and goodwill of the sponsors.

The Auditors of FFF have issued an unmodified opinion in their separate audit report on FFF's financial statements for the year ended December 31, 2021.

Composition of The Board

The following members formed the FFF's Board of Directors during the year:

- Mr Waqar Ahmed Malik
- Mr Sarfaraz Ahmed Rehman
- Dr Nadeem Inayat
- Syed Bakhtiyar Kazmi
- Mr Mohammad Munir Malik
- Mr Naeem Iqbal Khokhar
- Mr Ali Asrar Hossain Aga

Board Meetings during the Year 2022

Name of Director	Jan 31	Apr 27	Jul 28	Oct 26	Dec 28	Total Meetings Attended
Mr Waqar Ahmed Malik	👤	X	👤	X	👤	03
Mr Sarfaraz Ahmed Rehman	👤	👤	👤	X	👤	04
Dr Nadeem Inayat	👤	X	👤	👤	👤	04
Syed Bakhtiyar Kazmi	X	👤	👤	👤	X	03
Mr Mohammad Munir Malik	👤	👤	X	X	X	02
Mr Naeem Iqbal Khokhar	📹	X	📹	📹	📹	04
Mr Ali Asrar Hossain Aga	📹	📹	📹	📹	📹	05

Audit and HR&R Committee Meetings during the Year

Directors	Jan 20	Apr 15	Jul 19	Oct 18	Dec 20	Total Meetings Attended
Mr Ali Asrar Hossain Aga	📹	📹	📹	📹	📹	05
Dr Nadeem Inayat	X	X	📹	X	X	01
Mr Naeem Iqbal Khokhar	📹	📹	📹	📹	📹	05
Mr Mohammad Munir Malik	👤	👤	👤	X	X	03

FINANCIAL PERFORMANCE

Management objectives (FFF)

Strategic Objective	Strategy	Opportunities / Threats
Retain market leadership in par fried french-fries and IQF F&V	Retain market share. Increase market penetration. Ensure availability of products at all potential outlets. Inundate all potential towns.	Market entry of competitors. With appropriate measures we can change this threat into opportunity by market development and growth through combined advertisement of all the competitors .
Technological excellence and backward Supply Chain integration of agriculture practices	Stay abreast of technological developments and continuously upgrade production facilities to maximize efficiency viz-a-viz focused development on agri practices for backward Supply Chain integration	Lagging in technology render the products of inferior and compromised quality and non-competitive on cost aspects thereby eroding market share. Premium quality french-fries can substitute imported competition.
To become top of mind brand	Appropriate and effective communication to the potential consumers through optimum marketing mix	In-case of lack of continued and appropriate communication the consumers switch to alternate products
To offer best quality products to the consumers, consumer centricity	Empowered quality assurance function. Continuous efforts in improving product specifications. Agricultural research and development in appropriate varieties of potato giving longer profile french-fries with higher dry matter content.	Product of inferior and compromised quality are non-competitive and eroding market share
End to end cost effective operations	Continuous effort on laying off extra fats from the operations. Market intelligence and continued focus on sourcing at optimal prices. Vigilance of all the business partners and distributors to ensure sustainable partnership. Controlling production losses and maximizing cost plough-back thereby reducing product cost. Controlling peeling wastes by improved technological solutions.	Lack of cost control erode margins and render the products non-competitive
Financial health and sustainable operations	Availability of resources at optimal prices is the back-bone for sustained growth and attaining continued market leadership	May face liquidity risk due to growth phase. Financial indicator may not be very attractive. The company may face difficulty in borrowing funds from the financial institutions. The financial muscle and the market repute of the parent company will support the company in pulling through the challenging situation.

Resources allocated	Financial capital, human capital, manufactured capital	**Nature** Long Term
KPI Monitored	Market share indexing	
Status	Ongoing	**Priority** High
Future relevance of KPI	The current KPI is relevant for future as well	

Resources allocated	Financial capital, human capital, manufactured capital, intellectual capital	**Nature** Long Term
KPI Monitored	Monitoring Overall Equipment Effectiveness (OEE) & development of potato for premium quality french-fries	
Status	Ongoing	**Priority** High
Future relevance of KPI	The current KPI is relevant for future as well	

Resources allocated	Financial capital, human capital, intellectual capital	**Nature** Medium Term
KPI Monitored	Market indexing, market research and insight, expert independent evaluation	
Status	Ongoing	**Priority** High
Future relevance of KPI	The current KPI is relevant for future as well	

Resources allocated	Financial capital, human capital, manufactured capital, intellectual capital	**Nature** Medium Term
KPI Monitored	Monitoring of quality throughout supply chain Annual Renewal of food safety and quality certifications	
Status	Ongoing	**Priority** High
Future relevance of KPI	The KPI is relevant for future as well	

Resources allocated	Intellectual capital	**Nature** Medium Term
KPI Monitored	Monthly cost accounts and management accounts	
Status	Ongoing	**Priority** High
Future relevance of KPI	The KPI is relevant for future as well	

Resources allocated	Intellectual capital, financial capital	**Nature** Short Term
KPI Monitored	Monthly cost accounts, management accounts reporting, cash flow planning and monitoring	
Status	Ongoing	**Priority** High
Future relevance of KPI	The KPI is relevant for future as well	

Key Risks and Opportunities (FFF)

Rating
Likelihood
Magnitude

Out of sight out of mind

Capital
Financial
Type
Commercial

Source | External Nature | Medium Term

Associated objective: To become top of mind brand

Mitigation Measures:

Appropriate and effective communication to the potential consumers through optimum marketing mix

Rating
Likelihood
Magnitude

Entry of competitors

Capital
Financial
Type
Commercial

Source | External Nature | Medium Term

Associated objective: Consolidate market leadership

Mitigation Measures:

Consolidate market share. Increase market penetration. Ensure availability of product at all potential outlets. Inundate all potential towns

Base Risk

Rating
Likelihood
Magnitude

Lack of cost control will render the products unable to compete in the competitive environment

Capital
Financial
Type
Financial

Source | External Nature | Medium Term

Associated objective: End to end cost effective operations

Mitigation Measures:

Continuous effort on laying off extra fats from the operations. Market intelligence and continued focus on sourcing at optimal prices. Vigilance of all the business partners and distributors to ensure sustainable partnership. Controlling production wastages and maximizing cost plough-back thereby reducing product cost. Controlling peeling wastes by improved technological solutions

Insufficient cash available to pay liabilities resulting in a liquidity problem

Rating | Likelihood | Magnitude

Capital

Financial

Type

Financial

Source External **Nature** Long Term

Associated objective: Financial health and sustainable operations

Mitigation Measures:

The financial muscle and the market repute of the parent company will support the company in pulling through the challenging situation

Lagging in technological excellence render the product non-competitive in the competitive environment

Rating | Likelihood | Magnitude

Capital

Financial

Type

Commercial

Source External **Nature** Short Term

Associated objective: Technological excellence

Mitigation Measures:

The core technical team remain well aware of the technological advancements and the best practices of the global category leaders. The technology and best practices ensure highest quality product at competitive prices

Low quality product will erode consumer loyalty

Rating | Likelihood | Magnitude

Capital

Financial

Type

Financial

Source External **Nature** Medium Term

Associated objective: To offer best quality products to the consumers,

Mitigation Measures:

Empowered quality assurance function. Continuous efforts in improving product specs. Agricultural research and development in developing appropriate varieties of potato giving longer profile french-fries with higher dry matter content

FINANCIAL PERFORMANCE

OLIVE Technical Services (Private) Limited

OLIVE Technical Services (Pvt) Limited, a wholly-owned subsidiary of Fauji Fertilizer Company in the service sector was rolled out in 2021 to bank on FFC's 40 years of expertise in industrial operations and management. Our strategy is focused on providing services initially to parent and group companies and subsequently moving on to local and foreign markets.

Principal line of business of FFC's wholly owned OLIVE Technical Services (Private) Limited is to provide technical services to local and international customers. During the year, the company secured business contracts which included assignments in fertilizer, oil refining, Information Technology and Wind Power sectors. We also participated in bidding for three large scale O&M contracts in Power sector.

Going forward, acquisition of large-scale contracts for providing O&M services to power plants is expected among other projects. In addition to local services, the company is establishing its business network in international market in the areas of O&M and training business.

As part of our growth strategy we are collaborating with local and international services companies. This will boost our outreach through sharing and effective utilization of resources. The company reported a revenue of Rs. 72.5 million during year 2022. This achievement was possible due to overall market growth and improved operational strategy.

The company strives to build its international market presence by establishing contacts and extending services to global clients, with an aim to be an innovative solution provider to serve clients' operational and maintenance needs. Training and IT services provision will remain under focus due to extensive market growth. Olive aims to scale up its operations through collaboration for acquisition of large-scale contracts.

The company's auditors have issued an unmodified opinion in their separate audit report on OLIVE's financial statements for the year ended December 31, 2022.

Composition of The Board

The following members formed the OLIVE's Board of Directors during the year:

- Mr. Sarfaraz Ahmed Rehman
- Mr. Muhammad Aleem Khan
- Syed Bakhtiyar Kazmi
- Mr. Akbar Fida Hussain

Board Meetings during the Year 2022

Name of Director	Jan 28	Dec 02	Total Meetings Attended
Mr Sarfaraz Ahmed Rehman			02
Mr Muhammad Aleem Khan			02
Syed Bakhtiyar Kazmi			02
Mr Akbar Fida Hussain			02

Casual Vacancies Filled During the Year

Appointment	Mr Akbar Fida Hussain
Resigned	Mr Rehan Ahmed
Date of Appointment	January 28, 2022

Audit Committee Meetings during the Year

Name of Director	Jan 28	Nov 24	Total Meetings Attended
Syed Bakhtiyar Kazmi			02
Mr Akbar Fida Hussain			02

FINANCIAL PERFORMANCE

Management objectives - OLIVE

Strategic Objective	Strategy	Opportunities / Threats
Establish footprint in local and international service markets	• Effective local and international marketing campaign. Get prequalified with new clients and high focus on relationship management.	• Growth potentials is high due to current economic condition • High competition is typical services.
Develop strong brand image and long-term business relationships through quality services and customer experience	• Focus on high quality service in less competitive new technologies. • Strive to provide customer satisfaction and good feedback.	• Industry is looking for local companies in place of international vendors. • Poor quality may result in reputational loss.
Foster strategic partnerships with reputable service companies	• Use parent company repute and strengths. • Develop a culture of trust and flexibility.	• Partnerships will jumpstart clientele. • Inherent high risk of diluted controls.
Develop a talented team with the service sector culture	• Attract high performing talent from service sector and inculcate a positive and open culture. • Regular training and communication sessions of the teams.	• Experienced and motivated team will contribute towards high business performance. • Retention of high potential will remain a challenge.
Achieve financial stability through strong business performance	• Provide high quality service at competitive price • Target areas aligned to company strengths. • Instill effective financial management controls.	• May face liquidity risk during growth phase of initial 2-3 years. The financial muscle and market image of parent company will support the subsidiary in passing through this challenging phase
Demonstrate social responsibility and HSE commitment	• Management commitment on corporate governance and HSE through role modeling and effective systems implementations.	• High standards and good repute will provide a competitive edge. • Ensuring HSE standard at multiple sites is a challenge.

Resources allocated	Human capital, Financial capital	**Nature** Long-term
KPI Monitored	Pre-qualifications & New clients	
Status	Numerous new clients added	**Priority** High
Future relevance of KPI	This KPI shall remain relevant for future	

Resources allocated	Intellectual capital	**Nature** Long Term
KPI Monitored	Customer Satisfaction Score, Customer retention	
Status	Customer feedback system being developed	**Priority** High
Future relevance of KPI	This KPI shall remain relevant for future	

Resources allocated	Human, social and relationship capital	**Nature** Long Term
KPI Monitored	MOUs signed, Joint assignments	
Status	Number of MOUs signed	**Priority** High
Future relevance of KPI	This KPI shall remain relevant for future	

Resources allocated	Human and financial Capital	**Nature** Short medium and long term
KPI Monitored	Employee engagement and retention	
Status	Ongoing hiring for new position in progress	**Priority** Medium
Future relevance of KPI	This KPI shall remain relevant for future	

Resources allocated	Intellectual & financial capital	**Nature** Long Term
KPI Monitored	Revenue, Gross profit	
Future relevance of KPI	This KPI shall remain relevant for future	**Priority** High

Resources allocated	Financial, social and natural capital	**Nature** Long Term
KPI Monitored	TRIR, Recognition & awards	
Status	No recordable injury and other incidents were reported in 2022	**Priority** High
Future relevance of KPI	This KPI shall remain relevant for future	

FINANCIAL PERFORMANCE

Key Risks and Opportunities - OLIVE

Failure to pre qualify with clients

Rating ★★★
Likelihood ●●●
Magnitude

Capital: Relationship, Human

Type: Commercial

Source: External | Nature: Immediate

Associated objective: Establish footprint in local and international service markets.

Mitigation Measures:

- Target joint pre qualification with partner companies
- Develop impactful presentations highlighting capabilities and testimonials.

Competitive business environment

Rating ★★★
Likelihood ●●●
Magnitude

Capital: Financial, Human

Type: Commercial

Source: External | Nature: Medium Term

Associated objective: Foster strategic partnerships with reputable service companies

Mitigation Measures:

- Effective marketing & sales campaign
- Offer good quality services at competitive prices
- Target niche markets to manage competitive edge.
- Group company's brand will also subdue competition.

Low returns from Investment in IT based services (cloud / SAP)

Rating ★★★
Likelihood ●●●
Magnitude

Capital: Intellectual

Type: Financial, Commercial

Source: External | Nature: Long Term

Associated objective: Establish footprint in local and international service markets.

Mitigation Measures:

- Pilot project for capacity enhancement of data center.
- Effective marketing and sales

Limited availability of resources.

Rating | Likelihood | Magnitude

Capital

Financial, Manufactured

Type

Strategic

Source Internal **Nature** Medium Term

Associated objective: Establish footprint in local and international service markets.

Mitigation Measures:

- Develop minimum infrastructure and in-house resources.
- Develop database of qualified personnel from the market.
- Further Collaborate with manpower companies.

Difficulty to attract experienced management positions from service sector.

Rating | Likelihood | Magnitude

Capital

Human, Intellectual

Type

Operational, Reputational

Source External **Nature** Immediate

Associated objective: Establish footprint in local and international service markets.

Mitigation Measures:

- Develop an effective HR policy and brand image to attract and retain these personnel

Economic recession triggering low demand

Rating | Likelihood | Magnitude

Capital

Human

Type

Economic, Financial

Source External **Nature** Short Term

Associated objective: Achieve financial stability through strong business performance

Mitigation Measures:

- Explore and develop alternate markets and services.

Low quality services eroding brand loyalty and group repute

Rating | Likelihood | Magnitude

Capital

Human

Type

Financial, Reputational, Commercial

Source Internal **Nature** Short Term

Associated objective: Develop talented team oriented with the service sector culture

Mitigation Measures:

- Ensure client satisfaction and enhanced brand imaging through deployment of qualified resources and effective job planning

SIX YEARS FINANCIAL RATIOS

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross profit ratio	%	**39.54**	36.17	33.52	29.85	26.64	20.41
Gross profit ratio (Including subsidy)	%	**39.54**	36.17	33.52	29.85	28.21	25.66
Operating Margin	%	**30.60**	28.21	25.48	21.77	17.95	10.70
Net profit ratio	%	**27.35**	34.86	28.96	15.78	15.02	12.28
Net profit ratio (Including subsidy)	%	**27.35**	34.86	28.96	15.78	14.70	11.47
EBITDA margin to turnover	%	**39.12**	40.44	35.89	27.73	23.46	20.82
EBITDA margin to turnover (Including subsidy)	%	**39.12**	40.44	35.89	27.73	22.96	19.45
Operating leverage ratio	Times	**0.18**	(0.26)	(3.64)	58.86	2.22	(0.38)
Return on equity (Profit after tax)	%	**28.87**	39.63	38.27	29.15	29.01	22.49
Return on equity (Profit before tax)	%	**42.53**	49.61	50.90	39.67	41.89	32.83
Return on capital employed	%	**32.23**	35.48	37.45	39.64	32.56	22.74
Earning before interest, depreciation and tax	Rs in million	**49,167**	46,243	36,873	30,455	25,674	19,483
Growth in turnover	%	**9.91**	11.29	(6.44)	0.35	16.94	24.15
Growth in turnover (Including subsidy)	%	**9.91**	11.29	(6.44)	(1.80)	11.63	21.65
Pre tax margin	%	**40.29**	43.65	38.51	21.48	21.69	17.93
Pre tax margin (Including subsidy)	%	**40.29**	43.65	38.51	21.48	21.22	16.75
Return on assets	%	**10.48**	14.49	13.76	9.35	9.18	8.17
Earnings growth	%	**(13.78)**	34.00	71.63	5.45	43.00	(4.34)
Liquidity Ratios							
Current ratio	Times	**1.06**	1.22	1.40	0.92	0.96	0.94
Quick / Acid test ratio	Times	**0.90**	1.16	1.34	0.82	0.79	0.87
Cash to current liabilities	Times	**0.28**	0.48	0.69	0.30	0.26	0.30
Long term liabilities / current liabilities	%	**21.40**	43.33	64.24	14.13	18.39	43.95
Cash flow to capital expenditures	Times	**1.18**	5.13	12.46	7.76	15.45	11.20
Cash flow coverage ratio	Times	**0.32**	0.93	2.11	1.69	0.54	1.06
Activity / Turnover Ratios							
Inventory turnover ratio	Times	**7.08**	79.90	18.24	7.59	11.53	30.04
No. of days in inventory	Days	**52**	5	20	48	32	12
Debtors turnover ratio	Times	**10.36**	13.22	9.57	10.74	22.64	18.92
Debtors turnover ratio (Including subsidy)	Times	**7.57**	8.14	6.11	6.54	9.56	9.22
No. of days in receivables	Days	**35**	28	38	34	16	19
No. of days in receivables (Including subsidy)	Days	**48**	45	60	56	38	40
Creditors turnover ratio - with GIDC	Times	**1.47**	2.11	1.51	1.45	2.39	5.17
- without GIDC	Times	**12.76**	21.26	24.74	48.53	74.68	80.96
No. of days in payables - with GIDC	Days	**249**	173	242	252	153	71
- without GIDC	Days	**29**	17	15	8	5	5
Total assets turnover ratio	Times	**0.38**	0.42	0.48	0.59	0.61	0.66
Total assets turnover ratio (Including Subsidy)	Times	**0.38**	0.42	0.48	0.59	0.62	0.71
Fixed assets turnover ratio	Times	**2.17**	2.08	3.15	3.35	3.34	2.72
Fixed assets turnover ratio (Including Subsidy)	Times	**2.17**	2.08	3.15	3.35	3.41	2.92
Operating cycle - with GIDC	Days	**(162)**	(140)	(184)	(170)	(105)	(40)
- without GIDC	Days	**58**	16	43	74	43	26
Investment / Market Ratios							
Earnings per share (EPS)	Rs	**27.02**	31.33	23.38	13.62	12.92	9.04
Breakup value (net assets per share) - restated							
- Without revaluation reserves	Rs	**93.58**	79.07	61.10	46.74	44.54	40.18
- With revaluation reserves	Rs	**95.54**	82.08	62.20	47.68	45.13	40.78
Capital Structure Ratios							
Financial leverage ratio	Times	**0.70**	0.65	0.56	0.64	0.90	0.82
Debt to equity ratio	Ratio	**17:83**	17:83	29:71	14:86	18:82	29:71
Interest cover ratio	Times	**9.54**	19.24	17.40	8.12	11.58	6.26

SIX YEARS FINANCIAL PERFORMANCE

	2022	2021	2020	2019	2018	2017
Summary - Statement of Financial Position						
Share capital	**12,722**	12,722	12,722	12,722	12,722	12,722
Reserves	**106,336**	87,878	65,017	46,744	43,942	38,396
Share in revaluation reserve of associates-net / NCI	**2,487**	3,819	1,393	1,199	754	760
Shareholders' funds / Equity	**121,545**	104,419	79,132	60,665	57,418	51,878
Long term borrowings - secured	**17,821**	19,172	12,199	9,355	12,817	21,162
Capital employed	**139,366**	123,591	91,331	70,020	70,235	73,040
Deferred liabilities	**10,389**	8,540	8,541	5,997	6,072	5,974
Property, plant & equipment	**57,922**	54,958	32,596	32,758	32,775	34,352
Long term assets	**148,233**	130,359	99,019	85,190	80,897	82,965
Net current assets / Working capital	**9,688**	25,647	33,730	(9,086)	(4,581)	(3,943)
Liquid funds (net)	**134,732**	133,250	121,861	81,988	76,113	68,155
Summary - Statement of Profit or Loss						
Turnover - net	**125,678**	114,345	102,744	109,817	109,434	93,583
Turnover (including subsidy) - net	**125,678**	114,345	102,744	109,817	111,834	100,185
Cost of sales	**(75,989)**	(72,992)	(68,304)	(77,039)	(80,283)	(74,479)
Gross profit	**49,689**	41,353	34,440	32,778	29,151	19,104
Gross profit (including subsidy)	**49,689**	41,353	34,440	32,778	31,551	25,706
Distribution cost	**(11,232)**	(9,099)	(8,265)	(8,867)	(9,509)	(9,093)
Operating profit	**38,457**	32,254	26,175	23,911	19,642	10,011
Operating profit (including subsidy)	**38,457**	32,254	26,175	23,911	22,042	16,613
Finance cost	**(5,926)**	(2,736)	(2,413)	(3,312)	(2,244)	(3,192)
Other gains / (losses)	**(2,789)**	6,897	4,939	-	-	-
Other expenses	**(3,047)**	(2,962)	(2,648)	(2,381)	(2,111)	(1,632)
Other income	**11,498**	6,302	5,217	5,751	5,090	8,059
Other income (excluding subsidy)	**11,498**	6,302	5,217	5,751	2,690	1,457
Share of profit of associates and joint venture	**12,440**	10,155	8,297	(379)	3,357	3,535
Profit before tax	**50,633**	49,910	39,567	23,590	23,734	16,781
Provision for taxation	**(16,263)**	(10,045)	(9,816)	(6,256)	(7,296)	(5,286)
Profit for the year	**34,370**	39,865	29,751	17,334	16,438	11,495
EPS (Rs)	**27.02**	31.33	23.38	13.62	12.92	9.04

HORIZONTAL ANALYSIS

Consolidated Statement of Financial Position

	2022 Rs M	22 Vs 21 %	2021 Rs M	21 Vs 20 %	2020 Rs M	20 Vs 19 %	2019 Rs M	19 Vs 18 %	2018 Rs M	18 Vs 17 %	2017 Rs M	17 Vs 16 %
Equity and Liabilities												
Equity												
Share capital	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-	12,722	-
Capital reserve	10,404	27	8,192	22	6,737	36	4,951	47	3,372	60	2,101	50
Revenue reserves	95,932	20	79,686	37	58,280	39	41,793	3	40,570	12	36,295	(1)
	119,058	18	100,600	29	77,739	31	59,466	5	56,664	11	51,118	1
Share in revaluation reserve of associates-net / NCI	2,487	(35)	3,819	174	1,393	16	1,199	59	754	(1)	760	17
Non - Current Liabilities												
Long term borrowings	17,821	(7)	19,172	57	12,199	30	9,355	(27)	12,817	(39)	21,162	(12)
Lease liabilities	87	(97)	2,940	3,669	78	(10)	87	867	9	13	8	-
Deferred government grant	137	(22)	175	548	27	-	-	-	-	-	-	-
Gas Infrastructure Development Cess (GIDC) payable	7,941	(62)	20,802	(37)	32,772	-	-	-	-	-	-	-
Deferred taxation	10,389	22	8,540	-	8,541	42	5,997	(1)	6,072	2	5,974	(2)
	36,375	(30)	51,629	(4)	53,617	247	15,439	(18)	18,898	(30)	27,144	(10)
Current Liabilities												
Current portion of long term borrowings - secured	6,703	(4)	6,954	20	5,782	(5)	6,085	(29)	8,623	-	8,633	8
Current portion of land lease liability	3,687	34	2,745	10,458	26	(50)	52	1,633	3	-	3	-
Current portion of deferred government grant	38	(52)	79	(15)	93	-	-	-	-	-	-	-
Trade and other payables	92,159	44	64,183	37	46,928	(39)	76,309	25	61,098	56	39,289	261
Interest and mark - up accrued	1,556	109	743	166	279	(61)	712	114	333	54	216	(38)
Short term borrowings	58,813	51	38,999	54	25,277	12	22,493	(23)	29,366	146	11,939	(47)
Unclaimed dividend	479	1	472	1	468	(13)	541	(15)	639	46	437	7
Taxation	6,564	32	4,974	8	4,608	49	3,092	17	2,647	115	1,231	(2)
	169,999	43	119,149	43	83,461	(24)	109,284	6	102,709	66	61,748	43
Total Equity and Liabilities	327,919	19	275,197	27	216,210	17	185,388	4	179,025	27	140,770	13
Assets												
Non - Current Assets												
Property, plant & equipment	57,922	5	54,958	69	32,596	-	32,758	-	32,775	(5)	34,352	-
Intangilbe assets	1,936	-	1,941	-	1,938	-	1,945	-	1,942	-	1,951	-
Log term investments	83,788	19	70,385	13	62,512	27	49,259	9	45,035	(1)	45,665	(5)
Long term Loans & advances	4,556	50	3,044	56	1,946	62	1,200	8	1,114	15	966	3
Long term deposits & prepayments	31	-	31	15	27	(4)	28	(10)	31	-	31	7
	148,233	14	130,359	32	99,019	16	85,190	5	80,897	(2)	82,965	(3)
Current Assets												
Stores, spares and loose tools	6,559	39	4,735	4	4,563	18	3,864	11	3,489	(1)	3,512	2
Stock in trade	20,117	1,386	1,354	186	473	(93)	7,015	(47)	13,286	1,973	641	(85)
Trade debts	12,828	12	11,428	95	5,869	(62)	15,606	222	4,850	1	4,818	(5)
Loans and advances	1,347	39	969	19	811	(6)	867	60	542	(7)	585	(3)
Deposits and prepayments	306	292	78	15	68	28	53	(36)	83	(1)	84	45
Other receivables	28,772	18	24,367	17	20,780	18	17,570	14	15,433	12	13,735	77
Short term investments	107,756	8	100,037	20	83,188	69	49,207	(12)	55,773	76	31,657	104
Cash and bank balances	2,001	10	1,827	27	1,438	(76)	6,015	29	4,671	69	2,772	3
	179,687	24	144,796	24	117,191	17	100,198	2	98,128	70	57,805	47
Asset classified as held for sale	-	100	42	100	-	-	-	-	-	-	-	-
Total Assets	327,919	19	275,197	27	216,210	17	185,388	4	179,025	27	140,770	13

VERTICAL ANALYSIS

Consolidated Statement of Financial Position

	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Equity and Liabilities												
Equity												
Share capital	12,722	5	12,722	5	12,722	6	12,722	7	12,722	7	12,722	9
Capital reserve	10,404	4	8,192	3	6,737	3	4,951	3	3,372	2	2,101	1
Revenue reserves	95,932	35	79,686	29	58,280	27	41,793	23	40,570	23	36,295	26
	119,058	44	100,600	37	77,739	36	59,466	32	56,664	32	51,118	36
Share in revaluation reserve of associates-net / NCI	2,487	1	3,819	2	1,393	1	1,199	1	754	-	760	1
Non - Current Liabilities												
Long term borrowings	17,821	6	19,172	6	12,199	5	9,355	5	12,817	7	21,162	15
Lease Liabilities	87	-	2,940	1	78	-	87	-	9	-	8	-
Deferred government grant	137	-	175	-	27	-	-	-				
Gas Infrastructure Development Cess (GIDC) payable	7,941	2	20,802	7	32,772	15	-	-				
Deferred liabilities	10,389	4	8,540	3	8,541	4	5,997	3	6,072	3	5,974	4
	36,375	12	51,629	17	53,617	24	15,439	8	18,898	11	27,144	19
Current Liabilities												
Trade and other payables	92,159	33	64,183	23	46,928	22	76,309	41	61,098	34	39,289	28
Current portion of long term borrowings - secured	6,703	2	6,954	3	5,782	3	6,085	3	8,623	5	8,633	6
Current portion of land lease liability	3,687	1	2,745	1	26	-	52	-	3	-	3	-
Current portion of deferred government grant	38	-	79	-	93	-						
Interest and mark - up accrued	1,556	1	743	-	279	-	712	-	333	-	216	-
Short term borrowings	58,813	21	38,999	14	25,277	12	22,493	12	29,366	16	11,939	8
Unclaimed dividend	479	-	472	-	468	-	541	-	639	-	437	-
Taxation	6,564	2	4,974	2	4,608	2	3,092	2	2,647	1	1,231	1
	169,999	60	119,149	43	83,461	39	109,284	59	102,709	57	61,748	44
Total Equity And Liabilities	327,919	117	275,197	100	216,210	100	185,388	100	179,025	100	140,770	100
Assets												
Non - Current Assets												
Property, plant & equipment	57,922	18	54,958	20	32,596	15	32,758	18	32,775	18	34,352	24
Intangible assets	1,936	1	1,941	1	1,938	1	1,945	1	1,942	1	1,951	1
Log term investments	83,788	26	70,385	26	62,512	29	49,259	27	45,035	25	45,665	32
Long term loans & advances	4,556	1	3,044	1	1,946	1	1,200	1	1,114	1	966	1
Long term deposits & prepayments	31	-	31	-	27	-	28	-	31	-	31	1
	148,233	45	130,359	47	99,019	46	85,190	46	80,897	45	82,965	59
Current Assets												
Stores, spares and loose tools	6,559	2	4,735	2	4,563	2	3,864	2	3,489	2	3,512	2
Stock in trade	20,117	6	1,354	-	473	-	7,015	4	13,286	7	641	1
Trade debts	12,828	4	11,428	4	5,869	3	15,606	8	4,850	3	4,818	3
Loans and advances	1,347	-	969	-	811	-	867	-	542	-	585	1
Deposits and prepayments	306	-	78	-	68	-	53	-	83	-	84	-
Other receivables	28,772	9	24,367	9	20,780	10	17,570	9	15,433	9	13,735	10
Short term investments	107,756	33	100,037	36	83,188	38	49,207	27	55,773	31	31,657	22
Cash and bank balances	2,001	1	1,827	1	1,438	1	6,015	3	4,671	3	2,772	2
	179,687	55	144,796	53	117,191	54	100,198	54	98,128	55	57,805	41
Asset classified as held for sale	-	-	42	-								
Total Assets	327,919	100	275,197	100	216,210	100	185,388	100	179,025	100	140,770	100

HORIZONTAL ANALYSIS

Consolidated Statement of Profit or Loss

	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs. 17	2017	17 Vs. 16
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	125,678	10	114,345	11	102,744	(6)	109,817	-	109,434	17	93,583	24
Cost of sales	(75,989)	4	(72,992)	7	(68,304)	(11)	(77,039)	(4)	(80,283)	8	(74,479)	32
Gross profit	49,689	20	41,353	20	34,440	5	32,778	12	29,151	53	19,104	-
Distribution cost	(11,232)	23	(9,099)	10	(8,265)	(7)	(8,867)	(7)	(9,509)	5	(9,093)	21
Operating Profit	38,457	19	32,254	23	26,175	9	23,911	22	19,642	96	10,011	(13)
Finance cost	(5,926)	117	(2,736)	13	(2,413)	(27)	(3,312)	48	(2,244)	(30)	(3,192)	(5)
Other gains / (losses)	(2,789)	-	6,897	-	4,939	-						
Other expenses	(3,047)	3	(2,962)	12	(2,648)	11	(2,381)	13	(2,111)	29	(1,632)	(7)
	26,695	(20)	33,453	28	26,053	43	18,218	19	15,287	195	5,187	(19)
Other income	11,498	82	6,302	21	5,217	(9)	5,751	13	5,090	(37)	8,059	(4)
Share of profit of associates and joint venture	12,440	23	10,155	22	8,297	(2,289)	(379)	(111)	3,357	(5)	3,535	6
Profit before taxation	50,633	1	49,910	26	39,567	68	23,590	(1)	23,734	41	16,781	(7)
Provision for taxation	(16,263)	62	(10,045)	2	(9,816)	57	(6,256)	(14)	(7,296)	38	(5,286)	(13)
Profit for the year	34,370	(14)	39,865	34	29,751	72	17,334	5	16,438	43	11,495	(4)
EPS (Rs)	27.02	(14)	31.33	34	23.38	72	13.63	5	12.92	43	9.04	(4)

VERTICAL ANALYSIS

Consolidated Statement of Profit or Loss

	2022		2021		2020		2019		2018		2017	
	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%	Rs M	%
Turnover - net	125,678	110	114,345	100	102,744	100	109,817	100	109,434	100	93,583	100
Cost of sales	(75,989)	(66)	(72,992)	(64)	(68,304)	(66)	(77,039)	(70)	(80,283)	(73)	(74,479)	(80)
Gross profit	49,689	45	41,353	38	34,440	31	32,778	30	29,151	27	19,104	20
Distribution cost	(11,232)	(10)	(9,099)	(8)	(8,265)	(8)	(8,867)	(8)	(9,509)	(9)	(9,093)	(10)
Operating Profit	38,457	35	32,254	29	26,175	24	23,911	22	19,642	18	10,011	11
Finance cost	(5,926)	(5)	(2,736)	(2)	(2,413)	(2)	(3,312)	(3)	(2,244)	(2)	(3,192)	(3)
Other gains / (losses)	(2,789)	(2)	6,897	6	4,939	5						
Other expenses	(3,047)	(3)	(2,962)	(3)	(2,648)	(3)	(2,381)	(2)	(2,111)	(2)	(1,632)	(2)
	26,695	23	33,453	29	26,053	25	18,218	17	15,287	14	5,187	6
Other income	11,498	10	6,302	6	5,217	5	5,751	5	5,090	5	8,059	9
Share of profit of associates and joint venture	12,440	11	10,155	9	8,297	8	(379)	-	3,357	3	3,535	4
Profit before taxation	50,633	44	49,910	44	39,567	39	23,590	21	23,734	22	16,781	18
Provision for taxation	(16,263)	(14)	(10,045)	(9)	(9,816)	(10)	(6,256)	(6)	(7,296)	(7)	(5,286)	(6)
Profit for the year	34,370	30	39,865	35	29,751	29	17,334	16	16,438	15	11,495	12
EPS (Rs)	27.02		31.33		23.38		13.63		12.92		9.04	

Associated Companies

Askari Bank Limited

The Bank was incorporated in 1991 as a public limited company and is principally engaged in banking business, operating through a branch network of 600 branches, including 120 Islamic banking branches, 57 sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain. FFC acquired 43.15% equity stake in AKBL in 2012.

The Bank earned a net mark-up/ interest income of Rs 28.9 billion as compared to Rs 24.4 billion last year, whereas a total income of Rs 38 billion was registered with an increase of 21% as compared to 2021. Profit after tax of Rs 10.7 billion was registered as compared to Rs 6.7 billion in previous year, primarily due to reduced provisions/write offs of Rs 181 million as compared to Rs 4.2 billion last year. The earnings per share were thus recorded at Rs 8.5 for the current period compared to Rs 5.3 last year.

The Bank's entity rating was reaffirmed at 'AA+' for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable' whereas short-term rating was maintained at 'A1+'.

Fauji Cement Company Limited

Fauji Cement Company Limited was incorporated in 1992 and is registered on the Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of different types of cement with an installed capacity of 6.36 million tonnes (2021: 3.56 million tonnes). In 2021, a scheme of arrangement for amalgamation of Askari Cement Limited with and into FCCL was approved by Board of Directors of both Companies. The scheme was sanctioned by the Honourable Lahore High Court in March 2022. With this merger, FCCL has become the third largest player of the cement industry country.

As a result of a share exchange between shareholders of Askari Cement and FCCL, FFC's holding in FCCL is reduced to 4.29% from 6.79% last year.

During the first quarter (July-Sept) of FCCL's fiscal year, the company's turnover stood at Rs 14.7 billion registering an increase of 27% from 2021. Consequently, net profit was recorded at Rs 2.3 billion. FFC did not receive any dividend from FCCL during the year.

Fauji Fertilizer Bin Qasim Limited

Fauji Fertilizer Bin Qasim Limited is a public listed company that was initially incorporated as FFC Jordan Fertilizer Company in 1993 and subsequently restructured as FFBL in 2003. FFC holds 49.88% stake in the company at an aggregate investment of Rs 7.15 billion to date (at cost).

FFBL is the sole manufacturer of Di-Ammonium Phosphate (DAP) and granular urea in Pakistan, having a design capacity of 650 thousand tonnes and 551 thousand tonnes respectively, with both facilities located in Bin Qasim.

During the year, the company recorded a consolidated highest ever turnover of Rs 183.1 billion, which was 43% above 2021 mainly due to increased revenues of DAP owing to high prices. Net profit of the company stood at Rs 8.1 billion, with a decrease of 13% over last year owing to higher incidence

Pak Maroc Phosphore S.a., Morocco

PMP was incorporated in 2004 as a private company in Morocco. It is a joint venture between FFC (shareholding of 12.5%), Fauji Foundation (12.5%), FFBL (25%) and the Moroccan state-owned organization Officie Cherifien Des Phosphates (50%). The company began its activities in 2008 and is engaged in manufacturing and marketing of phosphoric acid, fertilizer and other related products.

The Plant is located in Jorf Lasfar, Morocco, having a production capacity of 375 thousand tonnes of industrial phosphoric acid, which is primarily supplied to FFBL as raw material for production of DAP fertilizer and any excess acid is sold in the international market.

PMP generated a turnover of Rs 128 billion as compared to Rs 57 billion last year and earned net profit of Rs 19.1 billion with an increase of 80% compared to last year.

FFC recorded dividend income of Rs 1.35 billion from PMP during the year.

Thar Energy Limited

Thar Energy Limited, was incorporated as a public unlisted company in 2016. Principal activities of TEL involve developing, owning, operating and maintaining a 1 x 330 MW mine-month coal fired power plant established at Thar Block II, Thar Coal Mine, Sindh. This project has been developed under CPEC, in collaboration with HUB Power Company Limited and China Machinery Engineering Corporation. TEL has successfully achieved commercial operations effective October 2022 and started generating revenues. FFC holds an equity stake of 30% in the project.

During the year, the Company invested an amount of Rs 2.2 billion in TEL, increasing the aggregate investment to Rs 5.7 billion.

Adequacy of Internal Financial Controls

Respective Boards of all group companies have established efficient and effective systems of internal financial controls. Implementation of these controls is regularly monitored by an independent Internal Audit function, which reports directly to the respective Audit Committees. Audit Committees of the companies, quarterly review the effectiveness and adequacy of the internal control frameworks and financial statements of the companies.

Profit Distribution and Reserve Analysis

The Group's reserves at the beginning of the year stood at Rs 103,078 million, out of which Rs 5,916 million were approved by the shareholders as final dividend for 2021.

During 2021, the Group earned total comprehensive income of Rs 34,729 million and declared three interim dividends aggregating to Rs 11,425 million translating to Rs 8.98 per share, while no transfers were made to general reserves. The aggregate reserves at the close of the year therefore stood at Rs 120,116 million, as detailed below

Appropriations	Rs in million	Rs per share
Opening reserves	103,078	
Non-controlling interest	(350)	
Final dividend – 2021	(5,916)	4.65
Net profit – 2022	34,371	27.02
Other comprehensive gain	358	
Available for appropriations	**131,541**	
Appropriations		
First interim dividend – 2022	(4,707)	3.70
Second interim dividend – 2022	(2,672)	2.10
Third interim dividend – 2022	(4,046)	3.18
Closing reserves	**120,116**	

Subsequent Events

FFC Board of Directors, in its meeting held on January 30, 2023 has recommended a final cash dividend of 3.15 per share for the year ended 2022, for shareholders' approval taking the total payout for the year to Rs 12.13 per share. There were no other material changes affecting the financial position of the Group till the date of this Report.

Waqar Ahmed Mailk
Chairman

Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
January 30, 2023

INDEPENDENT AUDITOR'S REPORT

To The Members of Fauji Fertilizer Company Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Fauji Fertilizer Company Limited (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** (Refer notes 3.19 and 28 to the consolidated financial statements) The Group is engaged in production and sale of fertilizers and chemicals including investment in chemicals, food, energy, other manufacturing and banking operations. The Group recognized revenue from the sale of fertilizers, chemicals, power and food amounting to Rs 125,678 million for the year ended December 31, 2022. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions involving a large number of customers spread in various geographical locations. Further, revenue is one of the key performance indicator of the Group. Accordingly, it was considered as a key audit matter.	**Our procedures in relation to this matter included, amongst others:** • Obtained understanding of the process relating to recognition of revenue and checked the design, implementation and operating effectiveness of relevant internal controls over recording of revenue; • Performed verification of sample of revenue transactions with underlying documentation including delivery documents and sales invoices; • Performed cut-off procedures on sample basis to ensure revenue has been recorded in the correct period; • Verified that sales prices are approved by appropriate authority; • Verified discounts with supporting documentation on test basis; and • Checked that revenue has been recognized in accordance with Group's accounting policy and the applicable accounting and financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Stock in trade** (Refer note 3.15, note 21 and note 21.1 to the consolidated financial statements) As at December 31, 2022, stock in trade - finished goods; purchased fertilizer amounts to Rs 18,746 million. Purchased fertilizer includes Di-ammonium Phosphate (DAP) stock having cost of Rs 16,609 million which have been written down to expected net realizable value of Rs 14,844 million in these consolidated financial statements. In accordance with the Group's accounting policy, the management reviews the carrying amount of stock in trade on a regular basis and as appropriate, these are written down to its net realizable value. We considered this matter as a key audit matter because of the significance of the inventory amount as at December 31, 2022 and also significant management judgment and estimation involved in determining the amount of write down to net realizable value.	**Our procedures in relation to this matter included, amongst others:** - Obtained understanding of the management's basis for the determination of expected net realizable value including key estimates adopted including future selling prices, basis of the calculation and reasonableness for the amount of the write-down; - Attended the stock counts at various inventory locations performed by the management, on sample basis, to observe the physical stock count process and evaluate the condition of DAP stock; - Checked the reasonableness of expected net realizable value of DAP by comparing management's estimation of future selling prices with current selling prices, industry data, international prices and budgeted sales quantities; - Checked the mathematical accuracy of the calculations made by the management in arriving at their year-end assessment of net realizable value write-down; and - Checked that net realizable value write-down has been recognized in accordance with the Group's accounting policy and assessed the adequacy of related disclosures in accordance with the applicable accounting and financial reporting framework.
3	**Investment in associated companies** (Refer note 17 to the consolidated financial statements) The Group has significant investments in its associated companies which are accounted for in these consolidated financial statements under the equity method of accounting. As at December 31, 2022, the carrying amount of investments in above referred associated companies amounted to Rs 73,032 million. The Group's management carries out impairment assessment of the value of investment where there are indicators of impairment.	**Our audit procedures in relation to this matter included, amongst others:** • Obtained understanding of management's process for identification of impairment indicators in, and testing impairment of investment in associated companies; • Checked the mathematical accuracy of management's valuation model and agreed relevant data to the underlying records; • Assessed the reasonableness of key assumptions used in the valuation model such as future revenue and costs, discount rate and long-term growth rates etc.;

S. No.	Key audit matters	How the matter was addressed in our audit
	The Group's management has assessed the recoverable amount of such investments based on the higher of the value-in-use and fair value. This recoverable amount is based on a valuation analysis performed by the Group's management using a discounted cash flow model which involves estimation of future cash flows. This estimation requires significant judgement on future cash flows, the discount rate applied to those future cash flows and long-term growth rate etc. We considered this as a key audit matter due to significant management judgement involved in the estimation of recoverable amounts.	• Performed sensitivity analysis with respect to changes in key assumptions used in the valuation model; and • Checked the appropriateness of disclosures made in the annexed consolidated financial statements with respect to the requirements of the applicable accounting and reporting framework.
4	**Foundation Wind Energy I Limited (FWEL – I) and Foundation Wind Energy II Limited (FWEL – II)** (Refer note 3.1.1 and note 42 to the consolidated financial statements) During 2021, Fauji Fertilizer Company Limited (the Parent Company) acquired 100% shareholding in Foundation Wind Energy - I Limited (FWEL – I) and 80% shareholding in Foundation Wind Energy - II Limited (FWEL – II) from previous shareholders i.e. Fauji Foundation (a related party) and Fauji Fertilizer Bin Qasim Limited (a related party) under Share Purchase Agreements dated August 13, 2021 with acquisition date of September 29, 2021 at a base payment amount of Rs 7,493 million and Rs 6,019 million, respectively, which was paid in full on September 29, 2021. The Parent Company opted to account for this acquisition using acquisition method of accounting under IFRS 3 – 'Business Combinations'. For this purpose, management engaged experts to determine the fair values of identifiable assets and liabilities of FWEL – I and FWEL – II as at the acquisition date which exercise was in progress as at December 31, 2021 and provisional fair values were allocated as of December 31, 2021. During the year, the management completed this exercise within the allowed measurement period of one year specified in IFRS – 3, and adjustments to fair values have been accounted for retrospectively in these financial statements. IFRS – 3 also requires the management to make adjustments (if any) to align accounting policies of FWEL – I and FWEL – II with those of the Parent Company. We considered this as a key audit matter as significant judgments and estimations are required to account for such acquisition.	**Our audit procedures in relation to this matter included, amongst others:** • Inspected the agreements to obtain an understanding of the transaction and the key terms; • Tested the identification and adjustments to provisional fair valuation of the acquired assets and liabilities assumed and corroborated this identification based on our discussion with the management; • Assessed the competence and relevant experience of the experts engaged by the management; • Involved auditor's expert to assess the appropriateness of the final fair value of material non-current assets; • Discussed the matter with our internal accounting and valuations experts; • Assessed whether the appropriate accounting treatment has been applied to the transaction; and • Assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements for compliance with the requirement of the applicable financial reporting framework.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.

Chartered Accountants
Islamabad
Date: March 06, 2023

UDIN: AR202210053sOQ4M50bg

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022 Rs '000	Restated 2021 Rs '000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves	5	10,404,430	8,192,070
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		87,129,413	70,884,109
		95,931,773	79,686,469
(Deficit) / surplus on re-measurement of investments to fair value - net		(1,791,255)	(96,563)
Non-controlling interest		2,848,187	2,573,144
		120,115,517	103,077,502
Share in revaluation reserve of associates - net		1,430,348	1,342,486
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	17,821,360	19,171,909
Lease liabilities	7	86,933	2,939,474
Deferred government grant	8	136,851	175,326
Gas Infrastructure Development Cess (GIDC) payable	9	7,940,534	20,801,970
Deferred liabilities	10	10,388,531	8,540,489
		36,374,209	51,629,168
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	6	6,702,578	6,953,989
Current portion of lease liabilities	7	3,687,205	2,744,891
Current portion of deferred government grant	8	38,438	78,419
Trade and other payables	11	92,159,106	64,182,542
Mark-up and profit accrued	12	1,556,279	743,202
Short term borrowings - secured	13	58,812,649	38,999,470
Unclaimed dividend		478,676	471,891
Taxation		6,563,617	4,973,806
		169,998,548	119,148,210
TOTAL LIABILITIES		206,372,757	170,777,378
TOTAL EQUITY AND LIABILITIES		327,918,622	275,197,366
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

	Note	2022	Restated 2021
		Rs '000	Rs '000
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	15	57,922,335	54,957,667
Intangible assets	16	1,936,471	1,940,793
Long term investments	17	83,787,839	70,385,095
Long term loans and advances - secured	18	4,555,580	3,044,137
Long term deposits and prepayments	19	30,638	31,249
		148,232,863	130,358,941
CURRENT ASSETS			
Stores, spares and loose tools	20	6,558,678	4,735,610
Stock in trade	21	20,116,730	1,353,901
Trade debts	22	12,827,643	11,428,346
Loans and advances - secured	23	1,347,334	968,842
Deposits and prepayments	24	305,823	78,361
Other receivables	25	28,772,312	24,366,825
Short term investments	26	107,755,999	100,036,963
Cash and bank balances	27	2,001,240	1,827,166
		179,685,759	144,796,014
Asset classified as held for sale		–	42,411
TOTAL ASSETS		327,918,622	275,197,366

Chairman **Chief Executive** **Director** **Chief Financial Officer**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

	Note	2022	Restated 2021
		Rs '000	Rs '000
Turnover - net	28	125,678,385	114,345,150
Cost of sales	29	(75,989,405)	(72,992,111)
GROSS PROFIT		49,688,980	41,353,039
Administrative and distribution expenses	30	(11,232,215)	(9,099,209)
		38,456,765	32,253,830
Finance cost	31	(5,926,201)	(2,736,351)
Other (losses)/ gains			
- Bargain purchase gain		–	9,708,558
- Unwinding of GIDC liability	9	(2,118,513)	(2,441,489)
- Loss allowance on subsidy receivable from GoP	25	(670,000)	(370,000)
		(2,788,513)	6,897,069
Other expenses	32	(3,046,517)	(2,962,135)
Other income	33	11,498,166	6,302,125
Share of profit of associates and joint venture		12,440,254	10,154,761
PROFIT BEFORE TAXATION		50,633,954	49,909,299
Provision for taxation	34	(16,263,067)	(10,044,662)
PROFIT FOR THE YEAR		34,370,887	39,864,637
ATTRIBUTABLE TO:			
Equity Holders of Fauji Fertilizer Company Limited		33,745,413	39,869,242
Non - Controlling Interest		625,474	(4,605)
		34,370,887	39,864,637
Earnings per share - basic and diluted (Rupees)	35	27.02	31.33

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chairman	Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	2022 Rs '000	Restated 2021 Rs '000
PROFIT FOR THE YEAR	34,370,887	39,864,637
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss		
(Deficit) / surplus on re-measurement of investments to fair value		
- net of tax	(164,942)	(151,248)
Share of equity accounted investees - share of OCI,		
- net of tax	(218,617)	(173,939)
	(383,559)	(325,187)
Items that will not be subsequently reclassified to profit or loss		
Gain / (loss) on re-measurement of staff retirement		
benefit plans - net of tax	772,367	81,393
Equity accounted investees - share of OCI, net of tax	(31,072)	(3,505)
	741,295	77,888
Comprehensive income taken to equity	34,728,623	39,617,338
Comprehensive income not recognised in equity		
Items that may be subsequently reclassified to profit or loss		
Share in revaluation reserve of associates - net	87,862	(50,107)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	34,816,485	39,567,231
ATTRIBUTABLE TO:		
Equity Holders of Fauji Fertilizer Company Limited	34,103,580	39,622,019
Non - Controlling Interest	625,043	(4,681)
	34,728,623	39,617,338

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chairman	Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Note	2022 Rs '000	Restated 2021 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	25,756,482	35,924,401
Finance cost paid		(5,093,387)	(2,267,284)
Income tax paid		(12,872,608)	(9,377,239)
		(17,965,995)	(11,644,523)
Net cash generated from operating activities		7,790,487	24,279,878
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,609,510)	(4,734,163)
Proceeds from disposal of property, plant and equipment		60,534	40,557
Proceeds from disposal of asset classified as held for sale		56,671	–
Payment for acquisition of subsidiaries - net of cash acquired		–	(12,624,155)
Investment in Thar Energy Limited		(1,245,742)	–
Advance against issue of shares to Thar Energy Limited		(931,300)	(376,707)
Other investments - net		6,626,778	(763,277)
Interest and profit received		1,381,701	808,613
Dividend received		3,960,508	4,942,815
Net cash generated from/ (used in) investing activities		3,299,640	(12,706,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings			
Draw-downs		5,306,711	12,226,512
Repayments		(6,908,671)	(6,329,381)
Repayment of lease liabilities		(3,343,921)	(1,334,887)
Grant received during the year		2,309	212,925
Dividends paid		(17,683,823)	(16,853,077)
Net cash used in financing activities		(22,627,395)	(12,077,908)
Net decrease in cash and cash equivalents		(11,537,268)	(504,347)
Cash and cash equivalents at beginning of the year		57,704,815	57,974,712
Effect of exchange rate changes		766,106	234,450
Cash and cash equivalents at end of the year		46,933,653	57,704,815
CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	2,001,240	1,827,166
Short term borrowings	13	(58,812,649)	(38,999,470)
Short term highly liquid investments		103,745,062	94,877,119
		46,933,653	57,704,815

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chairman	Chief Executive	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Share capital	Capital reserves				Revenue reserves		(Deficit) / surplus on re-measurement of investments to fair value - net	Non-Controlling Interest	Total
		Share premium reserve	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	(Restated) Unappropriated profit			
	(Rupees '000)									
Balance at January 1, 2021	12,722,382	40,000	120,000	2,785,992	3,790,641	8,802,360	48,814,236	663,884	–	77,739,495
Non - controlling interest at acquisition of subsidiary	–	–	–	–	–	–	–	–	2,577,825	2,577,825
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	39,869,242	–	(4,605)	39,864,637
Other comprehensive income - net of tax	–	–	–	435,260	–	–	77,964	(760,447)	(76)	(247,299)
	–	–	–	435,260	–	–	39,947,206	(760,447)	(4,681)	39,617,338
Transactions with owners of the Company										
Distributions:										
Final dividend 2020: Rs 3.40 per share	–	–	–	–	–	–	(4,325,610)	–	–	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	–	–	–	–	–	–	(4,452,834)	–	–	(4,452,834)
Second interim dividend 2021: Rs 2.60 per share	–	–	–	–	–	–	(3,307,819)	–	–	(3,307,819)
Third interim dividend 2021: Rs 3.75 per share	–	–	–	–	–	–	(4,770,893)	–	–	(4,770,893)
	–	–	–	–	–	–	(16,857,156)	–	–	(16,857,156)
Other changes in equity										
Transfer to statutory reserve	–	–	–	–	1,020,177	–	(1,020,177)	–	–	–
Balance at December 31, 2021 - restated	12,722,382	40,000	120,000	3,221,252	4,810,818	8,802,360	70,884,109	(96,563)	2,573,144	103,077,502
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	33,745,413	–	625,474	34,370,887
Other comprehensive income - net of tax	–	–	–	1,311,133	–	–	741,726	(1,694,692)	(431)	357,736
	–	–	–	1,311,133	–	–	34,487,139	(1,694,692)	625,043	34,728,623
Transactions with owners of the Company										
Distributions:										
Final dividend 2021: Rs 4.65 per share	–	–	–	–	–	–	(5,915,908)	–	–	(5,915,908)
First interim dividend 2022: Rs 3.70 per share	–	–	–	–	–	–	(4,707,282)	–	–	(4,707,282)
Second interim dividend 2022: Rs 2.10 per share	–	–	–	–	–	–	(2,671,700)	–	–	(2,671,700)
Third interim dividend 2022: Rs 3.18 per share	–	–	–	–	–	–	(4,045,718)	–	–	(4,045,718)
	–	–	–	–	–	–	(17,340,608)	–	–	(17,340,608)
FWEL-II dividends to Non-Controlling										
Interest holders:										
First interim dividend 2022: Rs 1.98 per share	–	–	–	–	–	–	–	–	(140,000)	(140,000)
Second interim dividend 2022: Rs 0.71 per share	–	–	–	–	–	–	–	–	(50,000)	(50,000)
Third interim dividend 2022: Rs 2.27 per share	–	–	–	–	–	–	–	–	(160,000)	(160,000)
	–	–	–	–	–	–	–	–	(350,000)	(350,000)
Other changes in equity										
Transfer to statutory reserve	–	–	–	–	901,227	–	(901,227)	–	–	–
Balance at December 31, 2022	12,722,382	40,000	120,000	4,532,385	5,712,045	8,802,360	87,129,413	(1,791,255)	2,848,187	120,115,517

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. CORPORATE AND GENERAL INFORMATION

1.1 The Group and its operations

Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) and OLIVE Technical Services (Private) Limited. The shares of FFC are quoted on Pakistan Stock Exchange. FFC is a subsidiary of Fauji Foundation (FF), which is also its ultimate parent entity.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical, other manufacturing and banking operations. FFCEL has setup a 49.5 MW wind energy power project. FFF is principally engaged in the business of processing fresh, frozen fruits, vegetables, fresh meat, frozen cooked and semi cooked food. FWEL-I and FWEL-II individually operates setups of 50MW wind energy power projects. OLIVE Technical Services (Private) Limited is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

The business units of the Group include the following:

Business unit	Geographical location
Registered office	
FFC, FFCEL, FFF, FWEL I & FWEL-II, OLIVE	Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab
Production plants - FFC	
Goth Machhi	Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab
Mirpur Mathelo	Mirpur Mathelo (District: Ghotki), Sindh
Production plant - FFCEL	Deh Kohistan, Taluka Jhampir (District: Thatta), Sindh
Production plant - FFF	16 km Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab
Production plant - FWEL- I	Gharo Creek Area, District Thatta, Sindh
Production plant - FWEL- II	Gharo Creek Area, District Thatta, Sindh
Karachi Office - FFC	B-35, KDA Scheme No. 1, Karachi, Sindh
Marketing division - FFC	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Zonal marketing offices - FFC	
North zone	Lahore Trade Centre, 11 Sharah-e-Aiwan-e-Tijarat Lahore, Punjab
Central zone	Ali Maskan, District Jail Road, Multan, Punjab
South zone	B-35, KDA Scheme # 1, Karsaz, Karachi, Sindh
Regional marketing offices - FFC	
Faisalabad Region	House No. 786, Street No. 5, Zia Town, East Canal Road, Faisalabad
Sahiwal Region	77-B, Canal Colony, Off Farid Town Road, Sahiwal, Punjab
Lahore Region	Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Punjab
Sargodha Region	Regional Office, House No. 1, Muradabad Colony, Behind Bajwa City Centre, Sargodha

Business unit	Geographical location
Peshawar Region	9-B, Rafiqui Lane, Peshawar Cantt, Khyber Pakhtunkhwa
Bahawalpur Region	House No. 39-A Tipu Shaheed Road, Model Town A, Bahawalpur, Punjab
D. G. Khan Region	FFC Regional Office, House No. 46-B, Gulberg Colony, Multan Road, DG Khan
Multan Region	Ali-Maskan, District Jail Road, Multan, Punjab
R.Y. Khan Region	37-A, Ali Block, Abbasia Town, Rahim Yar Khan, Punjab
Vehari Region	House No.48 Quaid e Azam Block Ludden Road, Tariq Bin Ziyad Colony, Vehari, Punjab
Hyderabad Region	Bungalow No. 208, DHA, Phase-2, Hyderabad, Sindh
Sukkur Region	FFC Regional Office, B-247, 248, Awakhat Nagar, Airport Road, Sukkur
Nawabshah Region	House No. A-11, Housing Society, Near Thalassemia Hospital, Nawabshah, Sindh

FFC has district marketing offices and warehouses located across Pakistan, the region-wise details of which are listed below:

	No. of district offices	No. of warehouses
Faisalabad Region	5	14
Sahiwal Region	4	9
Lahore Region	6	14
Sarghodha Region	5	10
Peshawar Region	5	11
Bahawalpur Region	4	9
D. G. Khan Region	4	12
Multan Region	4	10
R.Y. Khan Region	4	7
Vehari Region	4	12
Hyderabad Region	6	13
Sukkur Region	7	19
Nawabshah Region	5	12
	63	152

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The applicable financial reporting framework for an equity-accounted investee also include Banking Companies Ordinance, 1962 and underlying rules and directives.

2.2 Basis of measurement and preparation

These consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and obligations for staff retirement benefits which are carried at present values of defined benefit obligation net of fair value of plan assets determined through acturial valuation.

2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency.

2.4 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Employee retirement benefits - note 3.9 and note 11.4
ii) Estimate of fair value of financial liabilities at initial recognition - note 3.29, note 6 and note 9
iii) Estimate of useful life of property, plant and equipment - note 3.11 and note 15
iv) Estimate of useful life of intangible assets - note 3.12 and note 16
v) Estimate of fair value of investments through other comprehensive income - note 3.29 and note 17
vi) Provisions and contingencies - note 3.7, note 3.8 and note 14
vii) Impairment of non-financial assets - note 3.13
viii) Estimate of recoverable amount of goodwill - note 3.12 and note 16
ix) Estimate of recoverable amount of investment in associated companies - note 3.1.4 and note 17
x) Provision for taxation - note 3.10 and note 34
xi) Expected credit loss allowance - note 3.29, note 22, note 23 and note 25
xii) Provision for slow moving spares and stock in trade - note 3.14, note 3.15, note 20 and note 21
xiii) Right of use assets and corresponding lease liabilities - note 3.5, note 7 and note 15
xiv) Fair value of purchase consideration, assets acquired and liabilities assumed in a business combination - note 3.28 and note 42

2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

These consolidated financial statements include the financial statements of FFC and its subsidiary companies, FFCEL 100% owned (2021: 100% owned), FFF 100% owned (2021: 100% owned) FWEL-I 100% owned (2021: 100%), FWEL-II 80% owned (2021: 80%) and OLIVE 100% owned (2021: 100%).

3.1.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases. These consolidated financial statements include Fauji Fertilizer Company Limited (FFC) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such measurement are recognized in consolidated profit or loss.

Any contingent considerations to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS - 9 ''Financial Instruments'' either in consolidated profit or loss or as a change to consolidated comprehensive income. Contingent consideration that is classified an equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.1.3 Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This means that amounts previously recognized in comprehensive income are reclassified to statement of profit or loss.

3.1.4 Investments in associated entities and joint arrangements

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, where by the Group has right to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the statement of profit or loss and comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group reports its interests in joint operations using proportionate consolidation - the Group's share of the assets, liabilities, income and expenses of the joint operations are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Where the Group transacts with its joint operations, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

3.2 Foreign currency transaction and translation

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are translated in Pakistan Rupees at exchange rates ruling at the reporting date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transaction. Exchange differences are included in profit or loss for the year except for exchange differences related to foreign currency loans obtained for financing of power project assets, which are capitalised as part of cost of related asset and amortised over the remaining useful life of such assets.

Investment in foreign joint venture

The results and financial position of joint venture that have a functional currency different from Pak Rupees are translated into Pak Rupees as follows:

– assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

– income and expense are translated at the average exchange rates for the period.

– share capital is translated at historical exchange rate.

All resulting exchange differences are recognized in consolidated comprehensive income within consolidated statement of profit or loss and other comprehensive income. The Group has been recognizing such differences in translation reserve over the years. When a foreign investment is sold, in part or in full, the relevant amount in the translation reserve is transferred to consolidated profit or loss as part of the profit or loss on sale.

3.3 Share capital and dividend

Dividend is recognized as a liability in the period in which it is declared. Movement in reserves is recognized in the year in which it is approved.

3.4 Dividend distribution

Final dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

3.5 Leases

3.5.1 Right of use asset

The Group assesses whether a contract is or contains a lease at inception of the contract. If the Group assesses contract contains a lease and meets requirements of IFRS 16, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.5.2 Lease liability

If applicable, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;

b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. amounts expected to be payable under a residual value guarantee; and

d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve(12) months or less. The payments associated with such leases are recognized in profit or loss when incurred.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

3.6 Trade and other payables

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

3.7 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.8 Contingent Liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.9 Employee retirement benefits

3.9.1 Defined benefit plans

Funded Gratuity and Pension Schemes

The Group operates defined benefit funded gratuity and pension schemes for all eligible employees who complete qualifying period of service and age.

These funds are administered by trustees. Annual contributions to the gratuity and management staff pension funds are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 11.4 to these consolidated financial statements.

Charge for the year is recognized in profit or loss. Actuarial gain or losses arising on actuarial valuation are recorded directly in the profit or loss and other comprehensive income.

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

3.9.2 Defined contribution plan

Provident fund

Defined contribution provident fund for all eligible employees for which the Group's contributions are charged to consolidated profit or loss at the rate of 10% of basic salary.

3.9.3 Compensated absences

The Group grants compensated absences to all its employees who have completed one year's working service in accordance with the rules. Under this scheme, employees are entitled to a maximum of 30 days leaves for each completed year of service. From the current year, provisions are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences. Actuarial gains and losses are recognised in the profit or loss in the year in which they arise.

3.10 Taxation

Income tax expense comprises current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in profit or loss and other comprehensive income.

The Group companies take into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group companies view differ from the income tax department at the assessment stage and where the Group companies consider that their view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Group’s management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

3.11 Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss, except for freehold land and capital work in progress, which are stated at cost less impairment, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is provided on the straight-line basis and charged to consolidated profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 15 to the consolidated financial statements. Depreciation on addition in property, plant and equipment is charged from the date when the asset becomes available for use upto the date of its disposal.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group companies and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

The Group companies review the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.12 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired the difference is recognized directly in the profit or loss.
For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies

of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

With finite useful life

Intangibles are stated at the cash price equivalent of the consideration given less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Rates for amortization are disclosed in Note 16.1 to these consolidated financial statements. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit or loss.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realizable value.

For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The Group companies review the carrying amount of stores, spares and loose tools on a regular basis and as appropriate, these are written down to their net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools.

3.15 Stock in trade

Stocks are valued at the lower of cost and net realizable value.

Cost is determined as follows:

Raw materials	at weighted average purchase cost
Work in process and finished goods	at weighted average cost of purchase, raw materials and applicable manufacturing expenses

Cost of raw material, work in process and finished goods comprises of direct materials, labor and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Group companies review the carrying amount of stock in trade on a regular basis and as appropriate, it is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

3.16 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses. IFRS 9 introduces the Expected Credit Loss (ECL) model, which requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

3.17 Deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances, deposits and other receivables, the Group applies the IFRS 9 simplified approach to measure the expected credit losses.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term borrowings and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.19 Turnover

Turnover from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Turnover is recognized when or as performance obligations are satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or at a point in time and control transfers upon delivery of goods to the customer. Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. Scrap sales and miscellaneous receipts are recognized on realized amounts.

Government subsidy on sale of fertilizer is recognised when the right to receive such subsidy has been established and the underlying conditions are met. Government subsidy is recognised in other income.

3.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed out in the year they occur.

3.21 Government Grant

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

Government grant includes any benefit earned on account of a government loan obtained at below-market rate of interest. The loan is recognised and measured in accordance with IFRS 9 "Financial Instruments". The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

Government grant that has been awarded for the purpose of giving immediate financial support to the Group is recognised in profit or loss of the period in which the entity qualifies to receive it.

3.22 Research and development costs

Research and development costs are charged to profit or loss as and when incurred.

3.23 Finance income and finance costs

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets, commission income and changes in fair value of investments. Interest income is recognized as it accrues in profit or loss, using effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in fair value of investment carried at fair value through profit or loss and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.24 Basis of allocation of common expenses

Distribution cost is allocated to Fauji Fertilizer Bin Qasim Limited (FFBL), in proportion to the sales volume handled on its behalf under the Inter Company Services Agreement.

3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of FFC by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.26 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are fertilizer, power, food and technical services.

3.27 Share in revaluation reserve of associates

This represents the Group's share in surplus on revaluation of non banking assets acquired in satisfaction of claims by the banking associate. The assets have been carried at revalued amounts pursuant to the requirements of "Regulations for Debt Property Swap" issued by the State Bank of Pakistan vide BPRD Circular No 1 of 2016 dated January 01, 2016.

3.28 Business combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

3.29 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

(i) Amortised cost, where the effective interest rate method will apply;

(ii) Fair value through profit or loss (FVTPL);

(iii) Fair value through other comprehensive income (FVTOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Further, assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group recognises life time ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Recognition of loss allowance

The Group recognizes an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write-off

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

(b) Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in consolidated profit or loss.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

3.30 New accounting standards, amendments and IFRIC interpretations that are not yet effective

3.30.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning from the dates specified below:

- Amendment to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current (effective for annual reporting periods beginning on or after January 1, 2023). The amendments provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

– Amendment to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants (effective for annual reporting periods beginning on or after January 1, 2023). The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

– Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective for annual reporting periods beginning on or after January 1, 2023). The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

– Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- Definition of Accounting Estimates (effective for annual reporting periods beginning on or after January 1, 2023). The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

– Amendments to IAS 12 'Income Taxes'- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted). The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

– Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback' (effective for annual periods beginning on or after 1 January 2024). The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

– On June 25, 2020, the IASB issued Amendment to IFRS 4 'Insurance Contracts' The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now January 1, 2023.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

3.30.2 Other than the aforementioned standards, interpretations and amendments, IASB has also issued the following standards and interpretations, which have not been notified locally or declared exempt by SECP as at December 31, 2022:

IFRS 1 (First Time Adoption of International Financial Reporting Standards)

IFRS 17 (Insurance Contracts)

IFRIC 12 (Service concession arrangements)

4. SHARE CAPITAL

Authorised Share Capital

This represents 1,500,000,000 (2021: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2021: Rs 15,000,000 thousand).

Issued, Subscribed And Paid Up Share Capital

	2022	2021	2022	2021
	Numbers	Numbers	Rs ‘000	Rs ‘000
Fully paid in cash	256,495,902	256,495,902	2,564,959	2,564,959
Fully paid bonus shares	1,015,742,345	1,015,742,345	10,157,423	10,157,423
	1,272,238,247	1,272,238,247	12,722,382	12,722,382

4.1 Fauji Foundation (FF) holds 44.35% (2021: 44.35%) ordinary shares of FFC at the year end.

4.2 All ordinary shares rank equally with regard to the Group’s residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the FFC.

4.3 Capital management

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after taxation for the year divided by total shareholders’ equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Group’s approach to capital management during the year and the Group is not subject to externally imposed capital requirements. The Group is required to comply with certain debt covenants related to long / short term borrowings.

		Note	2022 Rs '000	2021 Rs '000
5.	**CAPITAL RESERVES**			
	Share premium	5.1	40,000	40,000
	Capital redemption reserve	5.2	120,000	120,000
	Translation reserve		4,532,385	3,221,252
	Statutory reserve		5,712,045	4,810,818
			10,404,430	8,192,070

5.1 Share premium

This represents premium of Rs 5 per share received on public issue of FFC's 8,000,000 ordinary shares of Rs 10 each in 1991.

5.2 Capital redemption reserve

This represents reserve setup on redemption of preference shares by FFC of Rs 120,000 thousand in 1996.

		Note	2022 Rs '000	2021 Rs '000
6.	**LONG TERM BORROWINGS - SECURED**			
	Borrowings from banking companies - secured			
	From conventional banks			
	Fauji Fertilizer Company Limited (FFC)	6.1		
	The Bank of Punjab (BOP-1)		440,000	660,000
	The Bank of Punjab (BOP-2)		1,050,000	1,400,000
	Allied Bank Limited (ABL-1)		750,000	1,125,000
	Allied Bank Limited (ABL-2)		1,500,000	2,000,000
	Allied Bank Limited (ABL-3)		2,000,000	2,000,000
	Allied Bank Limited (ABL-4)		1,200,000	1,200,000
	Allied Bank Limited (ABL-5)		3,000,000	–
	Industrial and Commercial Bank of China (ICBC-1)		600,000	1,200,000
	Industrial and Commercial Bank of China (ICBC-2)		1,200,000	1,200,000
	United Bank Limited (UBL)		–	250,000
	Habib Bank Limited (HBL)		–	250,000
	Habib Bank Limited (SBP Refinance Scheme)		–	479,977
	Bank Alfalah Limited (SBP Refinance Scheme)		–	479,221
	National Bank of Pakistan Limited (NBP-1)		–	500,000
	National Bank of Pakistan Limited (NBP-2)		–	500,000
			11,740,000	13,244,198
	FFC Energy Limited (FFCEL)	6.2		
	Long term financing from financial institutions		–	1,540,537
	Less: Transaction cost			
	Initial transaction cost		–	(269,797)
	Accumulated amortisation		–	269,797
			–	1,540,537

	Note	2022	2021
		Rs '000	Rs '000
Fauji Fresh n Freeze Limited (FFF)	6.3		
Askari Bank Limited - SBP TERF facility	6.3.1	289,635	264,109
Habib Metropolitan Bank - SBP TERF facility	6.3.2	248,687	231,647
Bank Alfalah Limited - Term finance	6.3.3	300,000	300,000
Habib Bank Limited - Term finance	6.3.4	750,000	750,000
Bank of Punjab - Term finance	6.3.5	300,000	–
Bank Alfalah Limited - SBP Refinance Scheme	6.3.6	–	30,727
Habib Bank Limited - SBP Refinance Scheme	6.3.7	–	30,629
		1,888,322	1,607,112
Foundation Wind Energy - I Limited (FWEL - I)	6.4		
National Bank of Pakistan		155,134	302,570
Faysal Bank Limited		155,134	302,570
United Bank Limited		155,134	302,570
Less: Transaction cost			
Initial transaction cost		(4,481)	(5,627)
Accumulated amortisation		4,005	1,147
		464,926	903,230
Foundation Wind Energy - II Limited (FWEL - II)	6.5		
National Bank of Pakistan		143,466	277,837
Allied Bank Limited		143,466	277,837
Meezan Bank Limited		143,466	277,837
Less: Transaction cost			
Initial transaction cost		(2,690)	(3,376)
Accumulated amortisation		2,982	686
		430,690	830,821
From Islamic banks			
Fauji Fertilizer Company Limited (FFC)	6.1		
Meezan Bank Limited (MBL-1)		2,000,000	2,000,000
Meezan Bank Limited (MBL-2)		3,000,000	3,000,000
Meezan Bank Limited (MBL-3)		3,000,000	3,000,000
Meezan Bank Limited (MBL-4)		2,000,000	–
		10,000,000	8,000,000
		24,523,938	26,125,898
Less: Current portion shown under current liabilities			
From conventional banks		4,702,578	6,953,989
From Islamic banks		2,000,000	–
		6,702,578	6,953,989
		17,821,360	19,171,909

6.1 Terms and conditions of these borrowings are as follows:

Lenders	Mark-up / profit rate p.a. (%)	No. of installments outstanding	Date of final repayment
From conventional banks			
BOP-1	6 months KIBOR+0.10	4 half yearly	December 18, 2024
BOP-2	6 months KIBOR+0.10	6 half yearly	August 31, 2025
ABL-1	6 months KIBOR+0.15	4 half yearly	December 24, 2024
ABL-2	6 months KIBOR+0.08	6 half yearly	December 30, 2025
ABL-3	6 months KIBOR+0.08	8 half yearly	September 20, 2026
ABL-4	6 months KIBOR+0.08	8 half yearly	September 30, 2026
ABL-5	6 months KIBOR+0.05	8 half yearly	December 27, 2027
ICBC-1	6 months KIBOR+0.08	2 half yearly	December 15, 2023
ICBC-2	6 months KIBOR+0.05	4 half yearly	December 28, 2024
UBL	6 months KIBOR+0.20	Paid on	June 29, 2022
HBL	3 months KIBOR+0.15	Paid on	December 19, 2022
HBL (SBP Refinance Scheme)	SBP refinance rate+0.50	Paid on	October 1, 2022
BAFL (SBP Refinance Scheme)	SBP refinance rate+0.25	Paid on	October 1, 2022
NBP-1	6 months KIBOR+0.20	Paid on	June 30, 2022
NBP-2	6 months KIBOR+0.15	Paid on	December 29, 2022
From Islamic banks			
MBL-1	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-2	6 months KIBOR+0.10	8 half yearly	July 5, 2026
MBL-3	6 months KIBOR+0.10	8 half yearly	September 29, 2026
MBL-4	6 months KIBOR+0.00	8 half yearly	September 30, 2027

6.1.1 These borrowings are secured by way of hypothecation of FFC's assets including plant, machinery, tools & spares and other moveable properties, ranking pari passu with each other with 25% margin.

6.2 This represented long term loan obtained from a consortium of eight financial institutions. This loan carried mark up at six months KIBOR plus 150 basis points payable six monthly in arrears. This loan was repayable on semi-annual installments ended in December 2022 and the entire amount was repaid during the year. FFCEL is in process of completing the administrative requirements for vacating the charge/pledge thereon in respect of the following:

- First ranking exclusive assignment / mortgage over receivables under Energy Purchase Agreement.
- Lien over and set-off rights on project accounts.
- First ranking charge over all moveable assets of FFCEL.
- Exclusive mortgage over lease rights in immovable property on which project situate.
- Pledge of 51% share of FFCEL as an additional comfort, collateral value (Rs: 0) and security margin (%: Nil).

6.3 Terms and conditions of these borrowings are as follows:

Bank Name	Facility	Mark-up as per agreement	Tenure and basis of principal
Askari Bank Limited	TERF Facility	SBP Rate (1%) + 1.5% per annum, payable quarterly.	The loan is payable on quarterly or biannual basis ending on September 30, 2031
Habib Metropolitan Bank Limited	TERF Facility	SBP Rate (1%) + 2.5% per annum, payable quarterly.	The loan is payable in 20 quarterly equal installments ending on December 31, 2027.
Bank Alfalah Limited	Term Finance	6 months KIBOR + 0.5% per annum, payable quarterly.	The loan is payable in 8 semi annual equal installments ending on December 31, 2026.
Habib Bank Limited	Term Finance	6 months KIBOR + 0.5% per annum, payable semi annually.	The loan is payable in 8 semi annual equal installments ending on December 31, 2026.
Bank Alfalah Limited	SBP Refinance Scheme	SBP Rate (0%) + 0.25% per annum, payable quarterly.	Paid on October 1, 2022.
Habib Bank Limited	SBP Refinance Scheme	SBP Rate (0%) + 0.5% per annum, payable quarterly.	Paid on October 1, 2022.
Bank of Punjab	Term Finance	3 month KIBOR + 0.5% per annum, payable quarterly.	The loan is payable in 16 quarterly equal installments ending on April 30, 2027.

6.3.1 FFF obtained term finance facility under “Temporary Economic Refinance Facility” introduced by the State Bank of Pakistan in order to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post pandemic scenario. FFF obtained this facility for enhancement of its production capacity by installing new French fries production line along with allied equipments. This facility is secured by way of first pari passu hypothecation charge over all present and future fixed assets (excluding land and building) with 25% margin and corporate guarantee of FFC. This amount is net of Rs 123,976,594 (2021: Rs 145,261,780) recognised as deferred government grant. The differential mark up between markup as per agreement and market based markup has been recognised as deferred government grant as mentioned in note 8 to the consolidated financial statements, which will be amortised to interest income over the period of the facilities.

6.3.2 FFF obtained term finance facility under "Temporary Economic Refinance Facility" introduced by the State Bank of Pakistan in order to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post pandemic scenario. FFF obtained this facility for enhancement of its production capacity by installing new French fries production line along with allied equipments. This facility is secured by way of specific charge on imported machinery and corporate guarantee of FFC. This amount is net of Rs 51,312,757 (2021: Rs 68,353,311) from recognised as deferred government grant. The differential mark up between markup as per agreement and market based markup has been recognised as deferred government grant as mentioned in note 8 to the consolidated financial statements, which will be amortised to interest income over the period of the facilities.

6.3.3 FFF obtained this term finance facility for enhancement of its production capacity for installing new French fries production line along with allied equipments. This facility is secured by way of pari passu charge with 25% margin over facility amount on fixed assets (excluding land and building) and corporate guarantee of FFC amounting to Rs 400 million.

6.3.4 FFF obtained this term finance facility for enhancement of its production capacity for installing new French fries production line along with allied equipments. This facility is secured by way of first pari passu charge of Rs. 1,000 million (inclusive of 25% margin) over all present and future movable fixed assets (excluding land and building) and corporate guarantee of FFC covering total exposure towards FFF.

6.3.5 FFF obtained this term finance facility to finance regular capital expenditure for extension and enhancement of its existing production capacity. The Facility is secured by way of first pari passu charged of Rs 400 million over fixed assets (excluding land and building) of FFF (i.e. with 25% margin over the facility amount) and corporate guarantee of FFC covering total exposure towards FFF.

6.3.6 FFF obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. FFF had obtained this facility for paying salaries for the months from July 2020 to September 2020. This facility was secured by way of first pari passu charge of Rs 84.53 million (inclusive of 25% margin) over all present and future fixed assets (excluding land and building). The differential mark up between markup as per agreement and market based markup had been recognised as deferred government grant as mentioned in note 8 to the consolidated financial statements, which was amortised to interest income over the period of the facilities. The entire loan amount has been repaid during the year.

6.3.7 FFF obtained term finance facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. FFF had obtained this facility for paying salaries for the months from April 2020 to September 2020. This facility was secured by way of first pari passu charge of Rs 98 million (inclusive of 25% margin) over all present and future fixed assets (excluding land and building). The differential mark up between markup as per agreement and market based markup had been recognised as deferred government grant as mentioned in note 8 to the consolidated financial statements, which was amortised to interest income over the period of the facilities. The entire loan amount has been repaid during the year.

6.3.8 The aforementioned loans in note 6.3.1, 6.3.2, 6.3.6 & 6.3.7 have been measured at fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate ranging from 8.57 % per annum to 11.81 % per annum and at various draw down dates during the current year and prior year. The difference between fair value of loan and loan proceeds have been recognised as deferred grant as explained in note 8 as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

6.4 This represents the Musharka Finance Facility of Rs. 3,000 million (2021: Rs. 3,000 million) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Faysal Bank Limited and United Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR plus 2.95%. The facility is repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - I (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and FWEL - I LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of United Bank Limited being the Security Trustee of FWEL - I, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders.

6.5 This represents the Musharka Finance Facility of Rs. 3,000 million (2021: Rs 3,000 million) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Allied Bank Limited and Meezan Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR plus 2.95%. The facility is now repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - II (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and FWEL - II LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of Allied Bank Limited being the Security Trustee of FWEL - II, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders.

		Note	2022	2021
			Rs '000	Rs '000
7.	**LEASE LIABILITIES**			
	Balance at beginning of year		5,684,365	104,053
	Additions during the year		–	43,589
	Additions due to acquisition of FWEL I & FWEL II	7.1	–	6,637,027
	Exchange loss for the year		1,413,957	224,187
	Unwinding of interest on lease liability		19,737	10,396
	Payments made during the year		(3,343,921)	(1,334,887)
	Balance at end of the year		3,774,138	5,684,365
	Less: Current portion shown under current liabilities		(3,687,205)	(2,744,891)
			86,933	2,939,474

7.1 These represents lease liabilities assumed upon acquisition of FWEL - I and FWEL - II by the Group.

7.1.1 FWEL - I and FWEL - II entered into lease agreements with Islamic Development Bank (IDB) for provision of financing facility of USD 66.860 million each in respect of its wind power facility. As per the lease agreements, the lease term commences from the Commercial operation date and ends on the earlier of final maturity date or the date on which the title of the assets is transferred in the full to FWEL - I and FWEL - II. At the end of lease term, FWEL - I and FWEL - II have right and intention to purchase the assets under this facility.

Effective August 14, 2014 and in furtherance to restructuring of the lease agreements, original facility amount was reduced to USD 64.937 million for FWEL - I and USD 63.786 million for FWEL - II. These carries mark-up @ LIBOR + 4.6% per annum. The lease rentals are payable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facilities are secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL - I and FWEL - II (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds), the Security Accounts (including the amounts deposited therein) and FWEL - I and FWEL - II LC account (including the amounts deposited therein) for an amount of USD 91,456,667 for FWEL - I and USD 89,146,667 for FWEL - II and all other secured obligations owed to foreign secured lenders.

7.1.2 The plants of FWEL - I and FWEL - II are located in Gharo Creek Area, District Thatta of Sindh province for which AEDB has allocated 1,210 acres of land to FWEL - I and 1,656 acres of land to FWEL - II under sublease agreements dated January 23, 2013. Under the terms of the agreements, FWEL - I has paid lease rentals of Rs 6.05 million and FWEL - II has paid lease rentals of Rs 8.28 million upto January 2018. FWEL - I and FWEL - II are required to pay lease rentals at the rate of Rs 2,000 per acre per year from January 2018 to January 2027 and Rs 5,000 per acre per year from January 2028 to January 2035.

7.1.3 Lease liabilities as at year end amounted to Rs 1,850,005 thousand (2021: Rs 2,787,442 thousand) for FWEL - I, Rs 1,846,411 thousand (2021: Rs 2,778,779 thousand) for FWEL - II, Rs 21,991 thousand (2021: Rs 21,868 thousand) for FFCEL, Rs 22,551 thousand (2021: 34,511 thousand) for FFF and Rs 33,180 thousand (2021: Rs 61,744 thousand) for FFC.

8. DEFERRED GOVERNMENT GRANT

These represent deferred government grant in respect of term finance facilities obtained under SBP TERF facility and SBP Salary Refinance Scheme as disclosed in note 6.3.8 to the consolidated financial statements. There are no unfulfilled conditions or other contingencies attaching to these grants.

	2022 Rs '000	2021 Rs '000
Balance at the beginning	253,745	120,256
Government grant recognised	2,309	212,925
Less: Amortisation of deferred government grant	(80,765)	(79,436)
Balance at the end	175,289	253,745
Less: Current portion of deferred government grant	(38,438)	(78,419)
Long-term portion of deferred government grant	136,851	175,326

	Note	2022	2021
		Rs '000	Rs '000
9. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		59,158,374	56,716,885
Unwinding of GIDC liability - charge to profit or loss		2,118,513	2,441,489
		61,276,887	59,158,374
Less: Current portion of GIDC payable	9.1	(53,336,353)	(38,356,404)
Long-term portion of GIDC payable		7,940,534	20,801,970

9.1 This amount is included in trade and other payables.

9.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including FFC were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, FFC, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including FFC and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

FFC also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, FFC, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non current portion of GIDC liability has been segregated in the statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to FFC, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, FFC believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in these consolidated financial statements.

During the year, no payments were made by FFC on account of GIDC on account of stay granted by Sindh High Court. Further, FFC has also contested and not accounted for late payment surcharge in these consolidated financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

		Note	2022	2021
			Rs '000	Rs '000
10.	**DEFERRED LIABILITIES**			
	Deferred tax liability - net	10.1	8,831,063	7,145,733
	Provision for compensated leave			
	absences / retirement benefits	10.2	1,557,468	1,394,756
			10,388,531	8,540,489
10.1	**Deferred taxation**			
	The balance of deferred tax is in respect of			
	the following temporary differences:			
	Accelerated depreciation / amortization		3,847,000	3,236,000
	Provision for slow moving spares, doubtful			
	debts, other receivables and investments		(2,409,000)	(1,879,000)
	Re-measurement gain on GIDC		451,000	1,011,000
	Tax on equity accounted investment		7,090,678	4,764,990
	Re-measurement of investments		(148,615)	12,743
			8,831,063	7,145,733
	The gross movement in the deferred tax liability			
	during the year is as follows:			
	Balance at the beginning		7,145,733	6,916,488
	Tax charge recognized in consolidated profit or loss		1,800,648	331,213
	Tax charge recognised in consolidated comprehensive income		(115,318)	(101,968)
	Balance at the end		8,831,063	7,145,733
10.2	**The main assumptions used for actuarial**			
	valuation are as follows:			
	Discount rate - per annum		14.50%	11.00%
	Expected rate of increase in salaries - per annum			
	Management		14.50%	11.00%
	Non-Management		14.50%	11.00%
	Mortality table		SLIC (2001-05)	
	Withdrawal factor		Moderate	Moderate
	Number of employees		2741	2932

	Note	2022	2021
		Rs '000	Rs '000
11. TRADE AND OTHER PAYABLES			
Creditors			
- GIDC payable - current portion	9.1	53,336,353	38,356,404
- Others	11.1	8,480,087	3,427,764
		61,816,440	41,784,168
Accrued liabilities		9,472,672	8,343,464
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured		1,981,796	2,881,808
Sales tax payable - net		80,757	72,907
Deposits	11.2	271,838	247,501
Retention money		254,604	180,846
Workers' Welfare Fund		1,740,876	1,806,515
Payable to joint operators - Gas Pressure Enhancement Facility (PEF) project	11.3	217,053	–
Payable to supplier - PEF project	11.3	803,329	–
Workers' Profit Participation Fund payable - FFCEL, FWEL - I & II		1,255,457	1,009,268
Payable to Fauji Foundation - current account		110,032	1,688
Payable to gratuity fund - a related party - FFC	11.4	659,625	736,858
Payable to gratuity fund - a related party - FFF, FWEL - I & II, FFCEL		38,147	43,379
Payable to pension fund - a related party	11.4	–	323,030
Payable to provident fund - a related party		15,209	11,028
Contract liability - advances from customers	11.6	12,722,503	6,387,731
Other liabilities		718,768	352,351
		92,159,106	64,182,542

11.1 This includes sales tax on GIDC payable to Mari Petroleum Company Limited amounting to Rs 2,474,978 thousand (2021: Rs 2,474,978 thousand).

11.2 These represent unutilizable amounts received as security deposits from dealers and suppliers of the Group, and are kept in separate bank accounts.

11.3 This represents payable to joint operators and supplier related to PEF project, as disclosed in note 43 to the consolidated financial statements.

	Funded Gratuity	Funded Pension	2022 Total	2021 Total
	Rs '000	Rs '000	Rs '000	Rs '000
11.4 Retirement Benefit Funds - FFC				
11.4.1 The amounts recognized in the consolidated statement of financial position are as follows:				
Present value of defined benefit obligation	3,216,920	4,132,194	7,349,114	8,076,085
Fair value of plan assets	(2,557,295)	(4,891,195)	(7,448,490)	(7,016,197)
Liability/ (asset)	659,625	(759,001)	(99,376)	1,059,888

		Funded Gratuity Rs '000	Funded Pension Rs '000	2022 Total Rs '000	2021 Total Rs '000
11.4.2	**Amount recognised in the consolidated profit or loss is as follows:**				
	Current service cost	172,454	114,885	287,339	279,397
	Net interest cost	80,885	33,726	114,611	98,202
		253,339	148,611	401,950	377,599
11.4.3	**The movements in the present value of defined benefit obligation is as follows:**				
	Present value of defined benefit obligation at beginning	3,222,687	4,853,398	8,076,085	7,759,212
	Current service cost	172,454	114,885	287,339	279,397
	Interest cost	347,975	521,905	869,880	639,627
	Benefits paid	(391,527)	(287,037)	(678,564)	(669,521)
	Re-measurement of defined benefit obligation	(134,669)	(1,070,957)	(1,205,626)	67,370
	Present value of defined benefit obligation at end	3,216,920	4,132,194	7,349,114	8,076,085
11.4.4	**The movement in fair value of plan assets:**				
	Fair value of plan assets at beginning	2,485,829	4,530,368	7,016,197	6,584,550
	Expected return on plan assets	267,090	488,179	755,269	541,425
	Contributions	253,339	148,611	401,950	377,599
	Benefits paid	(391,527)	(287,037)	(678,564)	(669,521)
	Re-measurement of plan assets	(57,436)	11,074	(46,362)	182,144
	Fair value of plan assets at end	2,557,295	4,891,195	7,448,490	7,016,197
11.4.5	**Actual return on plan assets**	209,654	499,253	708,907	723,569
11.4.6	**Contributions expected to be paid to the plan during the next year**	266,333	–	266,333	401,950
11.4.7	**Plan assets comprise of:**				
	Quoted:				
	Investment in debt securities	1,828,667	3,694,675	5,523,342	4,295,360
	Investment in equity securities	657,128	1,130,127	1,787,255	1,995,534
	Mutual funds	25,112	25,131	50,243	573,078
	Un-quoted:				
	Deposits with banks	46,388	41,262	87,650	152,225
		2,557,295	4,891,195	7,448,490	7,016,197

11.4.8 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Funds, at the beginning of the year, for returns over the entire life of the related obligations.

	2022 Funded Gratuity Rs '000	2022 Funded Pension Rs '000	2021 Funded Gratuity Rs '000	2021 Funded Pension Rs '000
11.4.9 Movement in liability recognised in consolidated statement of financial position:				
Opening liability	736,858	323,030	734,965	439,697
Cost for the year recognised in profit or loss	253,339	148,611	229,632	147,967
Employer's contribution during the year	(253,339)	(148,611)	(229,632)	(147,967)
Total amount of re-measurement recognised in Other Comprehensive Income (OCI) during the year	(77,233)	(1,082,031)	1,893	(116,667)
Closing liability	659,625	(759,001)	736,858	323,030
11.4.10 Re-measurements recognised in consolidated OCI during the year:				
Re-measurment loss / (gain) on obligation				
Due to change in financial assumptions	(151,389)	(1,051,900)	24,375	79,742
Due to change in demographic assumptions	–	–	–	–
Due to change in experience adjustments	16,720	(19,057)	45,577	(82,324)
	(134,669)	(1,070,957)	69,952	(2,582)
Re-measurment loss / (gain) on plan assets				
Actual return on plan assets	(335,841)	(477,924)	(261,949)	(461,620)
Interest income on plan assets	267,090	488,179	193,890	347,535
Others	126,187	(21,329)	–	–
	57,436	(11,074)	(68,059)	(114,085)
Re-measurement loss / (gain) recognised in OCI	(77,233)	(1,082,031)	1,893	(116,667)

	2022 Funded Gratuity %	2022 Funded Pension %	2021 Funded Gratuity %	2021 Funded Pension %
11.4.11 Principal actuarial assumptions used in the actuarial valuations are as follows:				
Discount rate	14.25	14.25	11.00	11.00
Expected rate of salary growth - short term				
Management	12.25	12.25	11.00	11.00
Non-Management	12.25	–	11.00	–
Expected rate of salary growth - long term				
Management	14.25	14.25	11.00	11.00
Non-Management	14.25	-	11.00	–
Expected rate of return on plan assets	14.25	14.25	11.00	11.00
Expected rate of increase in post retirement pension				
Short term	–	6.00	–	5.25
Long term	–	6.00	–	5.25
Maximum pension limit increase rate	–	6.00	–	5.25
Minimum pension limit increase rate	–	6.00	–	5.25
Demographic assumptions				
Mortality rates (for death in service)	SLIC (2001-05)-1		SLIC (2001-05)-1	
Rates of employee turnover				
Management	Moderate	Moderate	Moderate	Moderate
Non-Management	Light	–	Light	–

11.4.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

	2022 Defined benefit obligation		2021 Defined benefit obligation	
	Effect of 1 percent increase	Effect of 1 percent decrease	Effect of 1 percent increase	Effect of 1 percent decrease
	Rs '000	Rs '000	Rs '000	Rs '000
Discount rate	(542,764)	628,663	(685,452)	812,367
Future salary growth	175,849	(159,208)	272,264	(250,307)
Future pension	424,702	(366,971)	377,963	(326,043)

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

11.4.13 The weighted average number of years of defined benefit obligation is given below:

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Years	Years	Years	Years
Plan duration	7.07	7.96	7.22	9.62

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
11.4.14 Analysis of present value of defined benefit obligations:				
Vested / non - vested				
Vested	3,192,892	–	3,199,826	–
Non - vested	24,028	–	22,861	–
	3,216,920	–	3,222,687	–
Types of members				
Active	–	2,090,883	–	2,607,936
Retirees	–	2,041,311	–	2,245,462
	–	4,132,194	–	4,853,398
Types of benefits earned to date				
Accumulated benefit obligation	1,467,477	3,570,645	1,633,662	4,141,094
Amount attributed to future salary increases	1,749,443	561,549	1,589,025	712,304
Total	3,216,920	4,132,194	3,222,687	4,853,398

11.4.15 FFC contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, FFC takes a contribution holiday.

	2022		2021	
	Funded Gratuity	Funded Pension	Funded Gratuity	Funded Pension
	Rs '000	Rs '000	Rs '000	Rs '000
11.4.16 Distribution of timing of benefit payments:				
1 year	287,341	321,819	294,191	338,322
2 years	379,206	405,923	436,637	356,558
3 years	502,408	446,055	306,937	356,613
4 years	488,935	465,412	501,971	435,772
5 years	477,261	483,182	475,464	451,462
6-10 years	3,084,606	3,128,589	2,577,810	2,758,006

11.4.17 Retirement benefit plans are exposed to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal / mortality risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

11.4.18 Salaries, wages and benefits" expense, stated in notes 29 and 30 include retirement benefits in respect of gratuity fund, provident fund, pension plan and compensated absences amounting to Rs 249,621 thousand, Rs 188,351 thousand, Rs 133,838 thousand and Rs 176,518 thousand respectively (2021: Rs 454,234 thousand, Rs 441,233 thousand, Rs 132,240 thousand and Rs 502,568 thousand respectively). These are reduced by the amount of charges debited to Fauji Fertilizer Bin Qasim Limited and FFC Energy Limited under Inter Company Services Agreements.

11.5 Defined contribution plan

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for the purpose.

11.6 Contract liabilities - advances from customers

This represents payment received by the Group from its customers before the related goods / services are transferred.

	2022	2021
	Rs '000	Rs '000
Balance at beginning	6,387,731	6,443,961
Revenue recognised during the year	(107,357,579)	(64,219,490)
Advance received during the year	113,692,351	64,163,260
Balance at end	12,722,503	6,387,731

11.6.1 This represents payment received by the Group from its customers before the related goods are transferred. Advances from customer are recognised as revenue when the performance obligation in accordance with the policy as described in note 3.19 to these consolidated financial statements is satisfied. Revenue for an amount of Rs 6,317,692 thousand (2021: Rs 6,427,347 thousand) has been recognised in current year in respect of advances from customers at the beginning of year.

	2022 Rs '000	2021 Rs '000
12. MARK-UP AND PROFIT ACCRUED		
On long term borrowings		
From conventional banks	231,695	328,306
From Islamic banks	518,605	18,824
	750,300	347,130
On short term borrowings		
From conventional banks	653,131	359,325
From Islamic banks	152,848	36,747
	805,979	396,072
	1,556,279	743,202

13. SHORT TERM BORROWINGS - SECURED

The Group has obtained short term running finance facilities from various banks, under separate terms and agreements. The total amounts outstanding against each facility at the year end and the terms of each facility are given below:

	Note	2022 Rs '000	2021 Rs '000
Lending Institutions			
From conventional banks			
Fauji Fertilizer Company Limited (FFC)	13.1		
MCB Bank Limited		2,500,000	12,311,600
Allied Bank Limited		6,406,697	6,449,127
United Bank Limited		8,021,854	5,035,809
Askari Bank Limited		29,871,241	4,212,743
Bank Alfalah Limited		825,932	939,626
Habib Bank Limited		2,831,113	122,932
Bank of punjab		26,998	–
Habib Metropolitan Bank Limited		882,324	940,003
Standard Chartered Bank (Pakistan) Limited		625,093	4,960,853
Fauji Fresh n Freeze Limited (FFF)			
JS Bank Limited	13.2	818,228	45,198
		52,809,480	35,017,891
From Islamic banks	13.3		
Fauji Fertilizer Company Limited (FFC)			
Meezan Bank Limited		6,003,169	3,981,579
		58,812,649	38,999,470

13.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 67,240,000 thousands (2021: Rs. 52,681,600 thousands) which represent the aggregate of all facility agreements between FFC and respective banks. The per annum rates of mark-up are 1 month KIBOR minus 0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR minus 0.20% to 0.35% (2021: 1 week KIBOR minus 2.37%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 3 month KIBOR + 0.35%).

The facilities are secured by pari passu / ranking hypothecation charges on movable assets of FFC besides lien on mutual fund investments and PIBs in certain cases. The facilities have various maturity dates upto December 29, 2023.

13.2 This represents running finance facility (interest/ markup based) availed from JS Bank Limited to meet working capital requirements with a sanctioned limit of Rs. 900 million (2021: Rs. 900 million) which carries mark up 1 month KIBOR plus 100 bps per annum (2021: 1 month KIBOR plus 100 bps per annum). It is secured by first pari passu hypothecation charge of Rs. 1,200 million (2021: Rs. 1,200 million) over all present and future current assets (stocks and receivables) of FFF, including 25% margin and letter of comfort of FFC covering total exposure towards FFF.

13.3 Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs. 6,200,000 thousands (2021: Rs. 4,000,000 thousands). The per annum rate of profit is 1 month KIBOR minus 0.35% (2021: 3 month KIBOR + 0%).

The facility is secured by ranking hypothecation charge on current assets of FFC and lien over debt instruments. The facility has a maturity date of December 31, 2023.

		2022	2021
		Rs '000	Rs '000
14.	**CONTINGENCIES AND COMMITMENTS**		
14.1	**Contingencies:**		
	Fauji Fertilizer Company Limited (FFC)		
	i) Guarantees issued by banks on behalf of FFC	6,762,374	7,384,810
	ii) Claims against FFC and / or potential exposure not acknowledged as debt	50,696	50,696

iii) FFC has issued corporate bank guarantee and letters of comfort in favour of FFF amounting to Rs 3,445,000 thousand (2021: Rs 2,245,000 thousand).

iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by FFC, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in last year, CCP under the said Tribunal guidelines, resumed the proceedings and FFC, duly joined these proceedings through Counsel. FFC filed writ petition before Islamabad High Court which was disposed of, directing CCP to proceed with regular hearings. CCP is yet to initiate its proceedings and FFC is awaiting hearing notice. FFC remains confident of successfully defending these unreasonable claims.

Fauji Fertilizer Company Energy Limited (FFCEL)

There were no material contingencies as at December 31, 2022 (2021: Nil)

Fauji Fresh n Freeze Limited (FFF)

Proceedings under section 161/205 of Income Tax Ordinance, 2001 ("the Ordinance") were initiated against FFF in respect of Tax Year 2016. FFF, through its authorized representative, complied the said notice by submitting the requisite information/data. The Assistant Commissioner Inland Revenue (ACIR) passed an order under section 161/205 and issued a notice of demand under section 137 of the Ordinance for Rs 96.90 million. FFF filed an appeal against the said order before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A, through Appellate Order No. 34 dated August 24, 2020, remanded the case back to the assessing officer on various points and granted partial relief to FFF. No notice from the assessing officer regarding remand back proceedings has been received. Based on the opinion of the tax advisor handling the litigation, the management believes that FFF has strong legal grounds against the case and that no financial liability is expected to accrue. Accordingly, no provision has been made in these consolidated financial statements.

Foundation Wind Energy I Limited (FWEL - I)

i) The Additional Commissioner Inland Revenue (AdCIR) issued a notice to FWEL - I wherein it was alleged that FWEL - I has not paid Alternate Corporate Tax (ACT), for an amount of Rs 126 million for tax year 2016 and minimum tax amounting to Rs 3 million for tax year 2015. FWEL - I filled an appeal before Commissioner Inland Revenue Appeals (CIR- Appeals). CIR- Appeals partially accepted FWEL - I contention. FWEL - I preferred appeal before the ATIR against the aforesaid order. The ATIR remanded the case back to CIR-Appeals with certain directions. CIR- Appeals passed an appellate order dated April 16, 2018 wherein he again partially accepted FWEL - I contention but held FWEL - I liable to payment of ACT and minimum tax respectively. FWEL - I preferred another appeal before the ATIR which was decided in favour of FWEL - I. However, the department has preferred an appeal before the Honourable High Court which is currently pending adjudication.

ii) Withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 was conducted by the Assistant Commissioner Inland Revenue, Withholding Tax, Corporate zone, Regional Office, Rawalpindi (ACIR) and, passed an order for demand of Rs 165.47 million vide order dated December 21, 2016. An appeal was filed before the Commissioner Inland Revenue (Appeal-III) [Commissioner (Appeals)], who passed an order to reduce the demand to Rs 40.04 million. The amount has been recovered by the tax authorities. FWEL - I is contesting the case at Appellate Tribunal Inland Revenue and management is of the view that it can recover tax from vendor.

Foundation Wind Energy II Limited (FWEL - II)

i) The Additional Commissioner Inland Revenue (AdCIR) issued a notice to FWEL - II wherein it was alleged that FWEL - II has not paid Alternate Corporate Tax (ACT), for an amount of Rs 200 million for the tax year 2016 and minimum tax for an amount of Rs 7 million for tax year 2015. FWEL - II filled an appeal before Commissioner Inland Revenue Appeals (CIR- Appeals). CIR-Appeals partially accepted FWEL - II contention. FWEL - II preferred appeal before the ATIR against the aforesaid order. The ATIR remanded the case back to CIR- Appeals with certain directions. CIR- Appeals passed an appellate order dated April 16, 2018 wherein he again partially accepted FWEL - II contention but held FWEL - II liable to payment of ACT and minimum tax respectively. FWEL - II preferred another appeal before the ATIR which was decided in favor of FWEL - II. The ATIR vide order dated September 1, 2020 decided the Appeal in FWEL - II favour by holding that the lower authorities have misconstrued the provisions of clause (132) of Part I of the Second Schedule and FWEL - II is allowed exemption under the clause. Further, the ATIR also held that FWEL - II is not obliged to pay Alternate Cooperate Tax under section 113C of the Ordinance . However, the department has preferred an appeal before the Honorable High Court which is currently pending adjudication.

ii) In June 2016, the Additional Commissioner, Punjab Revenue Authority (PRA) issued a show cause notice for non-withholding of Punjab sales tax amounting Rs. 488 million on account of certain expenses incurred for the period July 2014 to June 2015. Management is of the view that the amount was on account of construction services for plant situated in Sindh. The notice was responded by FWEL - II along with related evidences that the expenses pertaining to construction of building was for wind farms located in Sindh, hence outside the jurisdiction of PRA. Additional Commissioner did not accept FWEL - II stance and issue demand order for Rs.488 million. Appeal before commissioner appeal has been filed. On parallel basis, like other industry competitors, FWEL - II has also filed writ before the Lahore High Court (LHC) to challenge the constitution of PRA and a stay application to stop PRA proceedings against FWEL - II. LHC disposed off FWEL - II writ petition vide order dated September 12, 2019 with certain direction to Commissioner Appeals and PRA. The Commissioner Appeals, PRA has decided the aforesaid appeal vide Order No 38/2017 dated September 16, 2021 (received on September 16, 2022) against FWEL - II by confirming the order dated January 5, 2017. FWEL - II has filed an appeal against the said order before PRA Tribunal and the PRA Tribunal has also granted stay against the demand till further orders. The case was heard before the Commissioner Appeals, PRA and related decision is awaited in this respect.

OLIVE Technical Services (Private) Limited

There were no material contingencies or commitments as at December 31, 2022 (2021: Nil)

			2022	2021
			Rs '000	Rs '000
	Group's share of contingencies of associated companies			
	i)	Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited as at December 31, 2022 (2021: December 31, 2021)	33,234,747	28,453,209
	ii)	Group's share of contingencies in Fauji Cement Company Limited as at September 30, 2022 (2021: September 30, 2021)	47,876	118,088
	iii)	Group's share of contingencies in Askari Bank Limited as at September 30, 2022 (2021: September 30, 2021)	132,981,380	113,940,242
	iv)	Group's share of contingencies in Thar Energy Limited as at September 30, 2022 (2021: September 30, 2021)	7,320	6,510
14.2	**Commitments in respect of:**			
	i)	Capital expenditure commitments (including share of commitments amounting to Rs 4,881,728 thousand (2021: Rs Nil) relating to PEF joint operations as disclosed in note 43.	7,314,166	2,755,489
	ii)	Purchase of fertilizer, stores, spares and other operational items	12,551,970	10,078,035
	iii)	Investment in Thar Energy Limited	421,392	2,283,042
	iv)	Investment in Fauji Foods Limited (FFL) by FFCEL	4,650,000	–
	v)	Contracted out services	661,513	335,704
	vi)	Arrangement with SNGPL for pipeline for supply of RLNG	2,420,000	–
	vii)	Operation and Maintenance (O&M) agreement of FWEL I & II	449,414	633,830
	viii)	Group's share of commitments of PMP as at September 30, 2022 (2021: September 30, 2021)	46,261	76,859
	ix)	Group's share of commitments of FCCL as at September 30, 2022 (2021: September 30, 2021)	1,998,883	2,832
	x)	Group's share of commitments of FFBL as at December 31, 2022 (2021: December 31, 2021)	7,733,633	1,469,348
	xi)	Group's share of commitments of AKBL as at September 30, 2022 (2021: September 30, 2021)	231,512,997	228,915,759
	xii)	Group's share of commitments of TEL as at September 30, 2022 (2021: September 30, 2021)	2,631,203	6,188,949

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Lease hold land	Building and structures on freehold land	Building and structures on leasehold land	Railway siding	Plant and machinery	Catalysts	Office and electrical equipment	Furniture and fixtures	Vehicles	Maintenance and other equipment	Library books	Right of use asset (note 15.5)	Capital work in progress (note 15.6)	Total
								Rs '000							
As at January 1, 2021															
Cost	469,172	178,750	6,481,471	2,202,083	26,517	55,132,426	2,498,615	1,574,688	583,984	933,430	2,805,601	5,482	196,494	935,638	74,024,351
Accumulated depreciation	-	(178,750)	(3,579,898)	(726,466)	(26,517)	(29,957,812)	(2,286,696)	(1,101,616)	(327,268)	(721,853)	(2,407,594)	(4,455)	(109,489)	-	(41,428,414)
Net Book Value	469,172	-	2,901,573	1,475,617	-	25,174,614	211,919	473,072	256,716	211,577	398,007	1,027	87,005	935,638	32,595,937
Year ended December 31, 2021															
Opening net book value	469,172	-	2,901,573	1,475,617	-	25,174,614	211,919	473,072	256,716	211,577	398,007	1,027	87,005	935,638	32,595,937
Additions on acquisition of subsidiaries - FWEL I & II (restated)	-	-	4,194,418	-	-	3,318,187	-	1,779	8,391	33,363	-	-	13,623,906	-	21,180,044
Additions / transfers	-	-	53,355	2,666	-	1,661,340	255,368	181,950	62,025	127,385	244,477	524	43,589	3,844,010	6,476,689
Exchange Loss net (note 15.7)	-	-	-	-	-	-	-	-	-	-	-	-	224,187	-	224,187
Disposals															
Cost	-	-	(77)	-	-	(9,359)	-	(43,275)	(6,275)	(30,434)	(11,121)	(284)	-	-	(100,825)
Depreciation	-	-	14	-	-	3,963	-	43,113	6,268	30,434	11,121	284	-	-	95,197
	-	-	(63)	-	-	(5,396)	-	(162)	(7)	-	-	-	-	-	(5,628)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,707,244)	(1,707,244)
Adjustments															
Cost	-	-	-	-	-	(105,514)	-	-	-	-	-	-	-	-	(105,514)
Accumulated depreciation	-	-	-	-	-	63,102	-	-	-	-	-	-	-	-	63,102
	-	-	-	-	-	(42,412)	-	-	-	-	-	-	-	-	(42,412)
Depreciation charge	-	-	(332,156)	(121,952)	-	(2,459,664)	(111,851)	(124,855)	(49,952)	(84,553)	(177,817)	(764)	(293,755)	-	(3,757,319)
Impairment charge	-	-	-	-	-	-	-	(6,587)	-	-	-	-	-	-	(6,587)
Year ended December 31, 2021 - restated	469,172	-	6,817,127	1,356,331	-	27,646,669	355,436	525,197	277,173	287,772	464,667	787	13,684,932	3,072,404	54,957,667
As at January 1, 2022															
Cost	469,172	178,750	10,729,167	2,204,749	26,517	59,997,080	2,753,983	1,715,142	648,125	1,063,744	3,038,957	5,722	14,088,176	3,072,404	99,991,688
Accumulated depreciation	-	(178,750)	(3,912,040)	(848,418)	(26,517)	(32,350,411)	(2,398,547)	(1,189,945)	(370,952)	(775,972)	(2,574,290)	(4,935)	(403,244)	-	(45,034,021)
Net Book Value - restated	469,172	-	6,817,127	1,356,331	-	27,646,669	355,436	525,197	277,173	287,772	464,667	787	13,684,932	3,072,404	54,957,667
Year ended December 31, 2022															
Opening net book value	469,172	-	6,817,127	1,356,331	-	27,646,669	355,436	525,197	277,173	287,772	464,667	787	13,684,932	3,072,404	54,957,667
Additions / transfers	-	31,209	530,556	3,169	-	5,811,794	269,400	220,039	101,875	133,915	132,034	16	-	3,492,333	10,726,340
Exchange loss - net (note 15.7)	-	-	-	-	-	-	-	-	-	-	-	-	1,413,957	-	1,413,957
Disposals															
Cost	-	-	-	-	-	(15,066)	-	(53,060)	(32,677)	(39,081)	(29,946)	(298)	-	-	(170,128)
Depreciation	-	-	-	-	-	9,821	-	52,749	26,600	38,053	29,946	298	-	-	157,467
	-	-	-	-	-	(5,245)	-	(311)	(6,077)	(1,028)	-	-	-	-	(12,661)
Transfers	-	-	-	-	-	(2,712)	-	2,197	515	-	-	-	-	(4,103,565)	(4,103,565)
Depreciation charge	-	(1,475)	(421,309)	(271,602)	-	(2,625,200)	(133,349)	(138,249)	(55,165)	(117,634)	(183,316)	(421)	(1,111,683)	-	(5,059,403)
Balance as at December 31, 2022	469,172	29,734	6,926,374	1,087,898	-	30,825,306	491,487	608,873	318,321	303,025	413,385	382	13,987,206	2,461,172	57,922,335
As at December 31, 2022															
Cost	469,172	209,959	11,259,723	2,207,918	26,517	65,791,096	3,023,383	1,884,318	717,838	1,158,578	3,141,045	5,440	15,502,133	2,461,172	107,858,292
Accumulated depreciation and impairment	-	(180,225)	(4,333,349)	(1,120,020)	(26,517)	(34,965,790)	(2,531,896)	(1,275,445)	(399,517)	(855,553)	(2,727,660)	(5,058)	(1,514,927)	-	(49,935,957)
Net Book Value	469,172	29,734	6,926,374	1,087,898	-	30,825,306	491,487	608,873	318,321	303,025	413,385	382	13,987,206	2,461,172	57,922,335
Rate of depreciation in %	-	6.25 to 9.25	5 to 10	5	5	5 to 5.5	20	15	10	20	15 - 33.33	30	5 to 20	-	

	Note	2022	restated 2021
		Rs '000	Rs '000
15.1 Depreciation charge has been allocated as follows:			
Cost of sales	29	4,882,763	3,607,503
Administrative and distribution expenses	30 & 30.1	161,267	139,062
Other expenses		2,108	2,225
Charged to FFBL under the Company Services Agreement		13,265	8,529
		5,059,403	3,757,319

15.2 No fixed assets having net book value in excess of Rs 5,000 thousand were sold during the year.

	2022	2021
	Rs '000	Rs '000
15.3 Cost and accumulated depreciation include:		
Assets of FFF not in possession of the Group		
Electrical equipments - in possession of distributors/ sub-distributors/ customers' outlets		
Cost	123,856	92,679
Accumulated depreciation	37,794	27,337

15.3.1 Due to large number of FFF's distributors, it is impracticable to disclose the name of each person having possession of these assets, as required by 4th Schedule to the Companies Act, 2017.

15.4 Details of immovable property (land and building) in the name of the Group companies:

Location	Usage	Area
FFC		
Sona Tower, 156 - The Mall, Rawalpindi Cantt, Punjab	Head office building	16 kanals and 7.5 marlas
Goth Machhi, Sadiqabad (District: Rahim Yar Khan), Punjab	Manufacturing plant including allied facilities	1,285 acres, 5 kanals and 7 marlas
Mirpur Mathelo (District: Ghotki), Sindh	Manufacturing plant including allied facilities	575 acres, 4 kanals and 16 marlas
FFC Warehouse, G T Road Adda Yousafwala, (District: Sahiwal), Punjab	Warehouse	3 acres, 2 kanals and 11 marlas
FFC Warehouse Opposite Chiniot Railway Station Bypass Road Chiniot (District Chiniot), Punjab	Warehouse	5 acres, 2 kanals and 3 marlas
FFC Warehouse Main Highway Road Dhabeji (District: Thatta), Sindh	Warehouse	16 marlas and 136 sqft
18 Khaira Gali (District: Abbottabad), Khyber Pakhtunkhwa	Guest house	1 kanal and 3 marlas

Location	Usage	Area
FFCEL Deh Kohistan, Taluka Jhampir (District: Thatta), Sindh	Production plant including allied facilities	1,283 acres
FFF 16-Km Sahiwal Pakpattan Road, Sahiwal (District: Sahiwal), Punjab	Production plant including allied facilities	74 acres
FWEL - I Gharo Creek Area, District Thatta, Sindh Province	Production plant including allied facilities	1,210 acres
FWEL - II Gharo Creek Area, District Thatta, Sindh Province	Production plant including allied facilities	1,656 acres

		2022	restated 2021
		Rs '000	Rs '000
15.5	**Right of use assets as at year end comprises of:**		
	Plant and machinery	14,089,410	13,751,242
	Land and building	66,713	84,099
	Vehicles	17,164	35,672
		14,173,287	13,871,013
15.6	**Capital work in progress**		
	Civil works	525,514	266,332
	Plant, machinery and others (including in transit items)	1,935,658	2,806,072
		2,461,172	3,072,404

15.6.1 Capital work in progress include Rs 683,171 thousand (2021: Rs Nil) being Company's share in Joint operation related to Gas Pressure Enhancement Facility (PEF), as disclosed in note 43 to the consolidated financial statements.

15.7 This represents exchange differences capitalised related to foreign currency loans obtained by FWEL - I and FWEL - II for financing of power plants.

		Note	2022	2021
			Rs '000	Rs '000
16.	**INTANGIBLE ASSETS**			
	Computer software	16.1	3,910	8,232
	Goodwill	16.2	1,932,561	1,932,561
			1,936,471	1,940,793

		Note	2022	2021
			Rs '000	Rs '000
16.1	**Computer Software**			
	Balance at the beginning		8,232	5,396
	Additions during the year		–	8,307
	Amortisation charged for the year	16.1.1	(4,322)	(5,471)
	Balance at the end		3,910	8,232
	Amortisation rate		33.33%	33.33%
16.1.1	**Amortisation charge has been allocated as follows:**			
	Cost of sales	29	2,436	2,767
	Administrative and distribution expenses	30 & 30.1	1,886	2,704
			4,322	5,471
16.2	**Goodwill**			
	Goodwill on acquisition of Pak Saudi Fertilizer Company Limited	16.2.1	1,569,234	1,569,234
	Goodwill on acquisition of Fauji Fresh n Freeze Limited	16.2.2	363,327	363,327
			1,932,561	1,932,561

16.2.1 This represents excess of the amount paid over fair value of net assets of Pak Saudi Fertilizer Company Limited (PSFL) on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 2% (2021: 2%) and terminal value determined based on long term earning multiples. The cash flows are discounted using a discount rate of 16.88% per annum (2021: 14.07% per annum). Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

16.2.2 This represents excess of the amount paid by FFC over fair value of net assets of Fauji Fresh n Freeze Limited on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective cash generating unit on which it arose, based on value in use in accordance with IAS-36 "Impairment of Assets". Management has carried out impairment analysis, based on future expected cash flows for the future years and terminal values. The future cash flows has been discounted at weighted average cost of capital of 15.49% (2021: 14.07%) per annum and terminal growth rate of 4% (2021: 4%). Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2022	2021
			Rs '000	Rs '000
17.	**LONG TERM INVESTMENTS**			
	Equity accounted investments	17.1	79,049,343	65,651,617
	Other long term investments	17.2	4,738,496	4,733,478
			83,787,839	70,385,095

	Note	2022	2021
		Rs '000	Rs '000
17.1 Equity accounted investments			
Investment in associated companies - equity method			
Fauji Cement Company Limited (FCCL)	17.2.1		
Balance at the beginning		2,441,515	2,160,790
Gain on dilution of interest		329,636	–
Share of profit for the year		314,154	280,725
		3,085,305	2,441,515
Fauji Fertilizer Bin Qasim Limited (FFBL)	17.2.2		
Balance at the beginning		28,503,794	24,051,779
Share of profit for the year		3,815,473	4,467,676
Share of OCI for the year		302,080	(15,661)
		32,621,347	28,503,794
Askari Bank Limited (AKBL)	17.2.3		
Balance at the beginning		26,691,561	24,721,018
Share of profit for the year		5,917,459	4,082,856
Share of OCI for the year		(1,014,587)	(481,009)
Dividend received		–	(1,631,304)
		31,594,433	26,691,561
Thar Energy Limited (TEL)	17.2.4		
Balance at the beginning		3,552,457	3,186,377
Investment during the year		1,245,742	–
Advance against issue of shares		931,300	376,707
Share of gain/ (loss) for the year		660	(10,751)
Share of OCI for the year		399	124
		5,730,558	3,552,457
Investment in joint venture - equity method			
Pakistan Maroc Phosphore S.A., Morocco (PMP)	17.2.5		
Balance at the beginning		4,462,290	3,418,158
Share of profit for the year		2,392,508	1,334,255
Gain on translation of net assets		512,321	228,839
Dividend received		(1,349,419)	(518,962)
		6,017,700	4,462,290
		79,049,343	65,651,617

		Note	2022	2021
			Rs '000	Rs '000
17.2	**Other long term investments**			
	Investments at fair value through			
	other comprehensive income (FVTOCI)	17.3		
	Term Deposit Receipts - from conventional banks		64,710	110,197
	Bank Alfalah Term Finance Certificate		485,029	185,785
	Pakistan Investment Bonds		4,574,399	5,564,788
	GoP Ijarah Sukuk Bonds		–	1,125,860
			5,124,138	6,986,630
	Less: Current portion shown under short term investments at fair value through other comprehensive income (FVTOCI)			
	Term Deposit Receipts - from conventional banks		27,070	40,052
	Pakistan Investment Bonds		358,572	2,213,100
			385,642	2,253,152
			4,738,496	4,733,478

17.2.1 Investment in FCCL - at equity method

As per the scheme of arrangement effective July 1, 2021, for the amalgamation of Askari Cement Limited (a wholly owned subsidiary of Fauji Foundation), with and into, Fauji Cement Company Limited (FCCL), duly sanctioned by Lahore High Court, Rawalpindi Bench, FCCL has allotted 800,493,615 ordinary shares of Rs 10 each as fully paid to Fauji Foundation on May 24, 2022. The total number of ordinary shares of FCCL have increased from 1,379,815 thousand to 2,180,309 thousand. Consequent to above, investment of FFC in FCCL of 105,469 thousand fully paid ordinary shares of Rs 10 each now represents 4.29% of share capital of FCCL (previously 6.79%), accordingly, gain on dilution of interest in FCCL amounting to Rs 330 million has been recognised in these consolidated financial statements. Market value of the FFC's investment as at December 31, 2022 was Rs 1,267,734 thousand (2021: Rs 1,772,188 thousand). FCCL is an associate due to common directorship.

Management of FFC has carried out an impairment analysis of this investment, based on future expected cash flows for the future years and terminal values. The future cash flows has been discounted at weighted average cost of capital of 16.03% per annum and terminal growth rate of 3%. Based on this analysis, management believes that carrying value of the investment is recoverable in full.

17.2.2 Investment in FFBL - at equity method

Investment in FFBL represents 644,019 thousand fully paid ordinary shares of Rs 10 each representing 49.88% (2021: 49.88%) of FFBL's share capital as at December 31, 2022. Market value of the FFC's investment as at December 31, 2022 was Rs 9,872,811 thousand (2021: Rs 15,958,791 thousand).

Pursuant to an agreement dated October 16, 2014, FFC has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of FFC in all general meetings. Further, FFC has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of FFBL, shall be nominated by FF.

Management of FFC has carried out an impairment analysis of this investment, based on future expected cash flows for the future years and terminal values. The future cash flows has been discounted at weighted average cost of capital of 15.49% (2021: 14.07%) per annum and terminal growth rate of 3% (2021: 3%). Based on this analysis, management believes that carrying value of the investment is recoverable in full.

17.2.3 Investment in AKBL - at equity method

Investment in AKBL represents 543,768 thousand fully paid ordinary shares of Rs 10 each representing 43.15% (2021: 43.15%) of AKBL's share capital. Market value of the FFC's investment as at December 31, 2022 was Rs 10,929,737 thousand (2021: Rs 11,973,771 thousand).

At year end, 543,768 thousand (2021: 542,567 thousand) shares owned by FFC are held in blocked account with Central Depository Company of Pakistan. No withdrawal/ sale from such blocked account is allowed without the prior approval of the State Bank of Pakistan.

Pursuant to an agreement dated October 16, 2014, FFC has agreed to issue to Fauji Foundation (FF), irrevocable proxies to allow FF to vote on behalf of FFC in all general meetings. Further, FFC has given an undertaking that representatives of FF to be elected or co-opted or appointed on the Board of AKBL, shall be nominated by FF.

Management of FFC has carried out an impairment analysis of this investment, based on future expected cash flows for the future years and terminal values. The future cash flows has been discounted at weighted average cost of capital of 17.29% (2021: 17.29%) per annum and terminal growth rate of 3% (2021: 3%). Based on this analysis, management believes that carrying value of the investment is recoverable in full.

17.2.4 Investment in TEL - at equity method

Investment in TEL represents 482,900 thousand (2021: 320,625 thousand) fully paid ordinary shares of Rs 10 each. FFC currently holds 30% shareholding interest in TEL. TEL is a public limited company. TEL is the subsidiary of the HUB Power Company Limited. The principal activities of TEL are to develop, own, operate and maintain a 1 x 330 MW mine-month coal fired power plant to be established at Thar Block II, Thar Coal Mine, Sindh. At year end, 320,625 thousand (2021: 320,625 thousand) shares owned by FFC are pledged against security trustee of lenders of TEL.

Under the amended Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in COD, TEL requested Central Power Purchasing Agency (Guarantee) Limited CPPA(G) for extension in RCOD in view of the COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension in the RCOD of TEL till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Dispatch Company Limited (NTDC), from the COD of HVDC line under certain conditions. During the year, CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 13,132,284, however, TEL has challenged the determination of the invoices and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TEL to make payment and therefore currently there is no exposure on TEL in this regard.

As mentioned in the PPA, any delay in the achievement of COD beyond RCOD would also result in liquidated damages amounting to USD 0.75 million per month. During the year, CPPA(G) has raised invoices for said liquidated damages for the period November 23, 2021 to September 30, 2022 amounting to USD 7.7 million (equivalent to Rs 1,772.38 million). The management of TEL, based on the advice of its internal legal counsel has concluded that due to the complexity involved in the matter, the actual outcome cannot be assessed at this stage. However, its management on a prudent basis has recorded a provision amounting to USD 3.2 million (equivalent to Rs 736.58 million). TEL has now achieved its COD in October 2022.

17.2.5 Investment in PMP - at equity method

Investment in PMP represents 12.5% (2021: 12.5%) equity participation in PMP, amounting to Moroccan Dirhams (MAD) 100,000 thousand equivalent to Rs 705,925 thousand. PMP is a joint venture between FFC, Fauji Foundation (FF), FFBL and Office Cherifien Des Phosphates, Morocco. The principal activity of PMP is to manufacture and market Phosphoric acid, fertilizer and other related products in Morocco and abroad.

According to the Shareholders' agreement, if any legal restriction is laid on dividends by PMP, the investment will be converted to interest bearing loan. FFC has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

17.3 Investments at fair value through other comprehensive income (FVTOCI)

Term Deposits Receipts (TDRs)

These represent placement in Term Deposit Receipts with financial institutions having tenure from one to five years with returns ranging from 4.70% to 11.83% per annum (2021: 4.49% to 12.40% per annum).

Term Finance Certificate

This represents investment in Bank Alfalah Term Finance Certificate having tenure of 3 years and a fixed return of 9.03% per annum.

Pakistan Investment Bonds (PIBs)

Pakistan Investment Bonds with 3, 5 and 10 years tenure having aggregate face value of Rs. 5.2 billion are due to mature within a period of 7 Years. Profit on fixed rate PIBs is payable on half yearly basis with coupon rates ranging from 7 % to 10% per annum and floating rate PIB at weighted average 6-months T-Bill yield + 0.7%. The Pakistan Investment Bonds are placed with banks as collateral to secure borrowing facilities.

17.4 Summary financial information of equity accounted investees

Associates

The following table summarizes the financial information of associated companies as included in their own financial statements for the year / period ended December 31, 2022 and September 30, 2022, which have been used for accounting under equity method as these were the latest approved financial statements.

Reporting date of FFBL is December 31 and reporting date of AKBL, FCCL and TEL is September 30. Accordingly, results of operations of three quarters of financial year 2022 and last quarter of financial year 2021 have been considered for AKBL and results of first quarter operations of financial year 2022 and three quarters of financial year 2021 have been considered for FCCL. Results for twelve months from October 2021 to September 2022 have been considered for TEL. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associate.

			2022		
	FCCL	FFBL	AKBL	TEL	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Percentage of shareholding	4.29%	49.88%	43.15%	30.00%	
Non-current assets / Total assets	88,268,642	73,076,366	1,592,853,848	90,413,946	1,844,612,802
Current assets (including cash and cash equivalents)	25,956,160	125,567,239	–	4,730,897	156,254,296
Total assets	114,224,802	198,643,605	1,592,853,848	95,144,843	2,000,867,098
Non-current liabilities / Total liabilities	(30,566,650)	(42,009,994)	(1,525,590,635)	(64,378,649)	(1,662,545,928)
Current liabilities	(23,607,266)	(113,117,107)	–	(12,296,971)	(149,021,344)
Total liabilities	(54,173,916)	(155,127,101)	(1,525,590,635)	(76,675,620)	(1,811,567,272)
Net assets at fair value (100%)	60,050,886	43,516,504	67,263,213	18,469,223	189,299,826
Non-controlling interest of associate	–	(7,167,343)	–	–	(7,167,343)
Net assets attributable to Group (100%)	60,050,886	36,349,161	67,263,213	18,469,223	182,132,483
Groups share of net assets	2,576,183	18,130,962	29,024,076	5,540,767	55,271,988
Impact of fair value adjustment on retained interest in associates at loss of control	–	12,369,865	3,108,749	–	15,478,614
Goodwill	823,365	–	–	–	823,365
Other adjustments	(314,243)	2,120,520	(538,392)	189,791	1,457,676
Carrying amount of interest in associate	3,085,305	32,621,347	31,594,433	5,730,558	73,031,643
Revenue	57,365,858	183,128,626	131,504,345	1,238,394	373,237,223
Profit from continuing operations (100%)	7,322,931	7,649,305	13,713,693	2,199	28,688,128
Other comprehensive income (100%)	–	605,614	(2,351,304)	1,331	(1,744,359)
Total comprehensive income (100%)	7,322,931	8,254,919	11,362,389	3,530	26,943,769
Group share of profit	314,154	3,815,473	5,917,459	660	10,047,746
Group share of other comprehensive income/(loss)	–	302,080	(1,014,587)	399	(712,108)
Group's share of total comprehensive income/(loss)	314,154	4,117,553	4,902,872	1,059	9,335,638

	2021				
	FCCL	FFBL	AKBL	TEL	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Percentage of shareholding	6.79%	49.88%	43.15%	30.00%	
Non current assets / Total assets	21,712,662	69,122,424	1,196,895,829	48,319,592	1,336,050,507
Current assets (including cash and cash equivalents)	13,243,211	91,580,301	-	3,266,819	108,090,331
Total assets	34,955,873	160,702,725	1,196,895,829	51,586,411	1,444,140,838
Non-current liabilities / Total liabilities	(4,514,781)	(46,341,510)	(1,140,995,004)	(38,326,461)	(1,230,177,756)
Current liabilities	(5,806,796)	(81,428,943)	-	(1,497,229)	(88,732,968)
Total liabilities	(10,321,577)	(127,770,453)	(1,140,995,004)	(39,823,690)	(1,318,910,724)
Net assets at fair value (100%)	24,634,296	32,932,272	55,900,825	11,762,721	125,230,114
Non-controlling interest of asscociate	-	(4,380,785)	-	-	(4,380,785)
Net assets attributable to Group (100%)	24,634,296	28,551,487	55,900,825	11,762,721	120,849,329
Groups share of net assets	1,672,669	14,241,482	24,121,206	3,528,816	43,564,173
Impact of fair value adjustment on retained interest					
in associates at loss of control	-	12,369,865	3,108,749	-	15,478,614
Goodwill	823,365	-	-	-	823,365
Other adjustments	(54,519)	1,892,447	(538,394)	23,641	1,323,175
Carrying amount of interest in associate	2,441,515	28,503,794	26,691,561	3,552,457	61,189,327
Revenue	25,706,026	128,235,849	71,758,930	-	225,700,805
Profit / (loss) from continuing operations	4,134,392	8,956,848	9,462,008	(35,838)	22,517,410
Other comprehensive income (100%)	-	(31,398)	(1,114,736)	414	(1,145,720)
Total comprehensive income (100%)	4,134,392	8,925,450	8,347,272	(35,424)	21,371,690
Group share of profit	280,725	4,467,676	4,082,856	(10,751)	8,820,506
Group share of other comprehensive income/(loss)	-	(15,661)	(481,009)	124	(496,546)
Group's share of total comprehensive income/(loss)	280,725	4,452,015	3,601,847	(10,627)	8,323,960

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

	2022	2021
	Rs '000	Rs '000
Carrying amount of interests in associates	73,031,643	61,189,327
Share of:		
- Profit / (loss) from continuing operations	10,047,746	8,820,506
- Other comprehensive income / (loss)	(712,108)	(496,546)

Joint venture

The following table summarizes the financial information of PMP as included in its own financial statements for the period ended September 30, 2022, which have been used for accounting under equity method as these were the latest approved financial statements. Further, results of operations of last quarter of 2021 have also been considered for equity accounting. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in PMP.

	2022	2021
	Rs '000	Rs '000
Percentage ownership interest	12.5%	12.5%
Non-current assets	11,552,090	10,877,404
Current assets including cash and cash equivalent amounting to Rs 1,705 million	86,807,423	41,334,539
Non-current liabilities	(7,331)	(4,972)
Current liabilities	(49,349,610)	(16,508,648)
Net Assets (100%)	49,002,572	35,698,323
Group's share of net assets (12.5%)	6,125,322	4,462,290
Revenue	128,054,382	57,003,768
Depreciation and amortization	(1,983,276)	(1,718,391)
Interest expense	(65,955)	(11,737)
Income tax expense	(5,042,102)	(2,713,553)
Other expenses	(101,822,978)	(41,886,050)
Profit for the year (100%)	19,140,071	10,674,037
Other comprehensive income for the year (100%)	4,098,568	1,830,712
Total comprehensive income for the year (100%)	23,238,639	12,504,749
Group's share of profit for the year (12.5%)	2,392,508	1,334,255
Group's share of other comprehensive income for the year (12.5%)	512,321	228,839
Group's share of total comprehensive income (12.5%)	2,904,829	1,563,094

This represents FFC's share of translation reserve of PMP. This has arisen due to movement in exchange rate parity between the Moroccan and Pakistani Rupee.

Following particulars relate to investment made in the foreign company:

Particulars	Pakistan Maroc Phosphore S.A., Morocco
Name and jurisdiction of associated company	Pakistan Maroc Phosphore S.A., Morocco
Name and address of beneficial owner	Fauji Fertilizer Company Limited located at 156, The Mall Rawalpindi Cantt, Pakistan Fauji Foundation located at 68 Tipu Road, Chaklala, Rawalpindi Cantt, Pakistan Fauji Fertilizer Bin Qasim Limited located at FFBL Tower Plot No C1/C2, Sector B, Jinnah Boulevard Phase II DHA Islamabad, Pakistan Office Cherifien Des Phosphates located at Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Amount of investment	Rs 705,925 thousand (MAD 100,000 thousand)
Terms and conditions of investment	Equity investment
Amount of return received	Dividend 2009 Rs 42,563 thousand Dividend 2015 Rs 50,911 thousand Dividend 2016 Rs 55,720 thousand Dividend 2017 Rs 262,551 thousand Dividend 2018 Rs 144,061 thousand Dividend 2019 Rs 371,638 thousand Dividend 2020 Rs 335,525 thousand Dividend 2021 Rs 518,962 thousand Dividend 2022 Rs 1,349,419 thousand
Details of litigations	None
Details of default / breach relating to investment	None
Gain / loss on disposal of investment	Not applicable

	Note	2022	2021
		Rs '000	Rs '000
18. LONG TERM LOANS AND ADVANCES - SECURED			
Loans and advances - considered good, to:	18.1		
Executives			
Interest bearing		882,673	703,017
Non-interest bearing		700,795	482,295
		1,583,468	1,185,312
Other employees			
Interest bearing		614,833	527,279
Non-interest bearing		362,407	336,286
		977,240	863,565
		2,560,708	2,048,877
Advances to suppliers	18.3	2,587,892	1,486,204
Less: Amount due within twelve months, shown under current loans and advances			
Interest bearing		252,134	214,077
Non-interest bearing		340,886	276,867
		593,020	490,944
		4,555,580	3,044,137

18.1 Reconciliation of carrying amount of loans and advances:

	Executives	Other employees	2022 Total	2021 Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance at January 1	1,185,312	863,564	2,048,876	1,747,279
Adjustments	66,232	(66,232)	–	–
Disbursements	852,199	608,646	1,460,845	1,065,628
	2,103,743	1,405,978	3,509,721	2,812,907
Repayments	(520,275)	(428,738)	(949,013)	(764,030)
Balance at December 31	1,583,468	977,240	2,560,708	2,048,877

These subsidized and interest free loans and advances are granted to employees as per Group's policy and are repayable within one to ten years. House building loans carry mark-up at 4% per annum and are secured against the underlying assets.

The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs 1,624,158 thousand (2021: Rs 1,203,956 thousand).

Management considers that the impact of recognizing loans and advances at present value of future cash flows would be immaterial, in context of overall consolidated financial statements.

18.2 Loans and advances to employees exceeding Rs 1 million

Category	2022 No. of employees	2022 Amount Rs '000	2021 No. of employees	2021 Amount Rs '000
Rs 1 million to Rs 2 million	227	328,700	226	346,573
Exceeding Rs 2 million upto Rs 3 million	121	297,236	114	279,821
Exceeding Rs 3 million upto Rs 5 million	136	505,857	77	281,761
Exceeding Rs 5 million upto Rs 10 million	94	653,244	84	618,734
Exceeding Rs 10 million upto Rs 25 million	46	601,205	25	293,881
	624	2,386,242	526	1,820,770

18.3 These represent advances to suppliers for construction of building and will be transferred to property, plant and equipment on completion of related project.

		Note	2022 Rs '000	2021 Rs '000
19.	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Non-interest bearing deposits		30,638	28,949
	Prepayments		–	2,300
			30,638	31,249
20.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		454,913	249,109
	Spares		5,200,231	4,643,445
	Provision for slow moving spares	20.1	(599,931)	(566,939)
			4,600,300	4,076,506
	Loose tools		11,468	4,098
	Items in transit		1,491,997	405,897
			6,558,678	4,735,610
20.1	**Movement of provision for slow moving spares**			
	Balance at the beginning		566,939	562,575
	Provision during the year		36,417	14,734
	Reversal during the year		(3,425)	(10,370)
	Balance at the end		599,931	566,939
21.	**STOCK IN TRADE**			
	Raw materials		458,815	207,047
	Work in process		120,594	107,865
	Finished goods - FFC			
	Manufactured urea		285,104	657,370
	Purchased fertilizer	21.1	18,745,746	93,048
	Finished goods - FFF		519,603	287,181
			19,550,453	1,037,599
	Stock in transit		–	13,262
	Provision / write-off for slow moving stock - FFF	21.2	(13,132)	(11,872)
			20,116,730	1,353,901

21.1 Purchased fertilizer as at December 31, 2022 includes Di-ammonium Phosphate (DAP) stock having cost of Rs 16,608,702 thousand, which have been written down to its expected net realisable value of Rs 14,843,702 thousand as a result of decline in the expected selling prices of this product.

		Note	2022 Rs '000	2021 Rs '000
21.2	**Movement in provision/ write-off for slow moving stock**			
	Balance at the beginning of the year		11,872	379
	(Reversal)/ provision during the year		(4,706)	11,493
	Write-off to net realizable value		5,966	–
	Balance at the end of the year		13,132	11,872
22.	**TRADE DEBTS**			
	Considered good:			
	Secured			
	- against bank guarantees		371,540	975,876
	- against guarantee issued by the Government of Pakistan	22.1	11,957,226	10,452,470
	Unsecured - local		498,877	–
	Considered doubtful			
	Unsecured - local		30,172	7,148
			12,857,815	11,435,494
	Loss allowance	22.2	(30,172)	(7,148)
			12,827,643	11,428,346

22.1 Trade debts are receivable from Central Power Purchase Agency (CPPA), on behalf of DISCOs and are secured by a guarantee from Government of Pakistan (GoP) under the Implementation Agreement entered into by FFCEL, FWEL - I and FWEL - II. Further, any delay on payments under EPA carries mark-up at the rate of three month KIBOR plus 4.5% per annum and was reduced to KIBOR plus two percent (2%) per annum for the first sixty days of delay and KIBOR plus four and a half percent (4.5%) per annum for delay thereafter, as result of master agreement for FFCEL and at the rate of three month KIBOR plus 4.5% per annum for FWEL - I and FWEL - II. The effective rate of delayed payment markup charged during the year on outstanding amounts ranges from 13.96% to 20.13% (2021: 11.19 % to 17.99 %) per annum for FFCEL and the effective rate of delayed payment mark up charged during the year on outstanding amounts ranges from 11.99% to 19.49% (2021: 11.53% to 15.25%) per annum for FWEL - I & FWEL II.

		Note	2022 Rs '000	2021 Rs '000
22.2	**Movement of loss allowance**			
	Balance at the beginning		7,148	7,148
	Provision during the year		23,024	–
	Balance at the end		30,172	7,148
23.	**LOANS AND ADVANCES - SECURED**			
	Current portion of long term loans and advances	18	593,020	490,944
	Loans and advances to employees - unsecured			
	- considered good, non-interest bearing			
	Executives		103,853	102,232
	Others		23,595	16,888
	Advances to suppliers - considered good		626,866	358,778
	Advances to suppliers - considered doubtful		18,856	19,856
	Loss allowance	23.1	(18,856)	(19,856)
			626,866	358,778
			1,347,334	968,842

	2022	2021
	Rs '000	Rs '000
23.1 Movement in loss allowance		
Balance at the beginning	19,856	19,856
Written off during the year	(1,000)	–
Balance at the end	18,856	19,856

23.2 Loans and advances to employees exceeding Rs 1 million

	2022		2021	
Category	No. of employees	Amount	No. of employees	Amount
		Rs '000		Rs '000
Rs 1 million to Rs 2 million	8	10,960	4	5,176
Exceeding Rs 2 million upto Rs 3 million	2	4,530	1	2,278
Exceeding Rs 3 million upto Rs 5 million	–	–	–	–
Exceeding Rs 10 million upto Rs 25 million	–	–	–	–
	10	15,490	5	7,454

	Note	2022	2021
		Rs '000	Rs '000
24. DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		244,214	1,853
Prepayments		61,609	76,508
		305,823	78,361
25. OTHER RECEIVABLES			
Accrued income on investments and bank deposits			
- Pakistan Investment Bonds		203,374	158,532
- Conventional banks		71,251	24,251
- Islamic banks		172	26
Sales tax receivable - net		18,515,333	16,688,314
Advance tax	25.1	933,497	829,729
Subsidy receivable from Government agencies	25.2	6,961,878	6,961,878
Receivable from Workers' Profit Participation Fund - unsecured		178,307	140,748
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured	25.3	358,573	359,344
Receivable from Sona Welfare Foundation		23	30
Due from Pension Fund (a related party)	11.4	759,001	–
Cash margin with Bank - PEF project	25.4	1,637,078	–
Receivable from NTDC / CPPA - G		1,973,229	1,196,497
against WPPF by FWEL - I & FWEL - II		–	156,880
Loss allowance	25.5	(2,819,404)	(2,149,404)
		28,772,312	24,366,825

25.1 This includes tax paid of Rs 322,368 thousand (2021: Rs 322,368 thousand) by PSFL in excess of admitted tax liabilities net of adjustments of determined refunds. FFC intends to adjust the remaining amount after finalisation of pending re-assessments by the taxation authorities.

25.2 This represents subsidy receivable on sale of Di-Ammonium Phosphate (DAP) fertilizer under schemes announced on October 25, 2015 @ Rs 500 per 50 kg bag and on June 25, 2016 @ Rs 300 per 50 kg bag respectively and subsidy receivable on sale of Urea under scheme announced on June 25, 2016 @ Rs 156 per 50 kg bag under notifications issued by Ministry of National Food Security & Research, Government of Pakistan. Finance Act, 2017 revoked subsidy on sale of DAP and also reduced Urea subsidy to Rs 100 per 50 kg bag for the financial year 2017-18.

25.3 The maximum amount of receivable from FFBL and Sona Welfare Foundation (SWF) during the year was Rs 369,748 thousand (2021: Rs 373,366 thousand) and Rs 23 thousand (2021: Rs 30 thousand), respectively.

25.4 This represents cash margin account maintained with a Bank related to PEF project, as disclosed in note 43 to the consolidated financial statements.

		Note	2022	2021
			Rs '000	Rs '000
25.5	**Movement in loss allowance**			
	Balance at the beginning		2,149,404	1,779,404
	Charge for the year		670,000	370,000
	Balance at the end		2,819,404	2,149,404
26.	**SHORT TERM INVESTMENTS**			
	Amortized cost - conventional instruments			
	Term deposits with banks and financial institutions	26.1		
	Local currency (Net of provision for doubtful recovery Rs 1,300 thousand (2021: Rs 1,300 thousand)		–	12,934,000
	Foreign currency		3,625,295	2,712,822
			3,625,295	15,646,822
	Investments at fair value through profit or loss	26.2		
	Conventional investments		100,608,222	79,732,209
	Shariah compliant investments		3,136,840	223,474
			103,745,062	79,955,683
	Investments at fair value through other comprehensive income (OCI)	26.2		
	Treasury Bills		–	2,181,306
	Current maturity of long term investments			
	Fair value through OCI	17.2	385,642	2,253,152
			107,755,999	100,036,963

26.1 These represent investments having maturities ranging between 1 to 3 months and are being carried at amortized cost.

26.2 Fair values of these investments are determined using quoted repurchase price. In the year 2021, Treasury Bills carried interest yield of 8.30% to 10.75% per annum.

26.2.1 Details of investment in mutual funds are as follows:

Conventional investments	2022 Number of units In '000	2022 Fair value Rs '000	2021 Number of units In '000	2021 Fair value Rs '000
Money Market Funds	2,546,570	87,173,620	5,662,743	72,350,407
Income Fund	1,233,592	13,434,602	665,751	7,381,803
Shariah Compliant Money Market Funds	41,421	3,136,840	1	17
Shariah Compliant Balanced Funds	-	-	13,914	223,456
	3,821,583	103,745,062	6,342,409	79,955,683

		Note	2022	2021
27.	**CASH AND BANK BALANCES**			
	At banks			
	Local currency			
	Current account - Conventional banking		69,269	99,714
	Current account - Islamic banking		223,121	232,981
	Deposit account - Conventional banking	27.1	836,794	888,371
	Deposit account - Islamic banking	27.2	30,533	2,913
			1,159,717	1,223,979
	Foreign currency			
	Deposit account (2022: US$ 2,159; 2021: US$ 67)		489	12
		27.3	1,160,206	1,223,991
	Cash in transit	27.4	840,981	603,070
	Cash in hand		53	105
			2,001,240	1,827,166

27.1 Balances with banks carry markup ranging from 6.75% to 14.75% (2021: 7.25% to 7.80%) per annum.

27.2 Balances with banks carry profit of 7% (2021: ranging from 2.87% to 3.05%) per annum.

27.3 Balances with banks include Rs 271,838 thousand (2021: Rs 247,501 thousand) in respect of security deposits received.

27.4 These represent demand drafts held by the Group at year end.

		2022 Rs '000	restated 2021 Rs '000
28.	**TURNOVER**		
	Manufactured urea	95,176,797	83,474,865
	Purchased and packaged fertilizers	15,336,115	27,440,545
	Sale of electricity	14,274,608	4,315,872
	Food products	4,077,381	2,224,664
	Others	82,086	625
		128,946,987	117,456,571
	Sales tax	(3,028,114)	(2,986,313)
	Trade discount and others	(240,488)	(125,108)
		(3,268,602)	(3,111,421)
		125,678,385	114,345,150

		Note	2022	restated 2021
			Rs '000	Rs '000
29.	**COST OF SALES**			
	Raw materials consumed		22,069,565	21,220,389
	Fuel and power		14,103,689	12,703,671
	Chemicals and supplies		881,970	570,331
	Salaries, wages and benefits		8,919,111	8,486,348
	Training and employees welfare		1,086,160	1,040,991
	Rent, rates and taxes		208,901	118,585
	Insurance		551,525	396,659
	Travel and conveyance	29.1	719,897	452,141
	Repairs and maintenance (includes stores and spares consumed of Rs 822,222 thousand; (2021: Rs 848,310 thousand)		3,724,679	2,809,133
	Depreciation	15.1	4,882,763	3,607,503
	Amortization	16.1.1	2,436	2,767
	Communication and other expenses	29.1	3,453,980	2,542,850
			60,604,676	53,951,368
	Opening stock - work in process		107,865	101,533
	Closing stock - work in process		(120,594)	(107,865)
			(12,729)	(6,332)
	Cost of goods manufactured		60,591,947	53,945,036
	Opening stock - manufactured		944,551	176,057
	Closing stock - manufactured		(804,707)	(944,551)
			139,844	(768,494)
	Cost of sales - manufactured		60,731,791	53,176,542
	Opening stock - purchased		93,048	9,783
	Purchase for resale		33,910,312	19,898,834
	Closing stock - purchased		(18,745,746)	(93,048)
	Cost of sale - purchased		15,257,614	19,815,569
			75,989,405	72,992,111

29.1 This includes provision for slow moving spares amounting to Rs 36,417 thousand (2021: Rs 14,734 thousand).

	Note	2022	restated 2021
		Rs '000	Rs '000
30. ADMINISTRATIVE AND DISTRIBUTION EXPENSES			
Administrative expenses	30.1	570,406	264,422
Product transportation		6,477,145	4,913,719
Salaries, wages and benefits		2,257,302	2,263,437
Training and employees welfare		165,542	146,517
Rent, rates and taxes		332,324	248,468
Technical services to farmers		14,455	11,595
Travel and conveyance		281,438	197,424
Sale promotion and advertising		328,511	365,830
Communication and other expenses		523,733	428,060
Warehousing expenses		150,503	138,271
Depreciation	15.1	129,994	120,432
Amortisation	16.1.1	862	1,034
		11,232,215	9,099,209
30.1 Administrative expenses			
This represents administrative and general expenses of FFCEL, FWEL-I, FWEL-II, FFF and OLIVE:			
Salaries, wages and benefits		179,000	91,386
Travel and conveyance		35,110	21,114
Utilities		17,921	7,125
Printing and stationery		32,752	1,774
Repairs and maintenance		5,912	1,497
Communication, advertisement and other expenses		230,025	56,715
Rent, rates and taxes		6,279	15,521
Legal and professional		26,792	47,298
Depreciation	15.1	31,273	18,630
Amortisation	16.1.1	1,024	1,670
Miscellaneous		4,318	1,692
		570,406	264,422
31. FINANCE COST			
Mark-up / profit on long term borrowings			
Conventional banking		2,049,887	1,193,500
Islamic banking		1,091,764	327,814
		3,141,651	1,521,314
Mark-up / profit on short term borrowings			
Conventional banking		2,087,433	900,762
Islamic banking		267,519	166,511
		2,354,952	1,067,273
Bank and other charges		429,598	147,764
		5,926,201	2,736,351

	Note	2022	2021
		Rs '000	Rs '000
32. OTHER EXPENSES			
Research and development		718,443	722,941
Workers' Profit Participation Fund		1,799,262	1,637,534
Workers' Welfare Fund		499,417	570,500
Auditors' remuneration			
Audit fee		2,890	2,625
Fee for half yearly review, audit of consolidated financial statements, audit of employee retirement benefit funds and review of Code of Corporate Governance		1,921	5,260
Fee of subsidiary auditors		4,988	4,757
Taxation services		18,865	17,980
Out of pocket expenses		731	538
		29,395	31,160
		3,046,517	2,962,135
33. OTHER INCOME			
Income from financial assets			
Income on loans, deposits and investments in:			
- Pakistan Investment Bonds/ GoP Ijarah Sukuk at FVTOCI		617,926	495,875
- Conventional banks		849,023	343,191
- Islamic banks		6,740	834
Gain on investments			
Conventional mutual funds		5,267,033	1,788,355
Gain / (loss) on re-measurement of investments classified as fair value through profit or loss on;			
Conventional mutual funds		86,730	182,075
Shariah compliant mutual funds		-	5,354
Gain on maturity of Treasury Bills		371,426	19,651
Dividend income on:			
Conventional mutual funds		2,413,404	2,727,439
Shariah compliant mutual funds		197,685	65,110
Exchange gain on foreign currency balances		766,106	234,450
		10,576,073	5,862,334
Income from non-financial assets			
Gain on disposal of property, plant and equipment		47,873	34,929
Commission on sale of FFBL products		23,670	25,827
		71,543	60,756
Other income			
Scrap sales		40,686	69,820
Gain on dilution of interest in associated company	17.2.1	329,636	–
Gain on asset classified as held for sale		14,260	–
Others		465,968	309,215
		850,550	379,035
		11,498,166	6,302,125

	2022	2021
	Rs '000	Rs '000
34. PROVISION FOR TAXATION		
Current tax		
Current year	10,943,942	9,713,449
Prior year	3,518,477	–
	14,462,419	9,713,449
Deferred tax	1,800,648	331,213
	16,263,067	10,044,662

34.1 Reconciliation between tax expense and accounting profit

	2022	restated 2021
	Rs '000	Rs '000
Profit before tax	50,633,954	49,909,299

	2022	2021
	%	%
Applicable tax rate	29.00	29.00
Tax effect of income that is exempt or taxable at reduced rates	(8.49)	(10.40)
Effect of permanent differences	1.77	1.94
Effect of super tax	4.45	0.26
Prior year charge including super tax	4.70	–
Others	0.69	(0.67)
Average effective tax rate charged on income	32.12	20.13

34.2 Tax impacts on items recognised in other comprehensive income

	2022	2021
	Rs '000	Rs '000
Tax impact on:		
(Deficit) on re-measurement of investments to fair value	(81,240)	(61,777)
Share of equity accounted investees - share of OCI,	(51,281)	(30,696)
Gain on re-measurement of staff retirement benefit plans	380,420	33,245
Equity accounted investees - share of OCI	(7,288)	(619)
Share in revaluation reserve of associates	20,610	–
	261,221	(59,847)

	2022 Rs '000	restated 2021 Rs '000
35. EARNING PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees '000)	34,370,887	39,864,637
Weighted average number of shares in issue (Number '000)	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	27.02	31.33

There is no dilutive effect on the basic earnings per share of the Group.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Group are given below:

	2022		2021	
	Chief Executive	Executives	Chief Executive	Executives
	Rs '000		Rs '000	
Managerial remuneration	42,658	1,909,957	18,650	1,781,396
Contribution to provident fund	2,942	116,037	1,365	111,663
Bonus and other awards	–	69,082	5,886	34,050
Good performance award	–	818,770	–	1,863,164
Allowances and contribution to retirement benefit plans	12,749	2,966,282	10,744	1,660,592
Total	58,349	5,880,128	36,645	5,450,865
No. of person(s)	1	464	2	454

The above were provided with medical facilities; the chief executive and certain executives were also provided with some furnishing items and vehicles in accordance with the Group's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contributions for executives in respect of gratuity and pension are based on actuarial valuations. Leave encashment of Rs Nil thousand (2021: Rs 3,611 thousand) and Rs 54,465 thousand (2021: Rs 518,527 thousand) were paid to chief executive and executives on separation, in accordance with Group's policy.

Executive means an employee whose basic salary exceeds Rs 1,200 thousand (2021: Rs 1,200 thousand) during the year.

In addition, 42 (2021: 33) directors were paid aggregate fee of Rs 27,640 thousand (2021: Rs 26,475 thousand). Directors are not paid any remuneration except meeting fee.

37. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Long term borrowings Rs '000	Lease liabilities Rs '000	Government grant Rs '000	Unclaimed dividend Rs '000	Total Rs '000
Balance at January 1, 2022	26,125,898	5,684,365	253,745	471,891	32,535,899
Changes from financing cash flows					
Draw-downs	5,306,711	–	–	–	5,306,711
Repayments	(6,908,671)	–	–	–	(6,908,671)
Repayment of lease liability - net	–	(3,343,921)	–	–	(3,343,921)
Dividend paid	–	–	–	(17,683,823)	(17,683,823)
Grant received	–	–	2,309	–	2,309
	(1,601,960)	(3,343,921)	2,309	(17,683,823)	(22,627,395)
Other changes					
Liability related	–	1,433,694	–	–	1,433,694
Dividend declared	–	–	–	17,690,608	17,690,608
Amortisation of government grant	–	–	(80,765)	–	(80,765)
	–	1,433,694	(80,765)	17,690,608	19,043,537
Balance at December 31, 2022	24,523,938	3,774,138	175,289	478,676	28,952,041

	Long term borrowings Rs '000	Lease liabilities Rs '000	Government grant Rs '000	Unclaimed dividend Rs '000	Total Rs '000
Balance at January 1, 2021	17,981,279	104,053	120,256	467,812	18,673,400
Changes from financing cash flows					
Draw-downs	12,226,512	–	–	–	12,226,512
Repayments	(6,329,381)	–	–	–	(6,329,381)
Repayment of lease liability - net	–	(1,334,887)	–	–	(1,334,887)
Dividend paid	–	–	–	(16,853,077)	(16,853,077)
Grant received	–	–	212,925	–	212,925
	5,897,131	(1,334,887)	212,925	(16,853,077)	(12,077,908)
Other changes					
Liability related	2,247,488	6,915,199	–	–	9,162,687
Dividend declared	–	–	–	16,857,156	16,857,156
Amortisation of government grant	–	–	(79,436)	–	(79,436)
	2,247,488	6,915,199	(79,436)	16,857,156	25,940,407
Balance at December 31, 2021	26,125,898	5,684,365	253,745	471,891	32,535,899

	2022 Rs '000	restated 2021 Rs '000
38. CASH GENERATED FROM OPERATIONS		
Profit before taxation	50,633,954	49,909,299
Adjustments for:		
Gain on bargain purchase	–	(9,708,558)
Unwinding of GIDC liability	2,118,513	2,441,489
Loss allowance on subsidy receivable	670,000	370,000
Depreciation and impairment	5,046,138	3,763,906
Amortization	4,322	5,471
Provision for slow moving spares	36,417	14,734
Provision for slow moving stock	1,260	11,493
Loss allowance on trade debts	23,024	–
Finance cost	5,926,201	2,736,351
Income on loans, deposits and investments	(1,473,689)	(839,900)
Gain on re-measurement of investments at fair value through profit or loss	(5,725,189)	(207,080)
Share of profit of associate and joint venture	(12,440,254)	(10,154,761)
Gain on dilution of interest in associate	(329,636)	–
Gain on disposal of property, plant and equipment	(47,873)	(34,929)
Gain on asset classified as held for sale	(14,260)	–
Dividend Income	(2,611,089)	(2,792,549)
Amortization of government grant	(80,765)	(79,436)
Exchange gain - net	(766,106)	(234,450)
	(9,662,986)	(14,708,219)
	40,970,968	35,201,080
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,859,485)	(187,472)
Stock in trade	(18,764,089)	(892,023)
Trade debts	(1,422,321)	4,454,998
Loans and advances	(378,492)	(157,847)
Deposits and prepayments	(227,462)	(10,096)
Other receivables	(4,983,499)	(2,501,764)
Increase/ (decrease) in current liabilities:		
Trade and other payables	13,768,982	1,369,392
	(13,866,366)	2,075,188
Changes in long term loans and advances	(1,511,443)	(1,098,604)
Changes in long term deposits and prepayments	611	(3,929)
Changes in deferred liabilities	162,712	(249,334)
	25,756,482	35,924,401

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

39.1 Financial instruments by category

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2022				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	12,827,643	–	–	12,827,643
Loans and advances	720,468	–	–	720,468
Deposits	244,214	–	–	244,214
Other receivables	8,386,151	–	–	8,386,151
Short term investments	3,625,295	103,745,062	385,642	107,755,999
Cash and bank balances	2,001,240	–	–	2,001,240
Maturity after one year				
Long term investments	–	–	4,738,496	4,738,496
Long term loans and advances	1,374,668	–	–	1,374,668
Long term deposits	30,638	–	–	30,638
	29,210,317	103,745,062	5,124,138	138,079,517

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	6,702,578
Current portion of lease liabilities	3,687,205
Trade and other payables	75,646,532
Markup and profit accrued	1,556,279
Short term borrowings	58,812,649
Unclaimed dividend	478,676
Maturity after one year	
Long term borrowings	17,821,360
Lease liabilities	86,933
Gas Infrastructure Development Cess (GIDC) payable	7,940,534
Provision for compensated leave absences	1,557,468
	174,290,214

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2021				
Financial assets:				
Maturity up to one year				
Trade debts - net of loss allowance	11,428,346	–	–	11,428,346
Loans and advances	610,064	–	–	610,064
Deposits	1,853	–	–	1,853
Other receivables	6,708,034	–	–	6,708,034
Short term investments	15,646,822	79,955,683	4,434,458	100,036,963
Cash and bank balances	1,827,166	–	–	1,827,166
Maturity after one year				
Long term investments	–	–	4,733,478	4,733,478
Long term loans and advances	1,557,932	–	–	1,557,932
Long term deposits	28,949	–	–	28,949
	37,809,166	79,955,683	9,167,936	126,932,785

	Amortised Cost
	Rs '000
Financial liabilities:	
Maturity up to one year	
Current portion of long term borrowings	6,953,989
Current portion of lease liabilities	2,744,891
Trade and other payables	54,906,121
Markup and profit accrued	743,202
Short term borrowings	38,999,470
Unclaimed dividend	471,891
Maturity after one year	
Long term borrowings	19,171,909
Lease liabilities	2,939,474
Provision for compensated leave absences	1,394,756
	128,325,703

39.2 Credit quality of financial assets

The credit quality of the Group financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2022	2021
		Rs '000	Rs '000
Trade Debts			
Counterparties without external credit ratings			
Existing customers with no default in the past		870,417	975,876
Exisiting customer (CPPA) on behalf of DISCOs			
with no default in past - GoP guarantee backed		11,957,226	10,452,470
		12,827,643	11,428,346
Loans and advances			
Loans and advances to employees			
Counterparties without external credit ratings		720,468	610,064
Deposits			
Counterparties without external credit ratings			
Others		244,214	1,853
Other receivables	A1+ / A1+		
Counterparties with external credit ratings	A1 / A1	274,797	182,809
Counterparties without external credit ratings			
Balances with related parties		358,596	359,374
Others		7,752,758	6,165,851
		8,386,151	6,708,034
Short term investments			
Counterparties with external credit ratings	A1+/A-1+	6,293,181	18,593,567
	AM1	70,324,426	37,500,111
	AM2++/AM2		
	/AM2+	30,752,750	39,548,879
Counterparties without external credit ratings			
PIBs and T-Bills issued by the Government of Pakistan		385,642	4,394,406
		107,755,999	100,036,963
Bank balances			
Counterparties with external credit ratings	A-1+/A1+/P-1	2,001,124	1,826,998
	A1 / A1	52	52
	A-2	9	9
	A-3	2	2
		2,001,187	1,827,061
Long term investments			
Counterparties with external credit ratings	AA+	164,097	255,930
Counterparties without external credit ratings			
PIBs issued by the Government of Pakistan		4,574,399	4,477,548
		4,738,496	4,733,478
Long term loans and advances			
Counterparties without external credit ratings		1,374,668	1,557,932
Long term deposits			
Counterparties without external credit ratings		30,638	28,949

39.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group risk management policies are established to identify and analyze the risks faced by the companies, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investments, loans and advances, deposits, trade debts, other receivables, short term investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2022	2021
	Rs '000	Rs '000
Long term investments	4,738,496	4,733,478
Loans and advances	2,095,136	2,167,996
Deposits	274,852	30,802
Trade debts - net of provision	12,827,643	11,428,346
Other receivables	8,386,151	6,708,034
Short term investments	107,755,999	100,036,963
Bank balances	2,001,187	1,827,061
	138,079,464	126,932,680

Geographically, there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the Country.

The Group's most significant amount receivable is from an Asset Management Company which amounts to Rs. 15,111,114 thousand (2021: Rs. 12,329,738 thousand from an Asset Management Company). This is included in total carrying amount of investments as at reporting date.

Trade debts amounting to Rs 371,540 thousand (2021: Rs 833,231 thousand) are secured against letter of guarantee. The Group has placed funds in financial institutions with high credit ratings. The Group assesses the credit quality of the counter parties as satisfactory. The Group does not hold any collateral as security against any of its financial assets other than trade debts.

The Group limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	Rs '000	Rs '000	Rs '000	Rs '000
Not yet due	2,249,466	–	2,304,098	–
Past due 1-30 days	673,630	–	462,941	–
Past due 31-60 days	3,044,479	–	2,256,619	–
Past due 61-90 days	–	–	–	–
Over 90 days	6,890,240	30,172	6,411,836	7,148
	12,857,815	30,172	11,435,494	7,148

The management believes that no impairment allowance is necessary in respect of trade debts since significant amount of past due debts are secured by way of bank guarantees.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

	Carrying amount	Within 1 year	1 to 5 years	More than 5 years
			Contractual Amount	
	Rs '000	Rs '000	Rs '000	Rs '000
December 31, 2022				
Long term borrowings and accrued interest	25,274,238	7,452,878	17,821,360	–
Trade and other payables	75,646,532	75,646,532	–	–
Unclaimed dividend	478,676	478,676	–	–
Short term borrowings and accrued interest	59,618,628	59,618,628	–	–
Provision for compensated leave absences	1,557,468	–	1,557,468	–
Lease liabilities	3,774,138	3,687,205	86,933	–
	166,349,680	146,883,919	19,465,761	–
December 31, 2021				
Long term borrowings and accrued interest	26,820,158	7,301,119	19,519,039	–
Trade and other payables	54,906,121	54,906,121	–	–
Unclaimed dividend	471,891	471,891	–	–
Short term borrowings and accrued interest	39,395,542	39,395,542	–	–
Provision for compensated leave absences	1,394,756	–	1,394,756	–
Lease liabilities	5,684,365	2,744,891	2,939,474	–
	128,672,833	104,819,564	23,853,269	–

The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates.

c) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group incurs financial liabilities to manage their market risk. All such activities are carried out with the approval of the Board. The Group is exposed to interest currency risk, rate risk and market price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions of receivables and payables that exist due to transactions in foreign currency.

Exposure to Currency Risk

The Group is exposed to currency risk on bank balance and investments which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2022		2021	
	Rs '000	USD '000	Rs '000	USD '000
Bank balance	489	2.16	12	0.07
Investments (Term Deposit Receipts)	3,625,295	16,013	2,712,822	15,328

The following significant exchange rates applied during the year:

	2022	2021	2022	2021
	Average rate		Reporting date rate	
US Dollars	206.95	163.36	226.40	176.98

Sensitivity analysis

A 10% strengthening of the functional currency against foreign currencies at December 31 would have decreased profit by Rs 362,530 thousand (2021: Rs 271,283 thousand). A 10% weakening of the functional currency against foreign currencies at December 31 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

ii) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings and long term borrowings, long term investments, loans and advances, short term deposits with banks. At the reporting date the interest rate risk profile of the Group interest bearing financial instruments is:

	2022	2021
	Carrying amount	
	Rs '000	Rs '000
Fixed rate instruments		
Financial assets	8,419,626	11,908,146
Financial liabilities	175,289	253,745
Variable rate instruments		
Financial liabilities	83,336,587	65,125,368

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to variations in profit or loss on its fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

	100 basis points increase	100 basis points decrease
	Rs '000	Rs '000
December 31, 2022		
Cash flow sensitivity - Variable rate instruments		
Financial liabilities	(558,355)	558,355
December 31, 2021		
Cash flow sensitivity - Variable rate instruments		
Financial liabilities	(462,390)	(462,390)

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis – price risk

For quoted investments classified as fair value through other comprehensive income, a 1 percent increase in market price at reporting date would have increased equity by Rs 33,898 thousand (2021: Rs 64,310 thousand); an equal change in the opposite direction would have decreased equity after tax by the same amount. For investments classified as fair value through profit or loss, the impact on profit would have been an increase or decrease by Rs 695,092 thousand (2021: Rs 547,047 thousand). The analysis is performed on the same basis for 2021 and assumes that all other variables remain the same.

39.4 Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

39.5 Fair Values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000	Rs '000	Rs '000	Rs '000
Assets carried at amortised cost				
Long term loans and advances	1,374,668	1,374,668	1,557,932	1,557,932
Long term deposits	30,638	30,638	28,949	28,949
Trade debts	12,827,643	12,827,643	11,428,346	11,428,346
Loans and advances	720,468	720,468	610,064	610,064
Deposits	244,214	244,214	1,853	1,853
Other receivables	8,386,151	8,386,151	6,708,034	6,708,034
Short term investments	3,625,295	3,625,295	15,646,822	15,646,822
Cash and bank balances	2,001,240	2,001,240	1,827,166	1,827,166
	29,210,317	29,210,317	37,809,166	37,809,166
Assets carried at fair value				
Long term investments	4,738,496	4,738,496	4,733,478	4,733,478
Short term investments	104,130,704	104,130,704	84,390,141	84,390,141
	108,869,200	108,869,200	89,123,619	89,123,619

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs '000	Rs '000	Rs '000	Rs '000
Liabilities carried at amortised cost				
Long term borrowings	17,821,360	17,821,360	19,171,909	19,171,909
Provision for compensated leave absences	1,557,468	1,557,468	1,394,756	1,394,756
Trade and other payables	75,646,532	75,646,532	54,906,121	54,906,121
Mark-up and profit accrued	1,556,279	1,556,279	743,202	743,202
Short term borrowings	58,812,649	58,812,649	38,999,470	38,999,470
Gas Infrastructure Development Cess (GIDC)	7,940,534	7,940,534	20,801,970	20,801,970
Unclaimed dividend	478,676	478,676	471,891	471,891
Current portion of long-term borrowings	6,702,578	6,702,578	6,953,989	6,953,989
Lease liabilities	3,774,138	3,774,138	5,684,365	5,684,365
	174,290,214	174,290,214	149,127,673	149,127,673

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

	Level 1	Level 2	Level 3
	Rs '000	Rs '000	Rs '000
December 31, 2022			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,738,496	–
Current portion of long term investments - FVTOCI	–	385,642	–
Short term investments - FVTPL	103,745,062	–	–
	103,745,062	5,124,138	–
December 31, 2021			
Assets carried at fair value			
Long term investments - FVTOCI	–	4,733,478	–
Current portion of long term investments - FVTOCI	–	2,253,152	–
Short term investments - FVTPL	79,955,683	–	–
	79,955,683	6,986,630	–

39.5.1 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment at fair value through profit and loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment at fair value through other comprehensive income

Investments at fair value through other comprehensive income are determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investment in associate

The fair value of investment in listed associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

40. OPERATING SEGMENTS

Basis of segmentation

The Group has the following three (3) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Fertilizers	Buying, manufacturing and distributing fertilizer
Power	Producing and selling power
Food	Processing fresh and frozen fruits, vegetables, frozen cooked and semi cooked food
Technical Services	Provision of Technical, Maintenance, Operations, Inspection and IT Services

The Chief Executive and Board of Directors review the internal management reports of each division quarterly.

Information about reportable segments

Information related to each reportable segment is set below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment relative to other entities that operate in same industries.

	Fertilizers	Power	Food	Technical Services	Consolidated Total adjustments/ eliminations	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2022						
Segment revenues	109,363,817	12,899,293	3,342,740	72,535	–	125,678,385
Segment profit / (loss) before tax	33,686,510	9,026,474	(352,422)	29,459	8,243,933	50,633,954
Interest income	924,053	539,491	8,249	1,896	–	1,473,689
Finance cost	4,868,390	810,831	246,980	–	–	5,926,201
Depreciation	2,425,116	2,245,715	361,888	157	26,527	5,059,403
Share of profit / loss of equity - accounted investees	–	–	–	–	12,440,254	12,440,254
Segment assets (total)	240,122,007	48,840,260	4,969,283	47,768	(45,110,039)	248,869,279
Equity accounted investees	–	–	–	–	79,049,343	79,049,343
	240,122,007	48,840,260	4,969,283	47,768	33,939,304	327,918,622
Segment liabilities (total)	189,278,046	6,719,830	3,448,964	10,814	6,915,103	206,372,757

	Fertilizers	Power	Food	Technical Services	Consolidated Total adjustments/ eliminations	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2021 - restated						
Segment revenues	108,650,890	3,860,631	1,833,004	625	–	114,345,150
Segment profit / (loss) before tax	30,339,141	1,954,765	(306,612)	(8,130)	17,930,135	49,909,299
Interest income	672,453	165,161	4,026	479	(2,219)	839,900
Finance cost	2,292,115	404,942	41,513	–	(2,219)	2,736,351
Depreciation	2,439,840	1,011,747	298,971	127	6,634	3,757,319
Share of profit / loss of equity - accounted investees	–	–	–	–	10,154,761	10,154,761
Segment assets (total)	201,006,765	47,217,328	4,195,671	20,009	(42,894,024)	209,545,749
Equity accounted investees	–	–	–	–	65,651,617	65,651,617
	201,006,765	47,217,328	4,195,671	20,009	22,757,593	275,197,366
Segment liabilities (total)	153,492,471	10,405,018	2,278,742	8,232	4,592,915	170,777,378

Reconciliation of information on reportable segments to applicable financial reporting standards

		2022 Rs '000	restated 2021 Rs '000
i)	**Revenue for reportable segments**		
	Consolidated revenue	125,678,385	114,345,150
ii)	**Profit before tax for reportable segments**	42,390,021	31,979,164
	Elimination of intra segment profit	(4,196,321)	7,775,374
	Other adjustments	12,440,254	10,154,761
	Consolidated profit before tax from continuing operations	50,633,954	49,909,299
iii)	**Total assets for reporting segments**	248,869,279	209,545,749
	Equity accounted investments	79,049,343	65,651,617
	Consolidated total assets	327,918,622	275,197,366
iv)	**Total liabilities for reporting segments**	199,457,654	166,184,463
	Deferred tax on equity accounted investments	6,915,103	4,592,915
	Consolidated total liabilities	206,372,757	170,777,378

41. RELATED PARTY TRANSACTIONS AND BALANCES

41.1 Following are the related parties with whom the Group had entered into transactions during the year:

Related party	Basis of relationship	Aggregate % age shareholding in FFC
Fauji Foundation	Holding company	44.35%
Mr. Waqar Ahmed Malik	Director	–
Mr. Sarfaraz Ahmed Rehman	Director	–
Dr. Nadeem Inayat	Director	–
Mr. Saad Amanullah Khan	Director	0.00004%
Ms. Maryam Aziz	Director	0.00001%
Maj Gen Naseer Ali Khan (Retd)	Director	–
Mr. Peter Bruun Jensen	Director	–
Maj Gen Ahmad Mahmood Hayat (Retd)	Director	–
Syed Bakhtiyar Kazmi	Director	–
Mr. Shoaib Javed Hussain	Director	–
Dr. Hamid Ateeq Sarwar	Director	–
Mr. Jehangir Shah	Director	–
Dr. Ayesha Khan	Director	0.00001%

Related party	Basis of relationship	Aggregate % age shareholding in FFC
Fauji Fertilizer Bin Qasim Limited	Associated company	49.88%
Askari Bank Limited	Associated company	43.15%
Thar Energy Limited	Associated company	30.00%
Pakistan Maroc Phosphore S.A., Morocco	Common directorship	12.50%
Fauji Cement Company Limited	Common directorship	6.79%
Mari Petroleum Company Limited	Common directorship	–
Sona Welfare Foundation	Associated undertaking	–
Provident Fund Trust	Contributory provident fund	–
Gratuity Fund Trust	Defined benefit fund	–
Pension Fund Trust	Defined benefit fund	–

41.2 Following particulars relate to associated companies incorporated outside Pakistan with whom the Group had entered into transactions during the year:

Particulars	Pakistan Maroc Phoshore S.A., Morocco
Name of associated company	Pakistan Maroc Phosphore S.A.
Registered address	Hay Erraha. 2, Rue Al Abtal, Casablanca, Morocco
Country of incorporation	Morocco
Basis of association	Joint Venture of OCP Group and Fauji Group
Aggregate %age of shareholding by the Company	12.5% Equity Investment by the Company

41.3 Fauji Foundation holds 44.35% (2021: 44.35%) shares of FFC at the year-end. Therefore, all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Group. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and employees' funds. Transactions with related parties and the balances outstanding at the year-end are given below. Loans and advances to executives and remuneration of chief executive, directors and executives are disclosed in notes 18, 23 and 36 to these consolidated financial statements respectively.

	2022	2021
	Rs '000	Rs '000
Transactions with holding company		
Dividend paid	7,690,559	7,476,149
Consideration paid for acquisition - FWEL I & II	–	8,256,333
Cost recharge	252,697	251,554
Donation	156,840	35,920
Sale of fertilizers	2,199	1,255
Others	25,253	14,493
Transactions and balances with associated companies / undertakings due to common directorship		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,264,935	1,199,814
Commission on sale of products	23,670	25,827
Consideration paid for acquisition - FWEL I & II	–	5,256,006
Payment under consignment account	143,302,729	114,718,306
Purchase of gas as feed and fuel stock	31,562,001	32,763,354
Equity investment	1,245,742	–
Advance against issue of shares	931,300	376,707
Services and materials provided	19,620	17,011
Services and materials received	705	1,368
Donations	664,029	314,000
Interest expense	821,070	200,380
Interest income	40,646	19,698
Dividend income	1,349,419	1,926,551

	2022	2021
	Rs '000	Rs '000
Balances		
Long term investments	64,710	110,197
Short term investments	–	11,000,000
Short term borrowings	29,871,241	4,212,743
Long term borrowings	6,701	406,911
Running finance	247,622	215,186
Bank balance	79,629	12,019
Balance receivable	362,543	360,858
Balance payable	68,537,591	67,052,323
STAFF RETIREMENT FUNDS		
Contributions		
Employees' Provident Fund Trust	514,342	526,901
Employees' Gratuity Fund Trust	253,339	229,632
Employees' Pension Fund Trust	148,611	217,967
Employees' Funds as Dividend on equity holding		
of 0.25% (2021: 0.22%)	42,837	27,092
Balances		
Balance payable - Gratuity Fund Trust	661,629	780,237
Balance receivable - Pension Fund Trust	759,001	–
Balance payable - Pension Fund Trust	–	323,030

42. BUSINESS COMBINATION

42.1 Acquisition method of accounting - IFRS 3 "Business Combination"

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business; and
- equity interests issued by the Group

Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

42.2 Summary of acquisitions

Foundation Wind Energy I Limited (FWEL - I)

Investment in FWEL - I represents 350,249 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Parent Company acquired 100% of the issued share capital of Foundation Wind Energy-I Limited (FWEL - I) from Fauji Foundation (FF) (previously holding 65% interest) and Fauji Fertilizer Bin Qasim Limited (FFBL) (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021.

Foundation Wind Energy II Limited (FWEL - II)

Investment in FWEL - II represents 282,215 thousand (2020: Nil thousand) fully paid ordinary shares of Rs 10 each. On September 29, 2021 (acquisition date), the Parent Company acquired 80% of the issued share capital of Foundation Wind Energy-II Limited (FWEL-II) from Fauji Foundation (previously holding 45% interest) and Fauji Fertilizer Bin Qasim Limited (previously holding 35% interest) for which Share Purchase Agreement was signed on August 13, 2021. FWEL-II was incorporated in Pakistan on October 5, 2004 as a private limited Group under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). FWEL - II applied for conversion into public limited Company and the related certificate of conversion into public limited was issued by Securities and Exchange Commission of Pakistan (SECP) with effect from September 4, 2018.

42.3 Consideration paid and contingent consideration

In accordance with the Share Purchase Agreements (SPA) entered into with FF and FFBL, the Parent Company has paid base payment amount net of payment amount adjustments of Rs 7,493,051 thousand and Rs 6,019,288 thousand for acquisition of shares of FWEL - I and FWEL - II, respectively, to its previous owners i.e. FF and FFBL which was paid in full on September 29, 2021. Additionally, under the SPA, FFC has agreed to share 50% of the Delayed Payment Surcharge (DPS) arising subsequent to the date of acquisition (net of costs) with FF and FFBL once DPS has been received by FWEL - I and FWEL - II. However, considering the nature of DPS, the management considers that the current fair value amount of future DPS would be immaterial in overall context of these consolidated financial statements. Accordingly, no provision / liability in this regard has been recognised in these consolidated financial statements.

42.4 Acquisition related costs

Acquisition-related costs amounting to Rs Nil million (2021: Rs 120 million) were charged to profit or loss.

42.5 Identifiable assets acquired and liabilities assumed

International Financial Reporting Standard 3, (IFRS 3) “Business Combinations”, requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer’s balance sheet and any intangible assets acquired in the business combination are required to be separately recognized and carried at fair values.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS - 3. IFRS - 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the determination of fair value of the assets and liabilities and to determine the value of any intangible asset separately identified.

For the purpose of acquisition accounting, fair values of acquired net assets were measured provisionally at the date of acquisition. During the year, the Company carried out an exercise to firm up the fair values of net assets acquired, to complete the acquisition accounting within a period of twelve months from the date of acquisition in accordance with IFRS 3 ‘Business Combinations’. Accordingly, the fair values of net assets acquired have been revised and gain on bargain purchase has also been re-measured. The effect of these adjustments has been taken from the date of acquisition by revising the comparative figures pursuant to the requirements of IFRS 3 ‘Business Combinations’.

The related revision in the recognised amounts of acquired net assets are as follows:

Foundation Wind Energy I Limited	Note	2021 restated Recognised values after measurement period	 Amounts measured on provisional basis
		Rs '000	Rs '000
Assets			
Property, plant and equipment		10,652,976	8,362,757
Trade debt	42.5.1	5,008,450	5,008,450
Advances and other receivables		491,942	491,942
Due from government agencies - advance tax		192,037	192,037
Short term investments		1,379,288	1,379,288
Cash		451,974	451,974
		18,176,667	15,886,448

		2021 restated Recognised values after measurement period	 Amounts measured on provisional basis
		Rs '000	Rs '000
Liabilities			
Long term financing		1,169,847	1,169,847
Deferred employees' benefits		9,615	9,615
Lease liabilities		3,324,261	3,324,261
Trade and other payables		744,776	744,776
Accrued finance costs		2,893	2,893
Provision for taxation		15,678	15,678
		5,267,070	5,267,070
Fair value of net assets		12,909,597	10,619,378

42.5.1 The fair value of acquired trade debts of FWEL - I is Rs 5,008,450 thousand. The gross contractual amount for trade debts due is Rs 5,008,450 thousand, with a loss allowance of Rs Nil recognised on acquisition.

Foundation Wind Energy II Limited	Note	2021 restated Recognised values after measurement period	 Amounts measured on provisional basis
		Rs '000	Rs '000
Assets			
Property, plant and equipment		10,527,070	8,102,242
Trade Debts	42.5.2	5,005,650	5,005,650
Advances and other receivables		518,481	518,481
Due from government agencies - advance tax		221,017	221,017
Short term investments		1,326,900	1,326,900
Cash		436,210	436,210
		18,035,328	15,610,500

	2021 restated	
	Recognised values after measurement period	Amounts measured on provisional basis
	Rs '000	Rs '000
Liabilities		
Long term financing	1,077,642	1,077,642
Deferred employees' benefits	9,615	9,615
Lease liabilities	3,312,766	3,312,766
Trade and other payables	728,900	728,900
Accrued finance costs	2,893	2,893
Provision for taxation	14,387	14,387
	5,146,203	5,146,203
Fair value of net assets	12,889,125	10,464,297

42.5.2 The fair value of acquired trade debts of FWEL - II is Rs 5,005,650 thousand. The gross contractual amount for trade debts due is Rs 5,005,650 thousand, with a loss allowance of Rs Nil recognised on acquisition.

The above revision in the recognised values of identifiable net assets acquired has resulted in increase of Rs. 4,230,081 thousand in the profit before tax for the year ended December 31, 2021 as reported in the consolidated financial statements of the Group.

42.6 Gain on bargain purchase

At the acquisition date, management determined that acquisition of FWEL - I and FWEL - II was a bargain purchase as the provisional fair value of net assets exceeded the fair value of purchase consideration paid by the Parent Company as at the acquisition date. Under IFRS - 3 a bargain purchase represents as economic gain, which was immediately recognised by the acquirer in profit or loss. Pursuant to revision in acquired net assets, gain on bargain purchase arising from the acquisition has been revised as follows:

	2021 restated	
	Recognised values after measurement period	Amounts measured on provisional basis
	Rs '000	Rs '000
Foundation Wind Energy I Limited		
Fair value of identifiable net assets	12,909,597	10,619,378
Percentage of identifiable net assets acquired	100%	100%
	12,909,597	10,619,378
Purchase consideration paid in cash	7,493,051	7,493,051
Gain on bargain purchase	5,416,546	3,126,327
Foundation Wind Energy II Limited		
Fair value of identifiable net assets	12,889,125	10,464,297
Percentage of identifiable net assets acquired	80%	80%
	10,311,300	8,371,438
Non - Controlling Interest	2,577,825	2,092,859
Purchase consideration paid in cash	6,019,288	6,019,288
Gain on bargain purchase	4,292,012	2,352,150

42.7 Non-Controlling Interest

As at the date of acquisition the purchase of non-controlling interest (NCI) was measured at the proportionate share of the NCI in the provisional fair value of net assets acquired by FWEL-II, as allowed under the requirements of IFRS 3. Pursuant to revision in acquired net assets, NCI arising from the acquisition has been revised as follows:

	2021 restated	
	Recognised values after measurement period	Amounts measured on provisional basis
	Rs '000	Rs '000
NCI arising on acquisition of FWEL - II	2,577,825	2,092,859
Share of profit of NCI	(4,605)	1,457
Share of OCI of NCI	(76)	(76)
Balance at the end of the year	2,573,144	2,094,240

43. INTEREST IN JOINT ARRANGEMENTS

During the year, FFC, Engro Fertilizer Company Limited (EFERT) and Fatima Fertilizer Company Limited (FATIMA) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project dated November 30, 2022. Under the Agreement, FFC, EFERT and FATIMA have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL).

All decisions with respect to development and operations of PEF would be made only with unanimous consent of FFC, EFERT and FATIMA. Accordingly, PEF arrangement would be classified as a 'Joint Arrangement' in accordance with IFRS - 11. Further, PEF would not be established through a separate legal entity and consists of an asset i.e. PEF facility which will be jointly owned and operated by FFC, EFERT and FATIMA, hence, the joint arrangement for establishment and operations of PEF has been classified as a 'Joint Operations' in these consolidated financial statements. Current cost sharing percentages in PEF of FFC, EFERT and FATIMA are 47.7%, 33.9% and 18.4%, respectively.

The Group has recognised its share of jointly held assets and liabilities of the joint operation under the appropriate heads and disclosed the same in related notes to the consolidated financial statements.

44. NON ADJUSTING EVENTS AFTER REPORTING DATE

44.1 The Board of Directors in its meeting held on January 30, 2023 has proposed a final dividend of Rs 3.15 per share.

45. GENERAL

45.1 Production capacity

	Design capacity		Production	
	2022	2021	2022	2021
	(Tonnes '000)		(Tonnes '000)	
FFC				
Goth Machhi - Plant I	695	695	787	864
Goth Machhi - Plant II	635	635	767	753
Mirpur Mathelo - Plant III	718	718	850	890
	2,048	2,048	2,404	2,507

	(MWh)			(MWh)
FFCEL	143,559	143,559	89,494	108,924
FWEL - I	144,600	11,600	106,270	14,927
FWEL - II	143,700	11,500	114,470	20,452

The shortfall in energy delivered during the year was mainly attributable to low wind speed.

FFF

The production capacity of FFC's plant cannot be determined, as it is a multi-product production facility of which the processing capacity substantially vary depending on the fruits / vegetables processed.

	Production (tons)		Capacity (tons)	
	2022	2021	2022	2021
Fries production line	10,167	5,912	17,000	6,500

45.2 Facilities of letters of guarantee and letters of credit

Facilities of letters of credit and letters of guarantee amounting to Rs. 30,722,000 thousand and Rs 866,000 thousand (2021: Rs 31,720,600 thousand and Rs 835,000 thousand) respectively are available to FFC against lien on shipping / title documents, US $ Term Deposit Receipts and charge on assets of FFC. Facilities against letter of credit include Rs 5,203,000 thousand and Rs 2,719,000 thousand (2021: Rs 5,490,600 and 2,100,000 thousand) limit assigned for issuance of SBLCs in relation to FFC's investment in Thar Energy Limited and Foundation Wind Energy I & II Limited.

45.3 Donations

Cost of Sales and Distribution Cost include donations amounting to Rs 526,291 thousand (2021: Rs 210,225 thousand) and Rs 137,738 thousand (2021: Rs 103,775 thousand) respectively. These are disbursed through Sona Welfare Foundation, Sona Tower, 156, The Mall, Rawalpindi (associated undertaking). Interest of Mr. Sarfaraz Ahmed Rehman in Sona Welfare Foundation is limited to the extent of his involvement in Sona Welfare Foundation as Chairman.

45.4 Exemption from applicability of IFRS 16 - "Leases"

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 986(I)/2019 dated September 2, 2019 has granted exemption from requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019 to the extent of Power Purchase Agreements executed before January 1, 2019. Accordingly, IFRS 16 is not applicable to the extent of the EPA of FFCEL, FWEL - I and FWEL - II, the power purchase agreement.

45.5 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 67(I)/2023 dated January 20, 2023 has made partial modification of its prior S.R.O 1177(I)/2021 dated September 13, 2021 notifying that in respect of companies holding financial assets due or ultimately due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till December 31, 2024, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Accordingly the requirements of stated SRO have been applied in the preparation of these consolidated financial statements, to the extent of FFCEL, FWEL - I and FWEL - II. During the year, FFCEL has applied to SECP for permanent of application of ECL model under IFRS 9 on its trade debts from CPPA. FFCEL expects that SECP will give exemption as applied. Further, during the year, FWEL - I & FWEL - II has been granted exemption by SECP in regard of applicability of IFRS 9 for debts due from Government of Pakistan till June 30, 2023.

		2022	2021
45.6	**Number of employees**		
	Total number of employees at end of the year	3,559	3,577
	Average number of employees for the year	3,575	3,573

45.7 Rounding off

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

45.8 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.

46. DATE OF AUTHORIZATION

These consolidated financial statements have been authorized for issue by the Board of Directors of FFC on January 30, 2023.

Chairman **Chief Executive** **Director** **Chief Financial Officer**

SAY NO TO CORRUPTION

06 SHAREHOLDERS' INFORMATION

Notice of Annual General Meeting along with other information for shareholders

NOTICE OF 45TH ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the shareholders of Fauji Fertilizer Company Limited will be held at FFC Head Office, 156 The Mall, Rawalpindi on Tuesday, March 28, 2023 at 10 00 hours to transact the following business:

Ordinary business

1. To confirm the minutes of 44th Annual General Meeting held on March 25, 2022.

2. To consider, approve and adopt separate and consolidated audited financial statements of FFC together with Directors' Reports on separate and consolidated financial statements and Auditors' Reports thereon for the year ended December 31, 2022.

3. To appoint Auditors for the year 2023 and fix their remuneration.

4. To consider and approve payment of Final Dividend for the year ended December 31, 2022 as recommended by the Board of Directors.

5. To transact any other business with the permission of the Chair.

By Order of the Board

Brig Asrat Mahmood (Retd)
Company Secretary

Rawalpindi
March 06, 2023

E-Voting

Members can exercise their right to poll subject to meeting of requirement of Section 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

Video Conference Facility

Pursuant to Section 132(2) of the Companies Act 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

Notes

1. The share transfer books of the Company will remain closed from March 26, 2023 to March 28, 2023 (both days inclusive) and no request for transfer of shares will be accepted for registration. Transfers received at Company's Share Registrar namely CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400 by the close of business on March 25, 2023 will be considered in time for the purpose of payment of final dividend to the transferees.

2. A member of the Company entitled to attend and vote at the Meeting may appoint a person / representative as proxy to attend and vote in place of the member. Proxies in order to be effective must be received at the Company's Registered Office, 156-The Mall, Rawalpindi, Pakistan not later than 48 hours before the time of holding the Meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

3. Any Individual Beneficial Owner of CDC, entitled to vote at this Meeting, must bring his / her original Computerized National Identity Card (CNIC) to prove identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting

i. In case of individuals, the account holder or sub-account holder and / or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii. Members registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.

iii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

iv. The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. EMD/MISC/82/2012 dated March 03, 2021, has directed the listed companies to arrange participation of shareholders in general meetings through video link in addition to allowing physical attendance by the members to safeguard and protect the wellbeing of shareholders against the continuing threat posed by the COVID-19 pandemic.

v. The shareholder of the Company desirous of attending the meeting through video link etc may inform the Company and provide their details including name, CNIC scan (both sides), folio number, cell phone number and email address before close of business on March 25, 2023 at the email shares@ffc.com.pk.

vi. The video link of meeting shall be sent to the members on their registered email addresses.

B. For Appointing Proxies

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his / her original CNIC or original passport at the time of Meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Consent for Video Conference Facility

As allowed by Section 132(2) of the Companies Act 2017 members can avail video conference facility for this Annual General Meeting, at Lahore and Karachi provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at above mentioned locations, at least 7 days prior to date of the Meeting.

Subject to the fulfillment of the above conditions, members shall be informed of the venue, 5 days before the date of the General Meeting along with complete information necessary to access the facility.

In this regard please send a duly signed request as per following format at the registered address of the Company 7 days before holding of General Meeting.

I/We,__________________ ____________________ of ______________________, being a member of Fauji Fertilizer Company Limited, holder of __________________ Ordinary Share(s) as per Register Folio / CDC Account No _________________ hereby opt for video conference facility at _________________.

____
Signature of member

5. **Withholding Tax on Dividends**

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, provisions of Tenth schedule are applicable on withholding tax from dividends and the rates of deduction of income tax from dividend payments shall be as under:-

(a) For persons appearing on active taxpayer's list: 15%
(b) For persons not appearing on active taxpayer's list: 30%

However, effectively July 1, 2020 the provisions of withholding additional tax from person not appearing on active taxpayers list are not applicable to the extent of dividend payment to non-resident persons (Finance Act 2020).

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not appearing on the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for approval of the cash dividend i.e. March 25, 2023; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

Tax in Case of Joint Shareholders

The FBR vide its clarification letter No. I(54) Exp/2014-132872-R of 25 September, 2014 has clarified that holders of shares held in joint names or joint accounts will be treated individually as filers or non-filers and tax will be deducted according to the proportionate holding of each shareholder.

Joint shareholders should intimate the proportion of their respective joint holding to the share registrar latest by March 25, 2023, in the following form:-

CDC Account number	Folio #	Total Shares	Principle shareholder		Joint Shareholder	
			Name & CNIC	Shareholding proportion	Name & CNIC	Shareholding proportion

6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal, Karachi-74400 in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/ participant/CDC account services.

Electronic Mandate Form

Folio Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Name of Bank Branch and Address	
Cellular & Landline Number of Shareholder	
CNIC / NTN number (attach copy)	
Signature of Shareholder	

7. SECP through its SRO 470(1)/2016, dated May 31, 2016, has allowed companies to circulate the annual balance sheet, profit and loss account, Auditors' Report and Directors' Report etc ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report 2022 to its shareholders in the form of USB. Any member requiring printed copy of Annual Report 2022 may send a request using a Standard Request Form placed on Company website.

8. Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under Section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

In compliance with the above requirements, soft copies of the Annual Report 2022 are being emailed to the members having opted to receive such communication in electronic format. Other members who wish to receive the Annual Report 2022 in electronic form may file an application as per the format provided on the Company's website in compliance with the subject SRO. The members who have provided consent to receive Annual Report 2022 through email can subsequently request a hard copy which shall be provided free of cost within seven days.

Members are also requested to intimate any change in their registered email addresses on a timely manner, to ensure effective communication by the Company.

9. Annual Audited Financial Statements of the Company for the financial year ended December 31, 2022 have also been provided on the Company's website i.e. www.ffc.com.pk

10. For any further assistance, the members may contact the Company or the Share Registrar at the following phone numbers, email addresses:

FFC Shares Department

Telephone: 92-51-8453235
Email: shares@ffc.com.pk

CDC Share Registrar Services Limited

CDC House 99-B, Block 'B',
S.M.C.H.S Main Shahra-e-Faisal,
Karachi-74400
Telephone: 0800-23275
Email: info@cdcpak.com

11. Provision of International Banking Account Number (IBAN Detail)

Under the provisions of Section 242 of the Companies Act, 2017 and SECP's Circular No. 421(I) 2018 dated March 19, 2021, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Further, vide its letter dated March 19, 2021, SECP has directed all the listed companies to pursue its shareholder to obtain International Bank Account Number (IBAN) details.

In this context, in order to receive dividends directly into their bank account, shareholders having shareholding in physical form are requested to provide their IBAN details duly signed along with a copy of CNIC to the Registrar of the Company CDC Share Registrar Services Limited, CDC House 99-B, Block 'B' S.M.C.H.S, Main Shahra-e-Faisal Karachi-74400. Shareholder having shareholding in book entry form in CDS are advised to submit their IBAN details directly to relevant broker / participant / CDC Investor Account Services.

12. Conversion of Physical Securities into Book Entry Form

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant / CDC Investor Account Services and convert their existing physical securities into book entry form.

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2022

Number Of Shareholders	Shareholding From		To	Shares Held
2198	1	to	100	108,884
2731	101	to	500	908,676
1768	501	to	1000	1,525,536
4258	1001	to	5000	11,477,430
1411	5001	to	10000	10,850,089
665	10001	to	15000	8,435,956
435	15001	to	20000	7,820,245
309	20001	to	25000	7,125,696
198	25001	to	30000	5,497,687
143	30001	to	35000	4,702,876
137	35001	to	40000	5,223,921
98	40001	to	45000	4,166,106
148	45001	to	50000	7,209,078
80	50001	to	55000	4,211,624
76	55001	to	60000	4,415,645
53	60001	to	65000	3,315,938
51	65001	to	70000	3,468,547
51	70001	to	75000	3,740,717
43	75001	to	80000	3,342,381
39	80001	to	85000	3,219,070
35	85001	to	90000	3,088,404
24	90001	to	95000	2,225,122
78	95001	to	100000	7,755,216
24	100001	to	105000	2,449,714
26	105001	to	110000	2,812,825
14	110001	to	115000	1,581,650
14	115001	to	120000	1,659,926
20	120001	to	125000	2,472,675
14	125001	to	130000	1,795,278
11	130001	to	135000	1,459,223
11	135001	to	140000	1,522,701
5	140001	to	145000	718,112
24	145001	to	150000	3,570,012
11	150001	to	155000	1,680,078
22	155001	to	160000	3,489,650
8	160001	to	165000	1,308,165
10	165001	to	170000	1,675,696
5	170001	to	175000	866,112
10	175001	to	180000	1,780,607
11	180001	to	185000	2,010,556

Number Of Shareholders	Shareholding From		To	Shares Held
6	185001	to	190000	1,130,710
4	190001	to	195000	767,140
21	195001	to	200000	4,188,593
8	200001	to	205000	1,610,236
3	205001	to	210000	624,832
7	210001	to	215000	1,479,772
3	215001	to	220000	653,886
3	220001	to	225000	667,660
4	225001	to	230000	911,768
9	230001	to	235000	2,091,645
5	235001	to	240000	1,194,570
1	240001	to	245000	241,400
10	245001	to	250000	2,496,520
3	250001	to	255000	758,610
6	255001	to	260000	1,549,151
4	260001	to	265000	1,052,447
4	265001	to	270000	1,074,973
3	270001	to	275000	814,991
5	275001	to	280000	1,390,198
2	285001	to	290000	576,000
2	290001	to	295000	585,713
9	295001	to	300000	2,689,875
2	300001	to	305000	607,110
2	305001	to	310000	613,559
1	310001	to	315000	314,000
1	315001	to	320000	319,539
2	320001	to	325000	646,063
1	325001	to	330000	330,000
4	330001	to	335000	1,328,580
2	340001	to	345000	690,000
9	345001	to	350000	3,142,191
3	350001	to	355000	1,057,963
3	355001	to	360000	1,073,608
3	360001	to	365000	1,093,000
2	365001	to	370000	735,388
1	370001	to	375000	375,000
1	375001	to	380000	377,900
3	380001	to	385000	1,148,500
4	385001	to	390000	1,554,311
1	390001	to	395000	393,038

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2022

Number Of Shareholders	Shareholding From		To	Shares Held
4	395001	to	400000	1,595,137
2	400001	to	405000	806,922
1	405001	to	410000	410,000
2	410001	to	415000	829,208
2	420001	to	425000	847,000
1	435001	to	440000	437,650
2	440001	to	445000	886,910
2	445001	to	450000	898,480
1	450001	to	455000	453,600
3	455001	to	460000	1,370,877
2	465001	to	470000	936,991
2	470001	to	475000	948,250
1	475001	to	480000	475,573
1	480001	to	485000	480,700
1	490001	to	495000	492,730
3	495001	to	500000	1,500,000
2	500001	to	505000	1,005,657
1	505001	to	510000	508,328
1	510001	to	515000	513,470
1	515001	to	520000	520,000
2	525001	to	530000	1,056,561
1	535001	to	540000	535,300
4	545001	to	550000	2,188,500
1	555001	to	560000	560,000
1	565001	to	570000	569,300
2	570001	to	575000	1,143,000
2	575001	to	580000	1,156,968
1	585001	to	590000	589,025
2	595001	to	600000	1,200,000
1	600001	to	605000	602,134
2	605001	to	610000	1,215,373
1	615001	to	620000	617,000
1	620001	to	625000	621,700
1	625001	to	630000	629,450
2	635001	to	640000	1,275,130
1	640001	to	645000	645,000
1	645001	to	650000	647,100
1	650001	to	655000	651,704
1	660001	to	665000	663,388
2	670001	to	675000	1,343,492

Number Of Shareholders	Shareholding From		To	Shares Held
2	700001	to	705000	1,405,263
1	710001	to	715000	715,000
2	725001	to	730000	1,454,551
1	735001	to	740000	740,000
1	760001	to	765000	764,871
2	765001	to	770000	1,536,597
1	775001	to	780000	776,392
1	785001	to	790000	790,000
1	795001	to	800000	795,887
1	815001	to	820000	818,500
1	820001	to	825000	820,646
1	855001	to	860000	858,000
1	895001	to	900000	900,000
1	900001	to	905000	904,335
1	905001	to	910000	907,860
1	945001	to	950000	950,000
2	980001	to	985000	1,966,562
3	995001	to	1000000	2,998,500
1	1005001	to	1010000	1,009,224
1	1015001	to	1020000	1,019,337
2	1060001	to	1065000	2,126,202
1	1065001	to	1070000	1,070,000
1	1085001	to	1090000	1,088,500
1	1090001	to	1095000	1,094,000
1	1095001	to	1100000	1,100,000
1	1100001	to	1105000	1,101,000
1	1105001	to	1110000	1,110,000
1	1110001	to	1115000	1,111,039
2	1120001	to	1125000	2,243,489
1	1135001	to	1140000	1,137,800
1	1190001	to	1195000	1,191,845
1	1195001	to	1200000	1,200,000
1	1205001	to	1210000	1,205,300
1	1220001	to	1225000	1,224,622
1	1260001	to	1265000	1,262,500
1	1275001	to	1280000	1,280,000
1	1295001	to	1300000	1,300,000
1	1320001	to	1325000	1,320,509
1	1430001	to	1435000	1,435,000
2	1445001	to	1450000	2,898,423

PATTERN OF SHAREHOLDING - FFC

As at December 31, 2022

Number Of Shareholders	Shareholding From		To	Shares Held
1	1490001	to	1495000	1,494,000
1	1545001	to	1550000	1,545,995
1	1555001	to	1560000	1,557,000
1	1595001	to	1600000	1,595,702
1	1600001	to	1605000	1,605,000
1	1615001	to	1620000	1,618,101
1	1660001	to	1665000	1,661,643
1	1710001	to	1715000	1,713,800
1	1780001	to	1785000	1,784,878
4	1795001	to	1800000	7,200,000
1	1800001	to	1805000	1,800,544
4	1895001	to	1900000	7,594,000
1	1915001	to	1920000	1,919,287
1	1990001	to	1995000	1,990,036
2	1995001	to	2000000	4,000,000
1	2000001	to	2005000	2,003,500
1	2010001	to	2015000	2,013,982
1	2115001	to	2120000	2,120,000
1	2120001	to	2125000	2,124,555
2	2245001	to	2250000	4,500,000
1	2340001	to	2345000	2,343,000
1	2355001	to	2360000	2,357,531
1	2495001	to	2500000	2,497,263
1	2570001	to	2575000	2,573,051
1	2605001	to	2610000	2,610,000
1	2660001	to	2665000	2,661,496
1	2695001	to	2700000	2,695,575
1	2755001	to	2760000	2,757,944
1	3120001	to	3125000	3,122,961
1	3340001	to	3345000	3,344,513
1	3370001	to	3375000	3,371,673
1	3505001	to	3510000	3,510,000
1	3625001	to	3630000	3,626,150
1	3795001	to	3800000	3,797,447
1	4005001	to	4010000	4,009,955
1	4095001	to	4100000	4,100,000
1	4235001	to	4240000	4,238,412
1	4255001	to	4260000	4,256,000
1	4465001	to	4470000	4,466,749
1	4875001	to	4880000	4,880,000

Number Of Shareholders	Shareholding From		To	Shares Held
1	5040001	to	5045000	5,040,099
1	5090001	to	5095000	5,093,500
1	5405001	to	5410000	5,408,000
1	6095001	to	6100000	6,100,000
1	6900001	to	6905000	6,903,200
1	7220001	to	7225000	7,225,000
1	8385001	to	8390000	8,388,244
1	8590001	to	8595000	8,590,184
1	8945001	to	8950000	8,945,913
1	9410001	to	9415000	9,412,956
1	9995001	to	10000000	9,998,900
1	10500001	to	10505000	10,500,100
1	12325001	to	12330000	12,325,079
1	13745001	to	13750000	13,748,249
1	13895001	to	13900000	13,895,812
1	15480001	to	15485000	15,481,600
1	15995001	to	16000000	16,000,000
1	16185001	to	16190000	16,186,654
1	18385001	to	18390000	18,387,744
1	116840001	to	116845000	116,843,390
1	129515001	to	129520000	129,516,412
1	434685001	to	434690000	434,687,842
15,620				1,272,238,247

PATTERN OF SHAREHOLDING - FFC
As at December 31, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
President of Pakistan			
PRESIDENT OF THE ISLAMIC REPUBIC OF PAK	1	8,945,913	0.70
Directors and their spouse(s) and minor children			
SAAD AMANULLAH KHAN	1	500	0.00
AYESHA KHAN	1	100	0.00
JEHANGIR SHAH	1	1,000	0.00
MARYAM AZIZ	1	100	0.00
Associated Companies, undertakings and related parties	2	564,204,254	44.35
Executives and Employees	13	256,822	0.02
Public sector companies and corporations	11	140,244,127	11.02
NIT and ICP	-	-	0.00
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	64	105,903,904	8.32
Mutual Funds			
TRUSTEE-RAHIM IQBAL RAFIQ & CO.EMPLOYEES PROVIDENT FUND	1	2,000	0.00
CDC - TRUSTEE HBL INVESTMENT FUND	1	22,463	0.00
CDC - TRUSTEE JS LARGE CAP. FUND	1	35,000	0.00
CDC - TRUSTEE HBL GROWTH FUND	1	1,574	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,238,412	0.33
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	77,400	0.01
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	66,222	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	190,640	0.01
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	503,582	0.04
CDC - TRUSTEE NBP STOCK FUND	1	3,797,447	0.30
CDC - TRUSTEE NBP BALANCED FUND	1	216,700	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	273,800	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	34,500	0.00
CDC - TRUSTEE HBL - STOCK FUND	1	22,004	0.00
MC FSL - TRUSTEE JS GROWTH FUND	1	152,500	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	444,521	0.03
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	155,498	0.01
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,919,287	0.15
CDC - TRUSTEE AL HABIB STOCK FUND	1	32,000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	1,064,053	0.08
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	210,700	0.02
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	27,562	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	10,000	0.00
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	66,946	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	18,387,744	1.45
CDC - TRUSTEE AWT STOCK FUND	1	35,500	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	4,500	0.00
CDC - TRUSTEE LAKSON TACTICAL FUND	1	107,392	0.01
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	1	18,000	0.00
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	55,000	0.00
CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	1	32,799	0.00

Categories of Shareholders	Shareholders	Shares Held	Percentage
CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	1	33,153	0.00
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	1	37,812	0.00
CDC - TRUSTEE HBL INCOME FUND - MT	1	600	0.00
CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	1	1,300	0.00
CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	1	108,000	0.01
CDC - TRUSTEE NIT INCOME FUND - MT	1	200	0.00
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	30,000	0.00
CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	1	15,888	0.00
General Public			
a. Local	14,803	304,650,065	23.95
b. Foreign	217	1,682,951	0.13
Foreign Companies	63	48,948,774	3.85
Others	403	64,967,038	5.11
Totals	15,620	1,272,238,247	100.00

Share holders holding 10% or more	Shares Held	Percentage
FAUJI FOUNDATION	129,516,412	10.18
COMMITTEE OF ADMIN. FAUJI FOUNDATION	434,687,842	34.17

Financial Calendar

The Company follows the period of January 01 to December 31 as the financial year.

Financial results will be announced as per the following tentative schedule:

Annual General Meeting	March 28, 2023
1st Quarter ending March 31, 2023	Last Week of April 2023
Half-Year ending June 30, 2023	Last Week of July 2023
3rd Quarter ending September 30, 2023	Last Week of October 2023
Year ending December 31, 2023	Last Week of January 2024

PATTERN OF SHAREHOLDING - FFCEL, FWEL-I, FWEL-II, FFFL AND OLIVE TECHNICAL SERVICES

As at December 31, 2022

FFC Energy Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	243,755,000	99.97
Directors	7	70,000	0.03
Totals	**8**	**243,825,000**	**100**

Foundation Wind Energy - I Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	350,249,489	99.99
Directors	6	6	0.00
Totals	**7**	**350,249,495**	**100**

Foundation Wind Energy - II Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	282,215,158	79.99
Mr. Danish Tapal	1	17,638,450	5.00
Director/Sponsor			
Mr. Mustafa Tapal	1	35,276,910	10.01
Mr. Adnan Tapal	1	17,638,450	5.00
Directors			
Waqar Ahmed Malik	1	10	0.00
Sarfaraz Ahmed Rehman	1	10	0.00
Nadeem Inayat	1	10	0.00
Maj Gen Abid Rafique, HI(M) (Retired)	1	10	0.00
Aziz Ikram	1	10	0.00
Syed Bakhtiyar Kazmi	1	1	0.00
Tassawor Ishque	1	1	0.00
Totals	**11**	**352,769,020**	**100**

Fauji Fresh n Freeze Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	623,953,000	99.99
Directors	7	7,000	0.01
Totals	**8**	**623,960,000**	**100**

OLIVE Technical Services Limited

Categories of Shareholders	Shareholders	Shares Held	Percentage
Fauji Fertilizer Company Limited	1	20,000,000	99.99
Directors	4	40	0.00
Totals	**5**	**20,000,040**	**100**

NAVIGATING THROUGH THIS REPORT

The key objective of this Report is to provide a comprehensive information about our Company, driven through a robust business model that illustrates our Strategies to create value for the stakeholders in the long run while managing key risks and capitalizing on opportunities.

Navigating through this Report will assist the reader to understand ten key domains / section of this report.

Core questions	Where to look for	What you will find	Page
Organizational Overview and External Environment			
What does the organization do and circumstances under which it operates?	Vision and mission statements	Our inspiration for strategic planning	02
	Code of conduct	Set of rules and beliefs that govern our decisions and behaviour	14
	Core values		16
	Policy statement of Ethics and Business Practices		17
	Product portfolio	Details of our operations and the environment we operate in	10
	Geographical presence		12
	Company profile and group structure		18
	Organizational chart		22
	Corporate Journal		23
	Competitive landscape and market positioning		27
Strategy and Resource Allocation			
Where does the organization want to go and how does it intend to get there?	Strategy and resource allocation	Goals and breakdown of objectives	24
	Financial Capital	Our financial resources	52-97,307
	Manufactured Capital	Our tangible inputs	116-120,171
	Intellectual Capital	Our knowledge-based intangibles	121-125, 183, 197
	Human Capital	Our people	126-129,183
Risks and Opportunities			
What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how it is dealing with them?	SWOT analysis	Analysis of the our strengths, weaknesses, opportunities and strengths	45
	Risk and opportunity report	Our response to specific risks and opportunities affecting our ability to create value	88-97
	Key risks and opportunities		
Governance			
How does the organization's governance structure support its ability to create value in the short, medium and long term?	Profile of the Board	The experiences and competence of our Board members	28
	Board Committees	Structure and TORs of our Board Committees	37-38
	Management Committees	Structure of our Management Committees	44
	Corporate Governance	Our governance and control framework	98-111

NAVIGATING THROUGH THIS REPORT

DEFINITIONS & GLOSSARY OF TERMS

Definitions

Profitability Ratios
Profitability Ratios are used to assess the Company's ability to generate profits in relation to its sales, assets and equity.

Liquidity Ratios
Liquidity ratios determine the Company's ability to meet its short-term financial obligations.

Activity / Turnover Ratios
Activity / Turnover ratios evaluate the operational efficiency of the Company to convert inventory & receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

Investment / Market Ratios
Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits.

Capital Structure Ratios
Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.

Glossary of terms

Term	Description
Agri. Services	Agriculture Services provided by FFC's Marketing Team to farmers
AKBL	Askari Bank Limited
AMCON	Annual Marketing Conference
ATL	Active Taxpayers List
BCP	Business Continuity Planning
BI&T	Banking Industries and Trading
CAER	Community Awareness and Emergency Response
CBA	Collective Bargaining Agent
CCG	Code of Corporate Governance
CCP	Competition Commission of Pakistan
CE&MD	Chief Executive & Managing Director
CFA	Certified Financial Analyst
CFO	Chief Financial Officer
CITA	Continuous Improvement in Technological Advancements
CNIC	Computerized National Identity Card
COD	Commercial Operation Date

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
CPEC	China-Pakistan Economic Corridor
CSR	Corporate Social Responsibility
Current Ratio	A liquidity ratio that measures a company's ability to pay short-term and long-term obligations by considering the current total assets of a company (both liquid and illiquid) relative to that company's current total liabilities
DAP	Di-Ammonium Phosphate
DCS	Distribution Control System
De-Bottle Necking (DBN)	Process of optimizing existing plant and equipment to enhance overall capacity by improving specific areas that limit production
DPS	Dividend Per Share
DRS	Disaster Recovery Site
E-DOX	Software for document imaging and workflow management
EEF	Enhanced Efficiency Fertilizers
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
ERM	Enterprise risk management
FAC	Farm Advisory Centres
FACE	Food & Agriculture Center of Excellence
FCCL	Fauji Cement Company Limited; an associated company of FFC
FFBL	Fauji Fertilizer Bin Qasim Limited; an associated company of FFC
FFC	Fauji Fertilizer Company Limited
FFCEL	FFC Energy Limited; a wholly owned subsidiary of FFC
FFF	Fauji Fresh n Freeze Limited; a wholly owned subsidiary of FFC
FMPAC	Fertilizer Manufacturers of Pakistan Advisory Concil
FPCCI	Federation of Pakistan Chamber of Commerce and Industries
FWEL - I	Foundation Wind Energy - I Limited
FWEL - II	Foundation Wind Energy - II Limited
Gearing	The level of a company's debt related to its equity capital. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
GHG	Green House Gases

Term	Description
GIDC	Gas Infrastructure Development Cess
GM	Goth Machhi
Going concern assumption	An accounting assumption that an entity will remain in business for the foreseeable future.
GRI	Global Reporting Initiative
GWh	Giga Watt hours
HACCP	Hazard Analysis and Critical Control Points-an internationally recognized system for reducing the risk of safety hazards in food
HI (M)	Hilal-e-Imtiaz (Military)
HAZOP	Hazard and Operability
HIRADC	Hazard Identification Risk Assessment and Determining Control
HORC	Hazard Observation and Review Committee
HR&R	Human Resource and Remuneration
HSE	Health Safety and Environment
IBAN	International Bank Account Number
ICAP	Institute of Chartered Accountants of Pakistan
ICAP / ICMAP BCR Award	Institute of Chartered Accountants of Pakistan/Institute of Cost and Management Accountants of Pakistan Best Corporate Report Award
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFA	International Fertilizer Industry Association
IFRSs	International Financial Reporting Standards
Interest Cover	A financial ratio that measures a company's ability to make interest payments on its debt in a timely manner.
IQF	Individually Quick Frozen; A food preservation technology that freezes each individual piece of food thus retaining its nutritional value while keeping pieces from clumping together
ISMS	Information System Security Management
ITIL	Information Technology Infrastructure Library
KIBOR	Karachi Inter-Bank Offer Rate, periodically announced by the State Bank of Pakistan
LNG	Liquified Natural Gas
Management Letter	Letter written by auditors to directors of the company, communicating material

DEFINITIONS & GLOSSARY OF TERMS

Term	Description
	issues, concerns and suggestions noted during the audit.
M&O	Manufacturing and Operations
MAP	Management Association of Pakistan
MMSCF	Million Standard Cubic Feet
MOIPI	Maintenance of Industrial Peace Initiatives
MOP	Muriate of Potash
MW	Mega Watt
NDMA	National Disaster Management Authority of Pakistan
NEQS	National Environmental Quality Standards
Net worth	Net worth is the amount by which assets exceed liabilities (Equity)
NFDC	National Fertilizer Development Centre, Pakistan
NGO	Non-Government Organization
NIT	National Investment Trust Limited
NTDC	National Transmission & Despatch Company, Pakistan
NTN	National Tax Number
NUST	National University of Science and Technology
OHSAS	Occupational Health and Safety Assessment Series, is an internationally applied British Standard for occupational health and safety management systems.
PEF	Pressure enhancement facility
PIBs	Pakistan Investment Bonds
PICG	Pakistan institute of Corporate governance
PIDE	Pakistan Institute of Development Economics
PMP	Pakistan Maroc Phosphore S.A, Morocco
PSFL	Ex-Pak Saudi Fertilizer Limited
PSX	Pakistan Stock Exchange
RCCI	Rawalpindi Chamber of Commerce and Industries
ROE	Return On Equity-It measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested
ROIC	Return on Invested Capital
SAARC	South Asian Association for Regional Cooperation
SAFA	South Asian Federation of Accountants

Term	Description
SAN	Storage Area Network
SAP-ERP	An enterprise resource planning software developed by the German company SAP SE and used by FFC to manage business, operations and customer relations.
SECP	Securities & Exchange Commission of Pakistan
SI (M)	Sitara-e-Imtiaz (Military)
SNG	Synthetic Natural Gas
SOC	Safe Operation
SOP	Sulphate of Potash
Super Tax	An originally one-time levy of tax imposed by Government in 2015, yet re-imposed in 2016 & 2017, on companies meeting certain income threshholds.
Tariff True-up	Adjustment by National Electric Power Regulatory Authority of reference tariff FFCEL can charge for delivery of electricity to NTDC after commencement of commercial operations
TCP	Trading Corporation of Pakistan
TEL	Thar Energy Limited
TPDC	Tanzania Petroleum Development Corporation
UK	United Kingdom
UNGC	United National Global Compact-The world's largest corporate sustainability initiative that asks companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals
USA	United States of America
VHT	Vapor Heat Treatment
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

SAY NO TO CORRUPTION

FORM OF PROXY

45th Annual General Meeting

I/We ____

of ____

being a member(s) of Fauji Fertilizer Company Limited hold____

Ordinary Shares hereby appoint Mr / Mrs / Miss ____

of ______________________ or failing him / her____

of ______________________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at

the 45th Annual General Meeting of the Company to be held on Tuesday March 28, 2023 and /or any adjournment thereof.

As witness my/our hand/seal this __________ day of __________ March 2023.

Signed by ____

in the presence of____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 156 The Mall, Rawalpindi not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders/Corporate Entities

   In addition to the above the following requirements have to be met.
   (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
   (ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
   (iii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).

AFFIX
CORRECT
POSTAGE

Company Secretary
FAUJI FERTILIZER COMPANY LIMITED
156 The Mall, Rawalpindi Cantt
Website: www.ffc.com.pk
Tel No. +92-51-111-332-111, 8450001

پراکسی فارم

45 واں سالانہ عمومی اجلاس

فوجی فرٹیلائزر کمپنی لمیٹڈ

میں/ہم۔۔۔کا/کے بحیثیت ممبر (ز) فوجی فرٹیلائزر کمپنی لمیٹڈ اور حامل عام حصص محترم/محترمہ۔۔۔۔۔۔۔ یا ان کے حاضر نہ ہوسکنے کی صورت میں۔۔۔۔۔۔۔۔کو اپنے/ہمارے ایماء پر کمپنی کے 28 مارچ 2023 منگل کو ہونے والے 45 واں سالانہ عمومی اجلاس میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

بطور گواہ آج بتاریخ۔۔۔ دن۔۔۔ مارچ 2023 میرے/ہمارے دستخط ہوئے

دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ کی موجودگی میں

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

پانچ روپے کے رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس 156 دی مال راولپنڈی میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔**

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں گی۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

AFFIX
CORRECT
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Company Secretary
FAUJI FERTILIZER COMPANY LIMITED
156 The Mall, Rawalpindi Cantt
Website: www.ffc.com.pk
Tel No. +92-51-111-332-111, 8450001

SAY NO TO CORRUPTION

پیٹرن آف شیئر ہولڈنگ

FFCEL, FWEL-I, FWEL-II, FFFL AND OLIVE TECHNICAL SERVICES

۳۱ دسمبر ۲۰۲۲

ایف ایف سی انرجی لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	243,755,000	99.97
ڈائریکٹرز	7	70,000	0.03
کل	**8**	**243,825,000**	**100**

فاونڈیشن ونڈ انرجی لمیٹڈ-I

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	350,249,489	99.99
ڈائریکٹرز	6	6	0.00
کل	**7**	**350,249,495**	**100**

فاونڈیشن ونڈ انرجی لمیٹڈ-II

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	282,215,158	79.99
دانش ٹپال	1	17,638,450	5.00
ڈائریکٹرز / اسپانسرز			
مصطفیٰ ٹپال	1	35,276,910	10.01
عدنان ٹپال	1	17,638,450	5.00
ڈائریکٹرز			
وقار احمد ملک	1	10	0.00
سرفراز احمد رحمان	1	10	0.00
ندیم عنایت	1	10	0.00
میجر جنرل عابد رفیق ایچ آئی (ایم) (ریٹائرڈ)	1	10	0.00
عزیز اکرام	1	10	0.00
سید بختیار کاظمی	1	1	0.00
تصور اسحاق	1	1	0.00
کل	**11**	**352,769,020**	**100**

فوجی فریش این فریز لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	623,953,000	99.99
ڈائریکٹرز	7	7,000	0.01
کل	**8**	**623,960,000**	**100**

اولیو ٹیکنیکل سروسز (پرائیوٹ) لمیٹڈ

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
فوجی فرٹیلائیزر کمپنی لمیٹڈ	1	20,000,000	99.99
ڈائریکٹرز	4	40	0.00
کل	**5**	**20,000,040**	**100**

پیٹرن آف شیئر ہولڈنگ - FFC

۳۱دسمبر ۲۰۲۲

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
سی ڈی سی۔ ٹرسٹی فیصل ایم ٹی ایس فنڈ۔ایم ٹی	0.00	4,500	1
سی ڈی سی۔ ٹرسٹی لیکسن ٹیکٹیکل فنڈ	0.01	107,392	1
سی ڈی سی۔ ٹرسٹی الحبیب ایسٹ ایلوکیشن فنڈ	0.00	18,000	1
سی ڈی سی۔ ٹرسٹی این آئی ٹی ایسٹ ایلوکیشن فنڈ	0.00	55,000	1
سی ڈی سی۔ ٹرسٹی این آئی ٹی پاکستان گیٹ وے ایکسچینج ٹریڈڈ فنڈ	0.00	32,799	1
سی ڈی سی۔ ٹرسٹی یو بی ایل پاکستان انٹر پرائز ر ایکسچینج ٹریڈڈ فنڈ	0.00	33,153	1
سی ڈی سی۔ ٹرسٹی این بی پی پاکستان گروتھ ایکسچینج ٹریڈڈ فنڈ	0.00	37,812	1
سی ڈی سی۔ ٹرسٹی ایچ بی ایل انکم فنڈ۔ایم ٹی	0.00	600	1
سی ڈی سی۔ ٹرسٹی ایچ بی ایل فنانشل سیکٹر انکم فنڈ پلان 1۔ایم ٹی	0.00	1,300	1
سی ڈی سی۔ ٹرسٹی ایم سی بی پاکستان ڈیویڈنٹ یلید فنڈ	0.01	108,000	1
سی ڈی سی۔ ٹرسٹی این آئی ٹی انکم فنڈ۔ایم ٹی	0.00	200	1
سی ڈی سی۔ ٹرسٹی اے بی ایل پنشن فنڈ۔ایکویٹی سب فنڈ	0.00	30,000	1
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی ڈیڈیکیٹیڈ ایکوئیٹی فنڈ	0.00	15,888	1
عوام الناس			
الف: مقامی	23.95	304,650,065	14,803
ب: غیر ملکی	0.13	1,682,951	217
غیر ملکی کمپنیاں	3.85	48,948,774	63
دیگر	5.11	64,967,038	403
ٹوٹلز	**100.00**	**1,272,238,247**	**15,620**

10 فیصد یا اس سے زیادہ کے حصص یافتگان		تعداد حصص	فیصد
فوجی فاؤنڈیشن		**129,516,412**	**10.18**
کمیٹی آف ایڈمن،فوجی فاؤنڈیشن		**434,687,842**	**34.17**

مالیاتی کیلنڈر

کمپنی کے مالیاتی سال کی مدت یکم جنوری سے 31 دسمبر تک ہے۔

کمپنی کے مالیاتی نتائج کا اعلان مندرجہ ذیل عارضی جدول کے مطابق کیا جائے گا۔

سالانہ عام اجلاس	28مارچ 2023
31مارچ 2023 کو ختم ہونے والی پہلی سہ ماہی:	آخری ہفتہ اپریل 2023
30جون 2023 کو ختم ہونے والی دوسری سہ ماہی:	آخری ہفتہ جولائی 2023
30ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی:	آخری ہفتہ اکتوبر 2023
سالانہ نتائج 31دسمبر 2023	آخری ہفتہ جنوری 2024

حصص یافتگان کی اقسام	حصص یافتگان	تعداد حصص	فیصد
صدر پاکستان			
اسلامی جمہوریہ پاکستان	0.70	8,945,913	1
ڈائریکٹرز اوران کی شریک حیات اور چھوٹے بچے			
سعد امان اللہ	0.00	500	1
عائشہ خان	0.00	100	1
جہانگیر شاہ	0.00	1,000	1
مریم عزیز	0.00	100	1
منسلک کمپنیاں، اقرارنامے اور متعلقہ کمپنیاں	44.35	564,204,254	2
ایگزیکٹیوز اینڈ ایمپلائیز	0.02	256,822	13
عوامی شعبے کی کمپنیاں اور کارپوریشنز	11.02	140,244,127	11
این آئی ٹی اینڈ آئی سی پی	0.00	-	-
بینک، ڈیولپمنٹ فنانس انسٹیٹیوشنز، غیر بینکاری کے مالی ادارے، بیمہ کمپنیاں، تکافل، مداربہ اور پنشن فنڈز	8.32	105,903,904	64
مشترکہ فنڈز			
ٹرسٹی. راحیم اقبال رفیق اینڈ کو ایمپلائیز پروویڈینٹ فنڈ	0.00	2,000	1
سی ڈی سی۔ ٹرسٹی ایچ بی ایل انویسٹمنٹ فنڈ	0.00	22,463	1
سی ڈی سی۔ ٹرسٹی جے ایس لارج کیپ۔ فنڈ	0.00	35,000	1
سی ڈی سی۔ ٹرسٹی ایچ بی ایل گروتھ فنڈ	0.00	1,574	1
سی ڈی سی۔ ٹرسٹی اٹلس سٹاک مارکیٹ فنڈ	0.33	4,238,412	1
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی ویلیو فنڈ	0.01	77,400	1
سی ڈی سی۔ ٹرسٹی یونٹ ٹرسٹ آف پاکستان	0.01	66,222	1
سی ڈی سی۔ ٹرسٹی اے کے ڈی انڈیکس ٹریکر فنڈ	0.01	190,640	1
سی ڈی سی۔ ٹرسٹی یو بی ایل سٹاک ایڈوانٹیج فنڈ	0.04	503,582	1
سی ڈی سی۔ ٹرسٹی این بی پی سٹاک فنڈ	0.30	3,797,447	1
سی ڈی سی۔ ٹرسٹی این بی پی بیلنسڈ فنڈ	0.02	216,700	1
سی ڈی سی۔ ٹرسٹی اے پی ایف۔ ایکوئیٹی سب فنڈ	0.02	273,800	1
سی ڈی سی۔ ٹرسٹی جے ایس پنشن سیونگز فنڈ۔ ایکوئیٹی اکاؤنٹ	0.00	34,500	1
سی ڈی سی۔ ٹرسٹی ایچ بی ایل۔ سٹاک فنڈ	0.00	22,004	1
ایم سی ایف ایس ایل۔ ٹرسٹی جے ایس گروتھ فنڈ	0.01	152,500	1
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی سٹاک فنڈ	0.03	444,521	1
سی ڈی سی۔ ٹرسٹی الفلاح جی ایچ پی ایلفا فنڈ	0.01	155,498	1
سی ڈی سی۔ ٹرسٹی این آئی ٹی۔ ایکوئیٹی مارکیٹ اوپرچیونیٹی فنڈ	0.15	1,919,287	1
سی ڈی سی۔ ٹرسٹی الحبیب سٹاک فنڈ	0.00	32,000	1
سی ڈی سی۔ ٹرسٹی لکسن ایکوئیٹی فنڈ	0.08	1,064,053	1
سی ڈی سی۔ ٹرسٹی این بی پی سرمایہ اضافہ فنڈ	0.02	210,700	1
سی ڈی سی۔ ٹرسٹی یو بی ایل ایسٹ ایلوکیشن فنڈ	0.00	27,562	1
سی ڈی سی۔ ٹرسٹی فرسٹ کیپیٹل میوچل فنڈ	0.00	10,000	1
سی ڈی سی۔ ٹرسٹی یو بی ایل ریٹائرمنٹ سیونگز فنڈ۔ ایکوئیٹی سب فنڈ	0.01	66,946	1
سی ڈی سی۔ ٹرسٹی نیشنل انویسٹمنٹ (یونٹ) ٹرسٹ	1.45	18,387,744	1
سی ڈی سی۔ ٹرسٹی اے ڈبلیو ٹی سٹاک فنڈ	0.00	35,500	1

8۔ ممبرز کو مطلع کیا جاتا ہے کہ SECP SRO 2014/(1)787 بمورخہ 8 ستمبر 2014 کے مطابق اور کمپنیز ایکٹ 2017 کے سیکشن (6)223 کے تحت، آڈٹ شدہ مالیاتی گوشواروں اور سالانہ اجلاس عام کے نوٹس کی ترسیل بذریعہ ای میل (الیکٹرانک فارمیٹ) کی اجازت دی گئی ہے۔

مندرجہ بالا تقاضوں کی تعمیل میں سالانہ رپورٹ 2022 کی سافٹ کاپیاں ان ممبران کو ای میل کی جا رہی ہیں جنہوں نے الیکٹرانک فارمیٹ میں اس طرح کی مواصلت حاصل کرنے کا انتخاب کیا ہے۔ دیگر ممبران جو سالانہ رپورٹ 2022 الیکٹرانک فارم میں وصول کرنا چاہتے ہیں وہ بھی SRO کے مطابق کمپنی کی ویب سائٹ پر فراہم کردہ فارمیٹ پر درخواست دائر کر سکتے ہیں۔ جن اراکین نے ای میل کے ذریعے سالانہ رپورٹ 2022 حاصل کرنے پر رضامندی فراہم کی ہے، وہ بعد میں ہارڈ کاپی کی درخواست کر سکتے ہیں جو سات دنوں کے اندر مفت فراہم کر دی جائے گی۔

ممبران سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ ای میل ایڈریسز میں کسی بھی تبدیلی سے بروقت مطلع کریں تا کہ کمپنی کی مؤثر مواصلات کو یقینی بنایا جا سکے۔

9۔ 31 دسمبر 2022 کو ختم ہونے والے مالی سال کیلئے کمپنی کی سالانہ آڈٹ شدہ مالی Financial Statements بھی کمپنی کی ویب سائٹ www.ffc.com.pk پر فراہم کر دی گئی ہیں

10۔ ممبرز کسی استفسار یا مزید معلومات کیلئے کمپنی یا شیئر رجسٹرار سے درج ذیل فون نمبرز، ای میل ایڈریسز پر رابطہ کر سکتے ہیں:

ایف ایف سی شیئرز ڈیپارٹمنٹ

ٹیلی فون: +92-051-8453235

ای میل: shares@ffc.com.pk

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

سی ڈی سی ہاؤس B-99، بلاک 'B'،

S.M.C.H.S مین شاہراہِ فیصل، کراچی-74400

ٹیلی فون: 0800-23275

ای میل: info@cdcpak.com

11۔ بین الاقوامی بینکنگ اکاؤنٹ نمبر کی فراہمی (IBAN تفصیل)

کمپنیز ایکٹ 2017 کے سیکشن 242 اور ایس ای سی پی کے سرکلر نمبر 2018 (I)421 مورخہ 19 مارچ 2021 کے تحت، ایک لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے براہ راست حقدار شیئر ہولڈرز کے نامزد بینک اکاؤنٹس میں ادا کرے۔ مزید برآں SECP نے 19 مارچ 2021 کے اپنے خط کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈر کے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) کی تفصیلات حاصل کریں۔

اس تناظر میں، براہ راست اپنے بینک اکاؤنٹ میں ڈیویڈنڈ حاصل کرنے کیلئے، فزیکل فارم میں شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے IBAN کی تفصیلات اپنے CNIC کی ایک کاپی کے ساتھ کمپنی رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ, سی ڈی سی ہاؤس B-99، بلاک 'B'، S.M.C.H.S مین شاہراہِ فیصل، کراچی-74400 فراہم کریں۔ سی ڈی ایس میں بک انٹری فارم پر شیئر ہولڈنگ رکھنے والے شیئر ہولڈر کو ہدایت کی جاتی ہے کہ وہ اپنے IBAN کی تفصیلات براہ راست متعلقہ بروکر/شرکت کنندہ/CDC انویسٹر اکاؤنٹ سروسز کو جمع کرائیں۔

12۔ فزیکل سیکیورٹیز کو بک انٹری فارم میں منتقلی

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے فزیکل شیئرز کو، کمیشن کی جانب سے مطلع کردہ تاریخ کے مطابق (ایکٹ کے نفاذ یعنی 30 مئی 2017 سے چار سال کی مدت کے اندر) بک انٹری فارم کے ساتھ تبدیل کر لے۔ مزید برآں SECP نے 26 مارچ 2021 کے اپنے خط کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈر کی فزیکل سیکیورٹیز کو بک انٹری فارم میں منتقلی کیلئے ضروری کارروائی کریں۔

مذکورہ بالا ہدایات کی روشنی میں فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ سی ڈی ایس شرکت کنندہ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کے ساتھ سی ڈی سی اکاؤنٹ کھولیں اور اپنی موجودہ فزیکل سیکیورٹیز کو بک انٹری فارم میں تبدیل کر لیں۔

B. برائے تقرری پراکسیز

(i) انفرادی معاملہ کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/ یا وہ شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، درج بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔

(ii) پراکسی فارم کی تصدیق وہ شخص کرے گا جس کا نام، پتہ اور CNIC نمبر فارم پر درج ہوگا۔

(iii) مستفدین کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔

(iv) پراکسی اجلاس کے دوران اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی نمونہ دستخط کے ساتھ (پہلے فراہم نہ کئے جانے کی صورت میں) پراکسی فارم کے ساتھ کمپنی کو جمع کرائی جائے گی۔

4۔ ویڈیو کانفرنس کی سہولت کے لیے رضامندی

کمپنیز ایکٹ 2017 کے سیکشن 132(2) میں درج اجازت کے تحت، ممبران اس سالانہ جنرل اجلاس کیلئے لاہور اور کراچی میں ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں بشرطیکہ کمپنی کو مذکورہ بالا جگہ پر رہائش پذیر 10% یا اس سے زیادہ شیئر ہولڈنگ والے ممبران کی رضامندی میٹنگ کی تاریخ سے کم از کم 7 دن پہلے موصول ہو جائے۔

اراکین کو اس سہولت تک (مندرجہ بالا شرائط کی تکمیل سے مشروط) رسائی کیلئے مقام بارے اجلاس عام کی تاریخ سے 5 دن پہلے ضروری مکمل معلومات کے ساتھ مطلع کر دیا جائے گا۔

اس سلسلے میں برائے کرم اجلاس عام کے انعقاد سے 7 دن پہلے کمپنی کے رجسٹرڈ پتے پر درج ذیل فارمیٹ کے مطابق ایک باقاعدہ دستخط شدہ درخواست بھجوا دیں۔

میں/ ہم، ________ کا ______________، فوجی فرٹیلائزر کمپنی لمیٹڈ کا رکن ہونے کے ناطے، رجسٹر فولیو/سی ڈی سی اکاؤنٹ نمبر ________ کے مطابق ________ عام حصص کا حامل ________ پر ویڈیو کانفرنس کی سہولت کا انتخاب کرتا ہوں۔

ممبر کے دستخط ________

5۔ ڈیویڈنڈز پر ودہولڈنگ ٹیکس

یکم جولائی 2019 سے نافذ العمل فنانس ایکٹ 2019 کی دفعات کے مطابق دسویں شیڈول کی دفعات ڈیویڈنڈ سے ودہولڈنگ ٹیکس پر لاگو ہوتی ہیں اور ڈیویڈنڈ کی ادائیگیوں سے انکم ٹیکس کی کٹوتی کی شرحیں حسب ذیل ہوں گی:-

(a) فعال ٹیکس دہندگان کی فہرست (ATL) میں شامل افراد کیلئے: 15%

(b) فعال ٹیکس دہندگان کی فہرست (ATL) میں ظاہر نہ ہونے والے افراد کیلئے: 30%

تاہم یکم جولائی 2020 کو رُو بہ مؤثر فعال ٹیکس دہندگان کی فہرست (ATL) میں شامل نہ ہونے والے شخص سے اضافی ٹیکس کی دفعات غیر رہائشی افراد کو ڈیویڈنڈ کی ادائیگی کی حد تک (بمطابق فنانس ایکٹ 2020) لاگو نہیں ہوتی ہیں۔

کمپنی کو 30% کی بجائے 15% کیش ڈیویڈنڈ کی رقم پر ٹیکس کٹوتی کرنے کے قابل بنانے کیلئے، تمام شیئر ہولڈرز جن کے نام FBR کی ویب سائٹ پر فراہم کردہ ایکٹو ٹیکس پیئر زلسٹ (ATL) میں اِس حقیقت کے باوجود کہ وہ فائرز ہیں، ظاہر نہیں ہو رہے ہیں، انہیں ہدایت کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ نقد ڈیویڈنڈ کی منظوری کی تاریخ یعنی 25 مارچ 2023 سے پہلے ان کے نام ATL میں درج کر لئے گئے ہیں۔ بصورت دیگر ان کے کیش ڈیویڈنڈ پر 15% کی بجائے 30% ٹیکس کاٹا جائے گا۔

سی ڈی سی اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز کو اپنے نیشنل ٹیکس نمبرز (NTNs) کو اپنے متعلقہ شرکاء کے ساتھ اپ ڈیٹ کرنا ہوگا جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کو اپنے NTN سرٹیفکیٹ کی ایک کاپی کمپنی یا اس کے شیئر رجسٹرار یعنی سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ, سی ڈی سی ہاؤس B-99، بلاک 'B'، S.M.C.H.S مین شاہراہِ فیصل، کراچی-74400 کو بھیج دینی چاہیے۔ شیئر ہولڈرز کو NTN یا NTN سرٹیفکیٹ (جیسا کہ معاملہ ہو) بھیجتے وقت کمپنی کا نام اور اپنے متعلقہ فولیو نمبرز کا حوالہ دینا ہوگا۔

ٹیکس صورتحال برائے مشترکہ شیئر ہولڈرز

ایف بی آر 25 ستمبر 2014 کے اپنے وضاحتی خط نمبر I(54)Exp/2014-132872-R کے ذریعے واضح کر چکی ہے کہ مشترکہ ناموں یا جوائنٹ اکاؤنٹس میں حصص رکھنے والوں کو انفرادی طور پر فائلرز یا نان فائلرز سمجھا جائے گا اور ٹیکس کی کٹوتی ہر شیئر ہولڈر کی متناسب ہولڈنگ کے مطابق کی جائے گی۔

جوائنٹ شیئر ہولڈرز 25 مارچ 2023 تک شیئر رجسٹرار کو اپنی متعلقہ جوائنٹ ہولڈنگ کے تناسب سے درج ذیل فارم کی شکل میں آگاہ کر دیں:-

CDC اکاؤنٹ نمبر	فولیو نمبر	ٹوٹل شیئرز	پرنسپل شیئر ہولڈر		مشترکہ شیئر ہولڈر	
			نام اور CNIC	شیئر ہولڈنگ تناسب	نام اور CNIC	شیئر ہولڈنگ تناسب

6۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات کے تحت، ایک لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک ترسیل کے ذریعے براہ راست حقدار شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں ادا کرے۔ حصص یافتگان سے درخواست کی جاتی ہے کہ وہ منافع (dividends) براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کیلئے کمپنی کی ویب سائٹ پر دستیاب الیکٹرانک کریڈٹ مینڈیٹ فارم اپنے دستخط کے ساتھ پُر کریں اور اسے CNIC کی ایک کاپی کے ساتھ (فزیکل شیئرز کی صورت میں) کمپنی رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ, سی ڈی سی ہاؤس B-99، بلاک 'B'، S.M.C.H.S مین شاہراہِ فیصل، کراچی-74400 کو بھجوا دیں۔ اگر حصص CDC میں رکھے گئے ہیں تو الیکٹرانک کریڈٹ مینڈیٹ فارم براہ راست شیئر ہولڈر کے بروکر/ شرکت کنندہ/ CDC اکاؤنٹ سروسز میں جمع کرانا ضروری ہے۔

الیکٹرانک مینڈیٹ فارم

فولیو نمبر	
شیئر ہولڈر کا نام	
بینک اکاؤنٹ کا عنوان	
بین الاقوامی بینک اکاؤنٹ نمبر (IBAN)	
بینک کا نام	
بینک برانچ کا نام اور پتہ	
شیئر ہولڈر کا سیلولر اور لینڈ لائن نمبر	
NTN/ CNIC نمبر (کاپی منسلک کریں)	
شیئر ہولڈر کے دستخط	

7۔ ایس ای سی پی نے اپنے SRO 470(1)/2016 مورخہ 31 مئی 2016 کے ذریعے کمپنیوں کو سالانہ بیلنس شیٹ، پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ وغیرہ ("سالانہ آڈٹ شدہ اکاؤنٹس") کو ممبران کے رجسٹرڈ پتوں پر بذریعہ CD/ DVD/ USB ترسیل کی اجازت دے رکھی ہے۔ کمپنی نے اِس امر کے پیشِ نظر اپنی سالانہ رپورٹ 2022 اپنے شیئر ہولڈرز کو USB میں بھیج دی ہے۔ کوئی بھی ممبر جسے سالانہ رپورٹ 2022 کی پرنٹ شدہ کاپی درکار ہے، کمپنی کی ویب سائٹ پر دستیاب Standard Request Formd کے ذریعے درخواست کر سکتا ہے۔

نوٹس برائے 45 واں سالانہ اجلاس عام

فوجی فرٹیلائزر کمپنی لمیٹڈ کے شیئر ہولڈرز کا 45واں سالانہ اجلاسِ عام FFC ہیڈ آفس، 156 دی مال راولپنڈی میں مورخہ 28 مارچ 2023 بروز منگل بوقت 10:00 بجے دِن درج ذیل کارروائی کیلئے منعقد ہونا قرار پایا ہے۔

عام کارروائی

1۔ 25 مارچ 2022 کو منعقدہ 44ویں سالانہ اجلاسِ عام کے منٹس کی تصدیق۔

2۔ 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے ڈائریکٹرز رپورٹس کے ساتھ FFC کی آڈٹ شدہ الگ الگ اور مشترکہ Financial Statements نیز آڈیٹرز رپورٹس کے ساتھ اِن الگ الگ اور مشترکہ Financial Statements پر غور وخوض، منظوری اور انہیں اختیار کرنا۔

3۔ سال 2023 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔

4۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے فائنل ڈیویڈنڈ کی ادائیگی پر غور وخوض اور منظوری۔

5۔ چیئر کی اجازت سے کوئی دوسری کارروائی۔

بحکم بورڈ

بریگیڈیئر (ریٹائرڈ) عسرت محمود
کمپنی سیکرٹری

راولپنڈی
06 مارچ 2023

ای ووٹنگ

ممبران کمپنیز ایکٹ 2017 کے سیکشن 145-143 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی قابل اطلاق شقوں کے ساتھ مشروط اپنا حقِ رائے شماری استعمال کر سکتے ہیں۔

ویڈیو کانفرنس کی سہولت

کمپنیز ایکٹ 2017 کے سیکشن 132(2) کے مطابق، اگر کمپنی اجلاس عام کی تاریخ سے کم از کم 7 دن پہلے کسی جغرافیائی محل وقوع پر رہائش پذیر 10% یا اس سے زیادہ شیئر ہولڈر کی رضامندی کی صورت میں ممبران کی ویڈیو کانفرنس کے ذریعے میٹنگ میں شرکت کیلئے، کمپنی (اُس شہر میں اِس سہولت کی دستیابی سے مشروط) ویڈیو کانفرنس کی سہولت کا انتظام کرے گی۔

اہم نکات:

1۔ کمپنی حصص کی منتقلی کی کتابیں 26 مارچ 2023 سے 28 مارچ 2023 تک (دونوں دن شامل) بند رہیں گی اور رجسٹریشن کیلئے حصص کی منتقلی کی کوئی درخواست قبول نہیں کی جائے گی۔ کمپنی کے شیئر رجسٹرار سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ, سی ڈی سی ہاؤس B-99،
بلاک 'B'، S.M.C.H.S مین شاہراہِ فیصل، کراچی-74400 کے پاس مورخہ 25 مارچ 2023 کو کاروباری اوقات کے اختتام تک موصول ہونے والی منتقلی کو ٹرانسفریز کو حتمی منافع کی ادائیگی کیلئے بروقت تصور کیا جائے گا۔

2۔ کمپنی ممبر اپنی جگہ کسی شخص/نمائندے کو بطور پراکسی میٹنگ میں شرکت اور ووٹنگ کیلئے مقرر کر سکتا ہے۔ پراکسیز کو مؤثر ہونے کیلئے کمپنی کے رجسٹرڈ آفس، 156-دی مال راولپنڈی، پاکستان میں میٹنگ کے وقتِ انعقاد سے 48 گھنٹے (چھٹی کے دن کے اوقات نکال کر) پہلے موصول ہو جانا چاہیے۔ ایک رکن ایک سے زیادہ پراکسی مقرر کرنے کا حقدار نہیں ہوگا۔

3۔ CDC کا کوئی بھی مستفید فرد، جو اس اجلاس میں ووٹ دینے کا حقدار ہے، اُسے شناختی ثبوت کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) ساتھ لانا ہوگا اور پراکسی کی صورت میں، پراکسی فارم کے ساتھ شیئر ہولڈر کے تصدیق شدہ CNIC کی ایک کاپی بھی منسلک کرنا ہوگی۔ کارپوریٹ ممبران کے نمائندوں کو اس مقصد کیلئے درکار معمول کی دستاویزات ساتھ لانا ہوں گی۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000 میں درج ذیل ہدایات پر بھی عمل کرنا ہوگا۔

A. میٹنگ میں شرکت کے لیے

(i) انفرادی معاملہ کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، میٹنگ میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر شناخت کی تصدیق کرے گا۔

(ii) CDC پر رجسٹرڈ ممبران سے بھی درخواست کی جاتی ہے کہ وہ اپنے کوائف، شناختی کارڈ نمبر اور CDS میں پنا اکاؤنٹ نمبر ساتھ لائیں۔

(iii) کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی جس میں نامزد شخص کے نمونہ دستخط درج ہوں (پہلے فراہم نہ کئے جانے کی صورت میں) پیش کیا جائے گا۔

(iv) سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر EMD/MISC/82/2012 مورخہ 03 مارچ 2021 کے ذریعے فہرست میں درج کمپنیوں کو ہدایت کی ہے کہ وہ عام اجلاسوں میں اراکین کی ذاتی حاضری کے علاوہ وبا COVID-19 سے لاحق مسلسل خطرے کے پیشِ نظر شیئر ہولڈرز کی فلاح و بہبود اور حفاظت یقینی بنانے کیلئے شیئر ہولڈرز کی ویڈیو لنک کے ذریعے شرکت کا بندوبست بھی کریں۔

(v) ویڈیو لنک وغیرہ کے ذریعے میٹنگ میں شرکت کے خواہشمند کمپنی کے شیئر ہولڈرز کمپنی کو اپنے کوائف بشمول نام، CNIC اسکین (دونوں طرف)، فولیو نمبر، سیل فون نمبر اور ای میل ایڈریس 25 مارچ 2023 تک اوقات کار کے اختتام سے پہلے shares@ffc.com.pk پر ای میل کر دیں۔

(vi) ممبران کو میٹنگ کا ویڈیو لنک ان کے رجسٹرڈ ای میل ایڈریس پر ارسال کیا جائے گا۔

بنیادی خطرہ

درجہ بندی

امکان

شدت

خدمات کے شعبے سے ماہرین کو راغب کرنے میں دشواری

سرمایہ

مالیاتی عملی

قسم

عملیاتی ساکھ

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: خدمات کی مقامی اور بین الاقوامی مارکیٹوں میں اپنی چھاپ قائم کرنا

تخفیفی اقدامات:

برانڈ کی ساکھ اور مؤثر HR پالیسی کی تیاری تا کہ اہل افراد کو راغب کیا اور برقرار رکھا جا سکے

بنیادی خطرہ

درجہ بندی

امکان

شدت

معاشی کساد بازاری کے باعث طلب میں کمی

سرمایہ

افرادی

قسم

معاشی مالیاتی

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: عمدہ کاروباری کارکردگی کے ذریعے مالیاتی استحکام کا حصول

تخفیفی اقدامات:

متبادل مارکیٹس اور خدمات کی تلاش اور تشکیل

بنیادی خطرہ

درجہ بندی

امکان

شدت

غیر معیاری خدمات کے ذریعے برانڈ کی ساکھ اور گروپ کی شہرت کو نقصان

سرمایہ

افرادی

قسم

مالیاتی ساکھ تجارتی

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: خدمات کے شعبے کے کلچر سے واقف قابل ٹیم کی تیاری

تخفیفی اقدامات:

کام کی مؤثر منصوبہ بندی اور معیاری وسائل کی فراہمی کے ذریعے صارفین کے اطمینان اور برانڈ کی ساکھ میں اضافے کو یقینی بنانا

نمایاں خطرات اور مواقع OLIVE

بنیادی خطرہ

درجہ بندی
امکان
شدت

صارفین کے ساتھ پری کوالیفائی کرنے میں ناکامی

سرمایہ
تعلقات افرادی

قسم
تجارتی

سبب | خارجی | نوعیت | اوسط مدت

منسلکہ ہدف: خدمات کی مقامی اور بین الاقوامی مارکیٹوں میں اپنی چھاپ قائم کرنا

تخفیفی اقدامات:

پارٹنر کمپنیوں کے ساتھ مل کر مشترکہ پری کوالیفیکیشن کو ہدف بنانا۔قابلیت اور توثیقیات (Testimonials) کو اجاگر کرنے کے لیے مؤثر Presentations

بنیادی خطرہ

درجہ بندی
امکان
شدت

مسابقتی کاروباری ماحول

سرمایہ
مالیاتی افرادی

قسم
تجارتی

سبب | خارجی | نوعیت | اوسط مدت

منسلکہ ہدف: خدمات فراہم کرنے والی نامور کمپنیوں کے ساتھ تزویراتی اشتراک کا فروغ

تخفیفی اقدامات:

مارکیٹنگ اور سیلز کی مؤثر مہم۔اعلیٰ معیار کی خدمات کی مسابقتی قیمتوں پر فراہمی۔مخصوص مارکیٹس (Niche) کو ہدف بنانا تاکہ مسابقتی برتری قائم کی جا سکے۔گروپ کمپنی کا برانڈ بھی مسابقت کو گھٹا دے گا۔

بنیادی خطرہ

درجہ بندی
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شدت

IT سے متعلقہ خدمات (SAP/Cloud) میں سرمایہ کاری پر کم منافع

سرمایہ
عملی

قسم
مالیاتی تجارتی

سبب | خارجی | نوعیت | طویل مدت

منسلکہ ہدف: خدمات کی مقامی اور بین الاقوامی مارکیٹوں میں اپنی چھاپ قائم کرنا

تخفیفی اقدامات:

ڈیٹا سینٹر کی استعداد بڑھانے کے لیے پائلٹ پراجیکٹ۔مارکیٹنگ اور سیلز کی مؤثر حکمت عملی

بنیادی خطرہ

درجہ بندی
امکان
شدت

وسائل کی محدود دستیابی

سرمایہ
مالیاتی تخلیق کردہ

قسم
اسٹریٹیجک

سبب | داخلی | نوعیت | اوسط مدت

منسلکہ ہدف: خدمات کی مقامی اور بین الاقوامی مارکیٹوں میں اپنی چھاپ قائم کرنا

تخفیفی اقدامات:

اپنے انفراسٹرکچر اور وسائل کو محدود ترین سطح پر رکھنا۔مارکیٹ میں موجود ماہرین کا ڈیٹا بیس۔افرادی قوت فراہم کرنے والی کمپنیوں کے ساتھ مزید اشتراک

سبب | داخلی | **نوعیت** | فوری

منسلکہ ہدف: عمدہ مالی حالت اور پائیدار عملیات

تخفیفی اقدامات:

Parent کمپنی کی مالی طاقت اور کاروباری ساکھ مشکل حالات سے نکالنے کے لیے کمپنی کی معاونت کرے گی

بنیادی خطرہ

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مالی ذمہ داریوں کی ادائیگی کے لیے ناکافی نقدی جوکہ Liquidity کے مسائل پیدا کر دے

سرمایہ

مالیاتی

قسم

مالیاتی

سبب | خارجی | **نوعیت** | فوری

منسلکہ ہدف: لاگت کو کم کرنے کے لیے مؤثر اقدامات

تخفیفی اقدامات:

مسلسل کوششوں سے آپریشنل لاگت کو کم کرنا اور مارکیٹ کے حالات کا جائزہ لے کر بہتر قیمت وصول کرنا۔ پائیدار شراکت داری کو یقینی بنانے کے لئے تمام کاروباری شراکت داروں اور تقسیم کاروں کا مؤثر کردار۔ پیداوار کے ضیاع پر قابو پا کر مصنوعات کی پیداواری لاگت میں کمی۔ جدید ٹیکنالوجی کے ذریعے ضیاع پر قابو پایا جا سکتا ہے

بنیادی خطرہ

درجہ بندی

امکان

شدت

لاگت پر قابو میں کمی سے مصنوعات مسابقتی ماحول میں مقابلہ کرنے کے قابل نہیں رہتیں

سرمایہ

مالیاتی

قسم

تجارتی

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: صارفین کو بہترین معیار کی مصنوعات کی فراہمی، صارفین کی مرکزیت

تخفیفی اقدامات:

کوالٹی کنٹرول کا با اختیار شعبہ، مصنوعات کی بہتری کی مسلسل کوشش، زرعی تحقیق اور ترقی تا کہ آلو کی ایسی اقسام تیار کی جا سکیں جو کہ زیادہ عرصہ تک خشک رہنے والے عمدہ فرنچ فرائز فراہم کر سکیں

بنیادی خطرہ

درجہ بندی

امکان

شدت

غیر معیاری مصنوعات صارفین کے اعتماد کو ختم کر دیتی ہیں

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نمایاں خطرات اور مواقع FFF

بنیادی خطرہ

درجہ بندی | امکان | شدت

آنکھ اوجھل پہاڑ اوجھل

سرمایہ

مالیاتی | افرادی

قِسم

تجارتی

سبب | خارجی | نوعیت | قلیل مدت

مسلکہ ہدف: پسندیدہ ترین برانڈ بننا

تخفیفی اقدامات:

مصنوعات کے بہترین امتزاج کے ذریعے ممکنہ صارفین سے مناسب اور مؤثر رابطہ

بنیادی خطرہ

درجہ بندی | امکان | شدت

نمایاں خطرات اور مواقع ۔ایف ایف ایف حریفوں کا داخلہ

سرمایہ

مالیاتی

قِسم

تجارتی

سبب | خارجی | نوعیت | قلیل مدت

مسلکہ ہدف: مارکیٹ میں قائدانہ حیثیت کو مضبوط بنانا

تخفیفی اقدامات:

مارکیٹ شیئر میں اضافہ، مارکیٹ میں رسوخ کو کو بڑھانا، تمام ممکنہ شہروں اور دوکانوں پر مصنوعات کی دستیابی کو یقینی بنانا

بنیادی خطرہ

درجہ بندی | امکان | شدت

مسابقتی مارکیٹ میں تکنیکی مہارت میں پیچھے رہ جانے کے باعث مصنوعات کا متروک ہوجانا

سرمایہ

مالیاتی

قِسم

مالیاتی

سبب | خارجی | نوعیت | قلیل مدت

مسلکہ ہدف: بہترین ٹیکنالوجی

تخفیفی اقدامات:

تکنیکی ٹیم ٹیکنالوجی کی جدت اور دنیا کے بہترین اداروں کے طریقہ کار سے اچھی طرح آگاہ رہتی ہے۔ٹیکنالوجی اور بہترین طریقوں سے اعلیٰ معیار کی مصنوعات کو مسابقتی قیمتوں پر یقینی بنایا جاسکتا ہے

بنیادی خطرہ

درجہ بندی

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شدت

سیکیورٹی/دہشت گردی کے خطرات جو کہ پیدوار/اثاثوں/افرادی قوت کے زیاں کا باعث بنیں

سرمایہ

سماجی

قِسم

سیاسی سیکیورٹی

سبب | خارجی | **نوعیت** | اوسط مدت

منسلکہ ہدف: سماجی زندگی، ماحولیاتی بقاء، معاشرے کی بہبود۔ منافع میں اضافے اور مستقل اقتصادی ترقی کے لئے نئے کاروبار کا اجراء

تخفیفی اقدامات:

خصوصی سیکیورٹی فرم کی خدمات حاصل کی گئی ہیں اور اس کے ساتھ کثیر الجہتی سیکیورٹی نظام، بشمول CCTV کوریج، گشت اور پیٹرولنگ، بنایا گیا ہے۔ پلانٹس پر ایمرجینسی سیفٹی/سیکیورٹی کی مشقیں۔ علاقے میں متعین حکومتی ایجنسیوں، بشمول پولیس اور رینجرز، کے ساتھ روابط۔ مناسب انشورنس کوریج

بنیادی خطرہ

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EPA/ Implementation Agreement اور ریگولیٹری اتھارٹی کے طے شدہ ضوابط سے انحراف

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مالیاتی افرادی

قِسم

تعمیلی

سبب | خارجی | **نوعیت** | اوسط مدت

منسلکہ ہدف: توانائی کی پیداوار میں اضافہ، نئے کاروباری مواقع کی تشکیل/تلاش، O&M میں خود انحصاری میں اضافہ

تخفیفی اقدامات:

کسی بھی قسم کی قانون شکنی سے بچنے کے لئے سخت نگرانی اور ضوابط کا نفاذ

بنیادی خطرہ

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عملیاتی خطرہ (Operational Risk)

سرمایہ

مالیاتی افرادی

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اسٹریٹیجک

سبب | خارجی | **نوعیت** | طویل مدت

منسلکہ ہدف: توانائی کی پیداوار میں زیادہ سے زیادہ اضافہ

تخفیفی اقدامات:

کنٹریکٹرز کے ساتھ پریمیئم O&M معاہدے

جامع انشورنس پالیسیاں

فائر فائٹنگ ٹینڈرز اور پانی کی دستیابی

توانائی کی خریداری کے طویل المیعاد معاہدے

درجہ بندی			شدت			امکان		
کم	اوسط	بلند	کم	اوسط	بلند	کم	اوسط	بلند

نمایاں خطرات اور مواقع FFCEL, FWEL-I and FWEL-II

بنیادی خطرہ

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ہوا کی رفتار میں کمی کا خطرہ

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مالیاتی افرادی

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سبب | خارجی | نوعیت | طویل مدت

مسلکہ ہدف: توانائی کی پیداوار میں زیادہ سے زیادہ اضافہ

تخفیفی اقدامات:

EPA اور نیپرا ٹیرف کے تحت ہوا کی رفتار کا خطرہ توانائی کے خریدار ادارے کا ہے

ماہانہ CMPCE کی سخت نگرانی

ماہانہ دستیابی کی سخت نگرانی

بنیادی خطرہ

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شرح سود اور شرح مبادلہ میں تغیر کا خطرہ

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مالیاتی افرادی

قسم

مالیاتی

سبب | خارجی | نوعیت | قلیل مدت

مسلکہ ہدف: موزوں لاگت

تخفیفی اقدامات:

شرح مبادلہ میں تغیر کو نیپرا ٹیرف کے تحت تحفظ فراہم کیا گیا ہے

شرح مبادلہ میں ششماہی بنیادوں پر ٹیرف کے ذریعے ترمیم کی جاتی ہے

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اکلوتے گاہک پر انحصار

سرمایہ

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قسم

مالیاتی

سبب | خارجی | نوعیت | قلیل مدت

مسلکہ ہدف: توانائی کی پیداوار میں اضافہ/موزوں لاگت

تخفیفی اقدامات:

گردشی قرضے (Circular Debt) کے باعث کیش فلو کا مناسب انتظام

گرڈ کی دستیابی توانائی کے خریدار ادارے کی ذمہ داری ہے

O&M کنٹریکٹرز کے ساتھ پریمیئم O&M معاہدے

IPPs کو ادائیگیوں کی CPPA کی پالیسی میں تغیر کمپنی کے دائرہ اختیار سے باہر ہے۔

CPPA سے واجب الوصول رقوم کے لئے حکومت پاکستان کی غیر مشروط ضمانت موجود ہے۔

فنڈز کی وصولی کے لیے CPPA کے ذمہ داران کے ساتھ مستقل روابط رکھے جاتے ہیں۔

ایک فعال شعبہ مالیات جو کسی بھی ناگہانی صورتحال سے نمٹنے کے لئے وافر مقدار میں فنڈز کی دستیابی کو یقینی بنائے۔

سبب | خارجی | نوعیت | طویل مدت

منسلکہ ہدف: سماجی زندگی، ماحولیاتی بقاء، معاشرے کی بہبود اور O&M میں خود انحصاری

تخفیفی اقدامات:

حقیقی O&M لاگت اور قرض دھندگان کی جانب سے موصول معلومات کی بنیاد پر حکومت کے ساتھ مذاکرات، حکومت کو قائل کرنا کہ FFCEL نے پہلے ہی O&M اور مالیاتی لاگتوں میں کمی کر دی ہے چنانچہ مزید کمی ممکن نہیں

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حکومت کی جانب سے O&M اور مالیاتی لاگت میں کمی کے مطالبات

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مالیاتی افرادی

قسم

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سبب | خارجی | نوعیت | طویل مدت

منسلکہ ہدف: O&M میں خود انحصاری

تخفیفی اقدامات:

EPA کی دفعات کے تحت استثناء کے حصول کی کوشش، متوازی طور پر، CTBCM میں حصہ لینے کی تیاریاں

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توانائی کی ہول سیل مسابقتی مارکیٹ CTBCM میں حصہ لینے کا مطالبہ

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سبب | خارجی | نوعیت | طویل مدت

منسلکہ ہدف: O&M میں خود انحصاری

تخفیفی اقدامات:

EPA کی دفعات کے تحت استثناء کے حصول کی کوشش، متوازی طور پر، CTBCM میں حصہ لینے کی تیاریاں

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قدرتی آفات اور حکومتی ضوابط کے باعث Supply Chain میں رکاوٹ– سپیئر پارٹس کی دستیابی میں تاخیر کے باعث WTGs کی طویل بندش

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نمایاں خطرات اور مواقع FFCEL, FWEL-I and FWEL-II

خطرہ بائیں

درجہ بندی

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آپریشنل خرابیاں، مرمت کے مسائل، پلانٹ کی فرسودگی جو کہ دستیابی، پیداوار اور وثوق میں کمی کا باعث بنیں

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عملیاتی

سبب | خارجی | نوعیت | اوسط مدت

منسلکہ ہدف: توانائی کی پیداوار میں اضافہ/موزوں لاگت

تخفیفی اقدامات:

OEM کے مجوزہ مرمتی شیڈول کی پابندی کے ساتھ ساتھ مسلسل نگرانی اور OEM کے ساتھ رابطہ تا کہ O&M کے طریقہ کار میں جدت لائی جا سکے۔ غیر متوقع خرابیوں کے لیے Spares کی مجوزہ انوینٹری کو برقرار رکھنے کے ساتھ ساتھ تجربے کی روشنی میں پرزوں کی اقسام اور سطح میں مناسب تبدیلیاں۔ تجربے کی روشنی میں OEM کے مجوزہ Operational Manuals پر عملدرآمد، مرمت کرنے والی ٹیم کی مستقل عملی تربیت۔ مرمت وتجدید کی in-house صلاحیتوں کا حصول۔ پلانٹ کی کارکردگی اور وثوق سے متعلق جائزے تاکہ فرسودگی کے اثرات میں تخفیف کی جا سکے۔ تھرڈ پارٹی تکنیکی آڈٹس۔ مناسب انشورنس کوریج۔

خطرہ بائیں

درجہ بندی

امکان

شدت

تجربہ کار اور ماہر افرادی قوت کا چھوڑ جانا

سرمایہ

مالیاتی افرادی

قسم

عملیاتی

سبب | داخلی | نوعیت | قلیل مدت

منسلکہ ہدف: توانائی کی پیداوار میں اضافہ، نئے کاروباری مواقع کی تشکیل/تلاش، O&M میں خودانحصاری میں اضافہ

تخفیفی اقدامات:

FFCEL کی ہمہ جہتی تجربہ کار ٹیم ہر قسم کی افرادی قوت کے متبادل کو یقینی بناتی ہے۔ مارکیٹ وسیع ہو چکی ہے اور DPS/NDX اور دیگر IPPs کی تجربہ کار افرادی قوت دستیاب ہے۔ چین سے بھی تجربہ کار افرادی قوت حاصل کی جا سکتی ہے۔ gearbox/converters کے ماہرین سے رابطے قائم کیے جاتے ہیں۔ ملازمین کو روکنے کے لیے پرکشش پالیسیاں متعارف کرائی گئی ہیں

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ادائیگی میں تاخیر کے نتیجے میں liquidity کے مسائل

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منسلکہ ہدف: توانائی کی پیداوار میں اضافہ، موزوں لاگت

تخفیفی اقدامات:

IPPs کو ادائیگیوں کی CPPA کی پالیسی میں تغیر کمپنی کے دائرہ اختیار سے باہر ہے۔ تاہم CPPA سے واجب الوصول رقوم کے لئے حکومت پاکستان کی خودمختار ضمانت موجود ہے۔ فنڈز کی وصولی کے لیے CPPA کے ذمہ داران کے ساتھ مستقل روابط رکھے جاتے ہیں۔ کسی بھی غیر متوقع ضرورت کے لیے مناسب فنڈز کی دستیابی کو یقینی بنانے کے لیے ایک فعال مالیاتی نظام۔

اشاریہ کیلئے صفحہ نمبر 478 دیکھئے

برس کے مقابلے میں 13 فیصد کم ہے۔

پاکستان مراک فاسفور (PMP)، مراکش

PMP کو 2004 میں مراکش میں ایک پرائیویٹ کمپنی کے طور پر قائم کیا گیا تھا۔ یہ FFC کے 12.5 فیصد، Fauji Foundation کے 12.5 فیصد، FFBL کے 25 فیصد اور مراکش کی حکومت کی ملکیتی Office Cherifien Des Phosphates کے 50 فیصد حصے کے ساتھ ایک مشترکہ منصوبہ (Joint Venture) ہے۔ کمپنی نے اپنے کاروبار کا آغاز 2008 میں کیا اور یہ فاسفورک ایسڈ، کھاد اور دیگر مصنوعات کی تیاری اور فروخت کے کاروبار میں مصروف ہے۔

اس کا پلانٹ جوف لاسفر مراکش میں واقع ہے اور اس کی سالانہ پیداواری صلاحیت 375 ہزار ٹن صنعتی فاسفورک ایسڈ ہے جو کہ زیادہ تر FFBL کو DAP کی پیداوار کے لئے بطور خام مال مہیا کی جاتی ہے جبکہ زائد پیداوار کو بین الاقوامی منڈی میں فروخت کیا جاتا ہے۔

PMP نے گزشتہ سال 57 ارب روپے کے مقابلے میں 128 ارب روپے کی آمدن فروخت حاصل کی اور گزشتہ سال کے مقابلے میں 80 فیصد اضافے کے ساتھ 19.1 ارب روپے کا خالص منافع کمایا۔

FFC نے سال کے دوران منافع منقسمہ کی مد میں PMP سے 1.35 ارب روپے کی آمدن حاصل کی۔

تھرانرجی لمیٹڈ (TEL)

TEL، ایک مندرج پبلک لمیٹڈ کمپنی، کو سن 2016 میں ایک غیر مندرج پبلک کمپنی کے طور پر قائم کیا گیا تھا۔ اس کی بنیادی سرگرمی 330MW کے کوئلے سے چلنے والے Power Plant کی تعمیر، ملکیت، چلانا اور برقرار رکھنا ہے جو کہ تھر بلاک ۲، تھر کول مائنز، سندھ میں قائم کیا گیا ہے۔ یہ پراجیکٹ CPEC کے تحت قائم کیا جا رہا ہے اور اس میں HUB Power Company Limited اور China Machinery Engineering Corporation کی شراکت داری ہے۔ TEL نے اکتوبر 2022 سے تجارتی سرگرمیوں کی شروعات کر دی ہے اور آمدنی حاصل ہونا شروع ہو گئی ہے FFC اس منصوبے میں 30 فیصد حصے کی مالک ہے۔

دورانِ سال، کمپنی نے TEL میں 2.2 ارب روپے کی مزید سرمایہ کاری کی اس طرح مجموعی سرمایہ کاری بڑھ کر 5.7 ارب روپے ہو گئی۔

اندرونی مالیاتی ضوابط کی موزونیت (Adequacy of Internal Financial Controls)

تمام گروپ کمپنیز کے متعلقہ بورڈز نے اندرونی مالیاتی ضوابط کا ایک مستعد اور مؤثر نظام وضع کیا ہے ۔ جس کے نتیجے میں اخلاقی رویوں اور اقدار کا ایک مثبت کاروباری ماحول فروغ پاتا ہے۔ ایک آزاد داخلی محاسب شعبہ (Internal Audit Function) باقاعدگی کے ساتھ ان ضوابط کے نفاذ کی نگرانی کرتا ہے، جو کہ براہِ راست متعلقہ آڈٹ کمیٹیوں کو جوابدہ ہے۔ کمپنیوں کی آڈٹ کمیٹیاں، سہ ماہی بنیادوں پر اندرونی ضوابط کے نظام کے مؤثر اور موزوں ہونے اور مالیاتی گوشواروں کا تجزیہ کرتی ہیں۔

منافع کی تقسیم اور ذخائر کا تجزیہ (Profit Distribution & Reserve Analysis)

سال کے شروع میں گروپ کے ذخائر 103,078 ملین روپے تھے جس میں سے 5,916 ملین روپے حصہ داروں نے سال 2021 کے حتمی منافع منقسمہ کے لیے منظور کیے۔

سال 2022 کے دوران گروپ نے 34,729 ملین روپے کا مجموعی (Comprehensive) منافع حاصل کیا اور مجموعی طور پر 11,425 ملین روپے مالیت کے تین عبوری منافع منقسمہ تقسیم کیے جو کہ 8.98 روپے فی حصہ بنتے ہیں۔ اس طرح سال 2022 کے اختتام پر مجموعی ذخائر 120,116 ملین روپے تھے، جیسا کہ نیچے تفصیل سے بیان کیا گیا ہے:

منافع کی تقسیم	ملین روپے	فی حصہ روپے
ابتدائی ذخائر	**103,078**	
Non-controlling interest	(350)	
حتمی منافع منقسمہ 2021	(5,916)	4.65
خالص منافع 2022	34,371	27.02
دیگر Comprehensive خسارہ	358	
تصرف کے لیے میسر منافع	131,541	
منافع کی تقسیم:		
پہلا عبوری منافع منقسمہ 2022	(4,707)	3.70
دوسرا عبوری منافع منقسمہ 2022	(2,672)	2.10
تیسرا عبوری منافع منقسمہ 2022	(4,046)	3.18
اختتامی ذخائر	**120,116**	

واقعات مابعد (Subsequent Events)

FFC کے بورڈ آف ڈائریکٹرز نے 30 جنوری 2023 کو منعقدہ اجلاس میں اپنے حصہ داران کے لیے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 3.15 روپے فی حصہ حتمی منافع منقسمہ کی سفارش کی ہے۔ اس طرح سال کے لیے مجموعی ادائیگی 12.13 روپے فی حصہ رہی۔ اس رپورٹ کے مکمل ہونے کی تاریخ تک مزید ایسی کوئی قابل قدر چیز نہ تھی جو کہ گروپ کی مالی حیثیت پر اثر انداز ہو سکے۔

وقار احمد ملک
چیئرمین

Sarfaraz Ahmed Rehman

سرفراز احمد رحمٰن
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر
راولپنڈی
30 جنوری 2023

گروپ کی مالیاتی کارکردگی

اچھی پوزیشن میں ہے۔

آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

جناب سرفراز احمد رحمٰن

ڈاکٹر ندیم عنایت

سید بختیار کاظمی

جناب محمد منیر ملک

جناب نعیم اقبال کھوکھر

جناب علی اسرار حسین آغا

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب سرفراز احمد رحمٰن

سید بختیار کاظمی

جناب محمد علیم خان

جناب اکبر فدا حسین

اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ (OLIVE)

اولیو ٹیکنیکل سروسز (پرائیویٹ) لمیٹڈ FFC کی ایک کلی ملکیتی ذیلی کمپنی ہے جسے، آپریشنز اور مینجمنٹ میں FFC کے 40 برسوں پر محیط تجربے کو بنیاد بناتے ہوئے، 2021 میں خدمات کے شعبے میں قائم کیا گیا تھا۔ ہماری حکمت عملی، آغاز میں مرکزی کمپنی اور دیگر گروپ کمپنیز کو خدمات کی فراہمی اور بعدازاں مقامی اور عالمی مارکیٹوں میں رسائی پر مرکوز ہے۔

OLIVE کا بنیادی مقصد مقامی اور بین الاقوامی صارفین کو تکنیکی خدمات کی فراہمی ہے۔ دورانِ سال، کمپنی نے کئی کاروباری معاہدے کیے جن میں کھاد، آئل ریفائنریز، IT اور ہوا سے بجلی بنانے کے شعبے شامل ہیں۔ ہم نے توانائی کے شعبے میں 3 بڑے پیمانے کے O&M معاہدوں کے لیے Bidding میں بھی حصہ لیا۔

مستقبل میں، دیگر پراجیکٹس کے ساتھ ساتھ بجلی بنانے والے کارخانوں کو O&M خدمات کی فراہمی کے لیے بڑے پیمانے کے معاہدوں کا حصول متوقع ہے۔ مقامی سطح پر خدمات کی فراہمی کے ساتھ ساتھ، کمپنی عالمی منڈی میں بھی، O&M اور ٹریننگ کے شعبوں میں، کاروباری روابط استوار کر رہی ہے۔

کاروبار کو وسعت دینے کی حکمت عملی کے تحت، ہم مقامی اور عالمی سطح پر خدمات فراہم کرنے والی کمپنیوں کے ساتھ کاروباری اشتراک بھی کر رہے ہیں۔ یہ وسائل کی تقسیمِ باہمی اور مؤثر استعمال کے ذریعے ہماری رسائی میں اضافہ کرے گا۔ سال 2022 کے لیے کمپنی نے 72.5 ملین روپے کی آمدن فروخت (Revenue) رپورٹ کی ہے۔ یہ کامیابی، بہتر کاروباری حکمت عملی اور وسعت کے باعث ممکن ہوسکی۔

کمپنی، عالمی صارفین کے ساتھ روابط قائم کر کے اور خدمات کی فراہمی کے ذریعے، بین الاقوامی مارکیٹ میں اپنی پہچان میں اضافے کے لیے کوشاں ہے، تاکہ صارفین کے آپریشنل اور مینٹننس مسائل کے حل فراہم کرنے والی جدید کمپنی بننے کا مقصد حاصل کیا جا سکے۔ مارکیٹ میں بہت زیادہ وسعت کے باعث، ٹریننگ اور آئی ٹی خدمات کی فراہمی پر توجہ مسلسل مرکوز رہے گی۔ OLIVE کا مقصد، کاروباری اشتراک کے ذریعے اپنے آپریشنز کا پھیلاؤ ہے تاکہ بڑے پیمانے کے معاہدے حاصل کیے جاسکیں۔

کمپنی کے آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے OLIVE کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

دورانِ سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	سبکدوشی
28 جنوری 2022	جناب اکبر فدا حسین	جناب ریحان احمد

منسلکہ کمپنیاں (Associated Companies)

عسکری بینک لمیٹڈ (AKBL)

بینک 1991 میں ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوا اور 600 برانچوں کے نیٹ ورک بشمول 120 اسلامی برانچوں اور 57 ذیلی برانچوں اور مملکت بحرین میں ایک Wholesale بینک برانچ کے ساتھ AKBL ایک کمرشل بنک ہے اور بنیادی طور پر بینکنگ کے کاروبار میں مصروف ہے۔۔

بینک نے گزشتہ برس کے 24.5 ارب روپے کے مقابلے میں 28.9 ارب روپے کی خالص سود کی آمدنی حاصل کی، جبکہ کل آمدن 38 ارب روپے ریکارڈ کی گئی جو 2021 کے مقابلے میں 21% زائد ہے۔ بعد از ٹیکس منافع 10.7 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ برس 6.7 ارب روپے تھا، اس کا بنیادی سبب provisions/write- offs کی صرف 181 ملین کی مالیت ہے جو کہ گزشتہ برس 4.2 ارب روپے تھی۔ اس طرح فی حصہ آمدن 8.5 روپے فی حصہ رہی جو کہ گزشتہ برس 5.3 روپے فی حصہ تھی۔

PACRA نے طویل مدت کے لیے بینک کی +AA کی ادارہ جاتی درجہ بندی کی دوبارہ توثیق کرتے ہوئے بنک کے Outlook کو بھی Stable قرار دیا ہے جبکہ مختصر مدت کے لیے +A1 درجہ بندی کو برقرار رکھا گیا ہے۔

فوجی سیمنٹ کمپنی لمیٹڈ (FCCL)

FCCL پاکستان اسٹاک ایکسچینج پر مندرج ایک پبلک کمپنی ہے جو 1992 میں معرض وجود میں آئی۔ کمپنی بنیادی طور پر مختلف انواع کے سیمنٹ بنانے اور بیچنے کے کاروبار سے منسلک ہے اسکی مجموعی پیداواری صلاحیت 3.56 ملین ٹن ہے۔ سال 2021 میں FCCL اور عسکری سیمنٹ لمیٹڈ دونوں کے بورڈ آف ڈائریکٹرز نے عسکری سیمنٹ لمیٹڈ کے FFCL میں انضمام کی سکیم کی منظوری دی ہے۔ اس سکیم کی معزز لاہور ہائیکورٹ نے بھی مارچ 2022 میں منظوری دے دی ہے۔ اس انضمام کے بعد، FCCL ملک کی سیمنٹ کی مارکیٹ میں تیسری سب سے بڑی کمپنی بن گئی ہے جس کی استعداد 10.3 ملین ٹن ہے۔

عسکری سیمنٹ اور FCCL کے حصہ داران کے درمیان حصص کے تبادلے کے نتیجے میں، FCCL میں FFC کی ہولڈنگ گزشتہ برس کے 6.79% سے کم ہو کر 4.29% ہوگئی ہے۔

FCCL کے مالی سال کی پہلی سہ ماہی کے دوران، کمپنی نے 2021 کے مقابلے میں 27% اضافہ ریکارڈ کرتے ہوئے 14.7 ارب روپے کی آمدن حاصل کی۔ نتیجتاً، خالص منافع 2.3 ارب روپے ریکارڈ کیا گیا۔ دورانِ سال، FFC نے FCCL کی جانب سے کوئی منافع منقسمہ وصول نہیں کیا۔

فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL)

FFBL ایک مندرج پبلک کمپنی ہے جسے سال 1993 میں FFC جارڈن فرٹیلائزر کمپنی کے نام سے قائم کیا گیا تھا جو کہ 2003 میں اصلاحات کے بعد FFBL میں تبدیل ہوگئی۔ FFC کو 7.15 ارب روپے کی مجموعی سرمایہ کاری کے ساتھ 49.88% ایکویٹی کنٹرول حاصل ہے۔

FFBL، DAP اور Granular Urea بنانے والا پاکستان کا واحد ادارہ ہے، جن کی پیداواری استعداد بالترتیب 650 ہزار ٹن اور 551 ہزار ٹن ہے۔ اس کے دونوں کارخانے بن قاسم میں واقع ہیں۔

دورانِ سال FFBL نے تاریخ کی بلند ترین 183.1 ارب روپے کی مجموعی آمدن فروخت (Consolidated turnover) حاصل کی جو کہ DAP کی بہتر قیمتوں کے باعث ہونے والی زائد آمدن کی وجہ سے ہے۔ کمپنی کا خالص منافع 8.1 ارب روپے رہا، جو کہ سپر ٹیکس کے نفاذ کے باعث، زائد ٹیکس چارج کی وجہ سے گزشتہ

FWEL-I ہوا سے بجلی بنانے والا 50MW کا پراجیکٹ ہے جسے بجلی بنانے اور فروخت کرنے کے مقصد کے تحت قائم کیا تھا، اس نے اپنی تجارتی سرگرمیوں کا آغاز اپریل 2015 میں کیا تھا۔ FFC نے اس منصوبے میں 7.49 ارب روپے کی سرمایہ کاری کی ہے۔

اگرچہ یہ مالی گوشوارے جنوری تا دسمبر 2022 کے بارہ مہینوں کے لیے ہیں۔ تاہم، مالی سال کی تبدیلی کی وجہ سے، تقابلی گوشوارے جولائی - دسمبر 2021 کے چھ ماہ کے عرصے کے لیے ہیں، چنانچہ، مکمل طور پر تقابل نہیں کیا جا سکتا۔

FWEL-I نے اوسط دستیابی کا عنصر 98.48% حاصل کرتے ہوئے 106.3GWh بجلی فراہم کی۔ پلانٹ نے کارکردگی کے تمام کلیدی اہداف حاصل کیے۔

دورانِ سال 4.8 ارب روپے کی آمدن فروخت (Sales Revenue) رجسٹر کی گئی جبکہ کمپنی کی جانب سے 3.2 ارب روپے کا خالص منافع رپورٹ کیا گیا اور بجلی کے خریدار ادارے کی جانب سے فنڈز کی بہتر وصولی کے باعث کمپنی اپنے حصہ داران کو 1.75 ارب روپے کا منافع منقسمہ ادا کرنے کے قابل ہوئی۔

FWEL-I کے آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک
جناب سرفراز احمد رحمٰن
میجر جنرل خالد محمود (ریٹائرڈ)
میجر جنرل آصف علی (ریٹائرڈ)
ڈاکٹر ندیم عنایت
سید بختیار کاظمی
میجر جنرل عابد رفیق (ریٹائرڈ)
جناب محمد علیم خان
جناب محمد منیر ملک
سید عاطف علی

دورانِ سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	سبکدوشی
10 جنوری 2022	میجر جنرل آصف علی (ریٹائرڈ)	جناب وقار احمد ملک
12 اپریل 2022	جناب محمد علیم خان	میجر جنرل خالد محمود (ریٹائرڈ)
7 ستمبر 2022	سید عاطف علی	جناب محمد منیر ملک

فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ (FWEL-II)

29 ستمبر 2021 کو FFC نے FWEL-II کی 80% ملکیت حاصل کر لی، جو کہ ایک غیر مندرج پبلک لمیٹڈ کمپنی ہے۔ FWEL-II ہوا سے بجلی بنانے والا 50 MW کا پراجیکٹ ہے جسے بجلی بنانے اور فروخت کرنے کے مقصد کے تحت قائم کیا تھا، اس نے اپنی تجارتی سرگرمیوں کا آغاز دسمبر 2014 میں کیا تھا۔ FFC نے اس منصوبے میں 6.02 ارب روپے کی سرمایہ کاری کی ہے۔

FWEL-II نے اوسط دستیابی کا عنصر 98.48 فیصد حاصل کرتے ہوئے 114.5 GWh بجلی قومی گرڈ کو فراہم کی۔ پلانٹ نے کارکردگی کے تمام متعلقہ اہداف حاصل کیے۔

دورانِ سال 4.8 ارب روپے کی آمدن فروخت (Sales Revenue) رجسٹر کی گئی جبکہ کمپنی کی جانب سے 3.1 ارب روپے کا خالص منافع رپورٹ کیا گیا اور فنڈز کی بہتر دستیابی کے باعث کمپنی نے اپنے حصہ داران کو 1.75 ارب روپے کا منافع منقسمہ ادا کیا۔

FWEL-II کے آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والی 3 ماہ کی مدت کے لیے کمپنی کی Financial Statements پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک
جناب سرفراز احمد رحمٰن
میجر جنرل خالد محمود (ریٹائرڈ)
میجر جنرل آصف علی (ریٹائرڈ)
ڈاکٹر ندیم عنایت
سید بختیار کاظمی
میجر جنرل عابد رفیق (ریٹائرڈ)
جناب محمد منیر ملک
جناب عزیز اکرام
جناب تصور اسحاق
سید عاطف علی
جناب مصطفیٰ ٹپال
جناب عدنان ٹپال

دورانِ سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	تقرری	سبکدوشی
10 جنوری 2022	میجر جنرل آصف علی (ریٹائرڈ)	جناب وقار احمد ملک
12 اپریل 2022	جناب محمد منیر ملک	میجر جنرل خالد محمود (ریٹائرڈ)
7 ستمبر 2022	سید عاطف علی	جناب محمد منیر ملک

فوجی فریش این فریز لمیٹڈ (FFF)

FFF پاکستان کا پہلا Individually Quick Freeze (IQF) ٹیکنالوجی کا حامل پلانٹ ہے جو کہ تازہ اور منجمد (Frozen) پھلوں اور سبزیوں کی پراسیسنگ کرتا ہے، اس کا برانڈ OPA ہے، جو کہ گھر گھر میں معروف آلو کے چپس ہیں۔ یہ ایک غیر مندرج (Unlisted) پبلک کمپنی ہے، جسے FFC نے اکتوبر 2013 میں کلی ملکیتی ذیلی کمپنی کے طور پر خریدا تھا۔ تا حال، اس پراجیکٹ میں FFC کی مجموعی سرمایہ کاری 6.34 ارب روپے ہے ۔

سال 2022 میں کئی اہم واقعات رونما ہوئے جن کے کمپنی کی کارکردگی اور طویل مدتی تزویراتی سمت طے کرنے پر مثبت اثرات پڑنے کے امکانات ہیں، جس میں نئی فرنچ فرائز لائن کا بہتر پیداواری صلاحیت کے ساتھ کامیاب آغاز شامل ہے۔ ترسیل کے شیڈول میں رکاوٹوں اور افراطِ زر کے دباؤ کے باوجود یہ منصوبہ مقررہ وقت کے اندر مکمل کیا گیا۔

دورانِ سال ایک اور اہم پیش رفت، بین الاقوامی ریسٹورنٹس کے نیٹ ورکس کے ساتھ کامیاب کاروباری اشتراک تھا۔ کمپنی نے گاہکوں کی مانگ کے مطابق فرنچ فرائز کامیابی کے ساتھ فراہم کیے ہیں۔ اس کامیابی نے ہماری مصنوعات کی درجہ بندی کو اوسط (Mid-tier) سے معیاری (Premium) میں تبدیل کر دیا ہے اور امکان ہے کہ مستقبل میں مقامی منڈیوں میں ہماری مصنوعات کے لیے مزید طلب پیدا ہوگی۔

پھلوں اور سبزیوں کے شعبے نے اپنی کامیاب پیشرفت کو جاری رکھا ہے اور سال کے دوران متاثر کن نمو دکھائی ہے۔ اس شعبے میں کامیابی کا سہرا بنیادی طور پر Agri Development Program کے سر ہے جس کے ذریعے ہم مسابقتی نرخوں پر اعلیٰ معیار کی مصنوعات خریدتے ہیں۔ اس پیشرفت کے جاری رہنے کی توقع ہے کیونکہ کمپنی نے ایک بھرپور تشہیری مہم کے ذریعے ملک بھر میں اپنی رسائی کو بڑھانے کے لیے جامع منصوبے تشکیل دے رکھے ہیں۔

FFF نے بلا تعطل سپلائی چین کے ساتھ ساتھ ترسیل میں پھیلاؤ اور برانڈ میں سرمایہ کاری کے ذریعے، آمدن فروخت (Turnover) میں 82% نمو حاصل کی، جس کے نتیجے میں گزشتہ سال کے مقابلے میں خام منافع کے مارجن (GP Margin) میں 125% کا نمایاں اضافہ ہوا۔ تاہم شرح سود میں تیزی سے اضافے کے باعث مالیاتی لاگت میں اضافہ ہوا جس کی وجہ سے گزشتہ برس کے مقابلے میں بعد از ٹیکس 397 ملین روپے کا نقصان ہوا۔

کمپنی، کسانوں تک اپنے براہِ راست روابط، ملک بھر میں ترسیل کے نظام، انتہائی پُرعزم اور تجربہ کار افرادی قوت اور سپانسرز کے اعتماد اور شہرت کی بنیاد پر اپنے کاروباری مقاصد کے حصول کے لیے تیار اور

گروپ کی مالیاتی کارکردگی

گروپ کی مالیاتی کارکردگی

FFC گروپ مندرجہ ذیل کمپنیوں پر مشتمل ہے:

مرکزی کمپنی(Holding Company)

فوجی فرٹیلائزر کمپنی لمیٹڈ(FFC)

ذیلی کمپنیاں(Subsidiary Companies)

ایف ایف سی انرجی لمیٹڈ(FFCEL)

فوجی فریش این فریز لمیٹڈ(FFF)

فاؤنڈیشن ونڈ انرجی-1 لمیٹڈ(I-FWEL)

فاؤنڈیشن ونڈ انرجی-2 لمیٹڈ(II-FWEL)

اولیو ٹیکنیکل سروسز(پرائیویٹ)لمیٹڈ(OLIVE)

مُسلکہ کمپنیاں(Associated Companies)

عسکری بینک لمیٹڈ(AKBL)

فوجی سیمنٹ کمپنی لمیٹڈ(FCCL)

فوجی فرٹیلائزر بن قاسم لمیٹڈ(FFBL)

پاکستان مراکش فاسفورایس۔اے۔مراکش(PMP)

تھرانرجی لمیٹڈ(TEL)

نفع ونقصان کا تجزیہ

آمدن(Turnover)

گروپ کی طرف سے 125.6 ارب روپے کی تاریخی آمدن، جو کہ گزشتہ سال کے مقابلے میں 10% زائد ہے، اس کا بنیادی سبب افراطِ زر کے باعث یوریا کی بلند قیمتیں اور ہمارے خوراک اور توانائی کے کاروبار کی بہتر آمدن ہے۔

لاگت فروخت(Cost of Sales)

لاگت فروخت سال 2021 کے مقابلے میں 4% اضافے کے ساتھ 75.9 ارب روپے ریکارڈ کی گئی جس کا بنیادی سبب افراطِ زر اور کھاد کی صنعت کے لیے سیلز ٹیکس کی چھوٹ کا خاتمہ ہے۔

خام منافع(Gross Profit)

اس طرح گروپ کا خام منافع 49.07 ارب روپے رہا جو کہ گزشتہ برس کے 41.4 ارب روپے کے مقابلے میں 20% زائد ہے۔

انتظامی اور ترسیلی اخراجات(Administrative & Distribution Expenses)

11.2 ارب روپے کے انتظامی اور ترسیلی اخراجات گزشتہ سال کے مقابلے میں 23% بڑھ گئے جس کا بنیادی سبب ایندھن کی قیمتوں میں اضافہ اور Double Digit افراطِ زر رہے۔

مالیاتی لاگت(Finance Cost)

شرح سود میں تیزی سے اضافے کے ساتھ ساتھ 2022 کے دوران قرض کی زیادہ ضروریات، گزشتہ برس کی 2.7 ارب روپے کی مالیاتی لاگت کے مقابلے میں 5.9 ارب روپے کی مالیاتی لاگت کا باعث بنیں۔

دیگر آمدن(Other Income)

فنڈز کا مؤثر استعمال اور بلند شرح سود، 11.5 ارب روپے کی، اب تک کی بلند ترین، سرمایہ کاری آمدن پر منتج ہوئے، جو کہ سال 2021 کے مقابلے میں 82% زائد ہے۔

دیگر نقصانات(Other Losses)/ دیگر اخراجات(Other Expenses)

دیگر نقصانات، جو کہ واجب الادا GIDC پر ہونے والے عارضی اکاؤنٹنگ فائدے کی 2.1 ارب روپے کی جزوی واپسی اور حکومت سے واجب الوصول سبسڈی پر 670 ملین روپے کے Expected Credit Loss پر مشتمل ہیں، دورانِ سال ریکارڈ کیے گئے۔ بہتر منافع کے تناسب سے WWF اور WPPF کے اخراجات میں اضافے کے باعث، دیگر اخراجات 3% اضافے کے ساتھ 3.1 ارب روپے ہو گئے۔

مُسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ (Share of Profit of Associates and Joint Venture)

مُسلکہ کمپنیوں اور مشترکہ منصوبوں سے منافع کا حصہ، 12.4 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ برس 10.2 ارب روپے تھا اور اس کا بڑا سبب مُسلکہ کمپنیوں کے منافع میں اضافہ ہے۔

ٹیکس اخراجات (Provision for Taxation)

16.3 ارب روپے کا ٹیکس چارج، 2021 کے مقابلے میں 62% زیادہ ہے اور اس کا بنیادی سبب سپر ٹیکس کا نفاذ ہے جس نے گروپ کے منافع کو منفی طور پر متاثر کیا۔

خالص منافع(Net Profit)

نتیجتاً، گروپ کا خالص منافع 14% کمی کے ساتھ 34.4 ارب روپے رہا جبکہ فی حصہ آمدن 27.02 روپے رہی جو کہ گزشتہ برس 31.33 روپے فی حصہ تھی۔

ذیلی کمپنیاں (Subsidiary Companies)

ایف ایف سی انرجی لمیٹڈ(FFCEL)

FFCEL، جو کہ ہوا سے بجلی بنانے والا سرخیل ادارہ ہے، FFC کی ایک کلّی ملکیتی ذیلی کمپنی ہے۔ جسے بجلی بنانے اور فروخت کرنے کے بنیادی مقصد کے تحت قائم کیا گیا ہے۔ FFCEL نے مئی 2013 میں تجارتی سرگرمیوں کا آغاز کیا تھا اور اس کی بجلی بنانے کی استعداد 49.5MW ہے۔ اس کمپنی میں FFC کی موجودہ ایکویٹی سرمایہ کاری 2.44 ارب روپے ہے۔

FFCEL نے اوسطاً 99% دستیابی ریکارڈ کرتے ہوئے 89.5 GWh بجلی قومی گرڈ کو فراہم کی۔ دورانِ سال، ہر دو سال بعد کی جانے والی مرمت و بحالی کے باوجود، پلانٹ نے کارکردگی کے تمام کلیدی اہداف حاصل کیے۔

بجلی خریدنے والے ادارے کے ساتھ ترمیم شدہ معاہدے کے تحت ROE کو 17% سے کم کر کے 13 فیصد کر دینے کے باوجود، 2022 میں آمدن فروخت(Sales Revenue) گزشتہ سال کی 3.1 ارب روپے کے مقابلے میں 6% اضافے کے ساتھ 3.3 ارب روپے ہو گئی جس کا سبب سہ ماہی Indexation کے ذریعے ٹیرف میں اضافہ ہے۔ عملیاتی لاگت (Operating Cost) میں 10% اضافہ بنیادی طور پر افراطِ زر کے باعث ہے، جبکہ دورانِ سال KIBOR کی شرح میں بے مثال اضافے کے باوجود، کم قرض لینے کے باعث مالیاتی لاگت میں گزشتہ برس کے مقابلے میں کمی ہوئی۔ نقدی کی بہتر ترسیل (Cashflows) اور بلند شرح سود کے باعث، دورانِ سال، سرمایہ کاریوں/ ڈپازٹس پر 740 ملین روپے کی تاریخی آمدن ہوئی۔ نتیجتاً، کمپنی نے اپنی تاریخ کا بلند ترین 2.5 ارب روپے کا خالص منافع ریکارڈ کیا جو کہ گزشتہ برس 1.9 ارب روپے تھا۔

FFCEL کے آڈیٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کے مالیاتی گوشواروں پر اپنی رائے بغیر کسی تحفظات کے دے دی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کے نام:

جناب وقار احمد ملک

جناب سرفراز احمد رحمٰن

میجر جنرل آصف علی (ریٹائرڈ)

میجر جنرل احمد محمود حیات (ریٹائرڈ)

جناب قمر حارث منظور

جناب محمد علیم خان

سید بختیار کاظمی

جناب خرم شہزاد خان

دورانِ سال پُر کی گئی عارضی آسامیاں

تقرری کی تاریخ	یکم ستمبر 2022
تقرری	میجر جنرل آصف علی (ریٹائرڈ)
سبکدوشی	جناب وقار احمد ملک

فاؤنڈیشن ونڈ انرجی-1 لمیٹڈ(I-FWEL)

29 ستمبر 2021 کو FFC نے I-FWEL کی 100 فیصد ملکیت حاصل کر لی، جو کہ ایک غیر مندرج پبلک لمیٹڈ کمپنی ہے۔

چئیرمین کا تجزیہ (گروپ)

معزز حصص داران!

دورانِ سال، ملک کو معاشی، ماحولیاتی اور بین الاقوامی مسائل سمیت مختلف مشکلات کا سامنا کرنا پڑا۔

اگرچہ گروپ نے اپنی تاریخ کی بلند ترین آمدن حاصل کی، تاہم، افراط زر کی انتہائی بلند سطح، Double Digit شرح سود اور کرنسی کی قدر میں کمی نے گروپ کے منافع کو منفی طور پر متاثر کیا۔ کھاد کے شعبے کے لیے سپر ٹیکس کے نفاذ اور جی ایس ٹی سے استثنیٰ سے مالیاتی کارکردگی مزید متاثر ہوئی۔

2022 کے دوران، ہمارے ہوا سے بجلی بننے والے سرخیل ادارے ایف ایف سی انرجی لمیٹڈ (FFCEL)، نے 2.5 ارب روپے کا اپنی تاریخ کا بلند ترین بعد از ٹیکس خالص منافع حاصل کیا جو کہ گزشتہ برس 1.94 ارب روپے تھا۔ ٹربائنوں کی دستیابی کا عنصر 99 فیصد تھا، اس طرح قومی گرڈ کو GWh 89.49 بجلی فراہم کی۔ ہمیں یقین ہے کہ FFCEL مستقبل میں بھی ہماری توقعات سے بہتر کارکردگی دکھائے گا اور حصہ داران کو پرکشش منافع ادا کرے گا۔

ہمارے حال ہی میں خریدے گئے ہوا سے بجلی بنانے والے اداروں FWEL-I اور FWEL-II نے بھی عمدہ کارکردگی کا مظاہرہ کیا اور کارکردگی کے تمام بنیادی اشاریے (KPIs) کامیابی سے حاصل کیے۔ دورانِ سال، FWEL-I اور FWEL-II میں سے ہر ایک نے اپنے حصہ داران کو 1.75 ارب روپے کا منافع منقسمہ ادا کیا اور گروپ کی آمدن میں اضافہ کیا۔ FWEL-I اور FWEL-II کی ٹربائنوں کی دستیابی کا عنصر بالترتیب 98.48 فیصد اور 98.31 فیصد تھا، اس طرح دونوں کارخانوں نے مجموعی طور پر قومی گرڈ کو GWh 220.74 بجلی فراہم کی۔

دورانِ سال، Fauji Fresh n Freeze Limited (FFF) کی آمدن میں 82 فیصد اضافہ ہوا اور گزشتہ سال خام منافع کی شرح کے مقابلے میں 125 فیصد کا نمایاں اضافہ دیکھا گیا۔ FFF نے ایک نئی فرنچ فرائز لائن کو بھی کامیابی کے ساتھ شروع کیا جس سے پیداواری صلاحیت میں اضافہ ہوا ہے۔ تاہم، بلند شرح سود کی وجہ سے مالیاتی لاگت میں اضافے کے باعث منافع کی شرح کم ہوگئی اور 2021 میں 333 ملین روپے کے نقصان کے مقابلے میں 396 ملین روپے کا بعد از ٹیکس نقصان ہوا۔ بورڈ کو توقع ہے کہ مسلسل بہتری اور استعداد میں اضافے کے ساتھ، FFF جلد ہی گروپ کا منافع بڑھانا شروع کر دے گا۔

ہماری تکنیکی خدمات فراہم کرنے والی کمپنی OLIVE نے بھی کووڈ کے بعد اپنی مسلسل سرگرمیوں کے پہلے برس کے دوران اچھی پیشرفت دکھائی۔ اس نے کھاد، آئل ریفائننگ، آئی ٹی اور ہوا سے بجلی بنانے کے شعبوں میں منصوبے شروع کیے اور صارفین اور روابط کو بڑھانے کے لیے، خدمات فراہم کرنے والی مقامی اور بین الاقوامی کمپنیوں کے ساتھ بھی اشتراک قائم کیا۔ ہم توقع کرتے ہیں کہ آنے والے سالوں میں یہ بتدریج ترقی کرتی رہے گی۔

ہماری منسلکہ کمپنی، عسکری بینک لمیٹڈ (AKBL) نے 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے، گزشتہ برس کے 6.72 ارب روپے کے مقابلے میں 10.72 ارب روپے کا بعد از ٹیکس منافع کمایا، اس کا بنیادی سبب بعض قرضوں اور پیش ادائیگیوں میں، پچھلے سال کی نسبت آنے والی کمی ہے۔ اس طرح 2022 میں فی حصہ آمدن بڑھ کر 8.53 روپے فی حصہ ہوگئی جو کہ گزشتہ سال 5.39 روپے فی حصہ تھی۔

2022 میں فوجی فرٹیلائزر بن قاسم لمیٹڈ (FFBL) نے اپنی تاریخ کی بلند ترین 183.13 ارب روپے کی آمدن حاصل کی جو کہ 2021 کے مقابلے میں 43 فیصد زائد ہے اور اس کا بنیادی سبب DAP کی زیادہ آمدن فروخت ہے۔ تاہم، درآمدی خام مال کی زائد قیمتوں اور سپر ٹیکس کے نفاذ کے باعث، خالص منافع 13 فیصد کم ہو کر 8.03 ارب روپے رہا۔

دورانِ سال، TEL نے تجارتی سرگرمیوں کا آغاز کر دیا اور بورڈ کو یقین ہے کہ چند ہی سالوں میں یہ پراجیکٹ بھی منافع ادا کرنا شروع کر دے گا۔

منسلکہ کمپنیوں سے منافع کا حصہ 12.4 ارب روپے رہا جو کہ گزشتہ برس سے 24% زائد ہے، یہ منافع اور سرمایہ کاریوں پر ہونے والی شاندار آمدن کے ساتھ ساتھ لاگت پر قابو پانے کے موثر اقدامات نے گروپ کو 34.37 ارب روپے کا منافع حاصل کرنے کے قابل بنایا۔

مرکزی کمپنی FFC نے 8.98 روپے فی حصہ عبوری منافع منقسمہ تقسیم کیا ہے، بورڈ آف ڈائریکٹرز نے 3.15 روپے فی حصہ کے حتمی منافع منقسمہ کی سفارش کی ہے۔

ملک کا ناسازگار معاشی ماحول کاروباری سرگرمیوں کے لیے بہت سے چیلنجز کا باعث ہے لیکن بورڈ، ہمہ گیر مقاصد کے حصول اور عمدہ کارکردگی کے کلچر کو فروغ دینے کے لیے گروپ کو رہنمائی فراہم کرنے کیلیے پرعزم ہے تا کہ حصہ داران کو پرکشش منافع کی فراہمی جاری رکھی جا سکے۔

وقار احمد ملک

وقار احمد ملک
چیئرمین

راولپنڈی
30 جنوری 2023

مستقبل کی توقعات

مستقبل کے چیلنجز اور بے یقینی کا تدارک (Response to Future Challenges And Uncertainties)

FFC کو متاثر کونے والے نمایاں خطرات اور امکانات (Key Risks and Uncertainties Affecting FFC)

FFC کا منافع متعدد بیرونی عوامل پر منحصر ہے جس میں خام مال کی مناسب فراہمی، ملک کے اندر اس کی مصنوعات کی طلب، کھاد کی بین الاقوامی قیمتیں، میکرو اکنامک اشاریے اور منسلکہ کمپنیوں کے موجودہ ماحول میں تبدیلیاں شامل ہیں۔ جیسا کہ 2022 کے سیلاب میں دیکھا گیا، موسمیاتی آفات کا بھی ہماری فروخت پر اثر پڑتا ہے اور یہ ہمارے اختیار سے باہر ہیں۔

طویل مدت میں سب سے بڑی غیر یقینی صورتحال جو کھاد کی صنعت کو متاثر کر رہی ہے وہ مناسب قیمتوں پر گیس کی مسلسل دستیابی ہے کیونکہ ملک کے گیس کے ذخائر تیزی سے ختم ہو رہے ہیں۔ ہم گیس کمپریشن انفراسٹرکچر میں سرمایہ کاری کر رہے ہیں جبکہ گیس کی متبادل فراہمی کو یقینی بنانے کے لیے اپنے پلانٹ کو SNGPL پائپ لائن سے جوڑنے کا منصوبہ بھی شروع کر رہے ہیں۔

قلیل سے درمیانی مدت میں ہمارا فوری چیلنج پیداوار کو مستحکم سطح پر برقرار رکھنے کے لیے ان منصوبوں کا بروقت نفاذ ہے۔ تاہم، روپے کی قدر میں کمی اور حکومت کی جانب سے، درآمدات پر پابندیاں لگا کر، اس قدر میں کمی کو روکنے کے لیے کیے گئے اقدامات نے گیس کمپریسرز اور پلانٹ کے اسپیئر پارٹس کے لیے ضروری Capex کے لیے لیٹر آف کریڈٹ کھولنا مشکل بنا دیا ہے۔ بروقت مرمت اور دیکھ بھال اور پرانے ہوتے ہوئے پلانٹس کے پرزوں کی تبدیلی مستحکم پیداوار کے لیے لازمی ہے چنانچہ ان مسائل کے حل کے لیے حکومت کی مدد ناگزیر ہے۔

سپر ٹیکس کا نفاذ، زیر التواء GST ریفنڈز اور بدستور واجب الوصول سبسڈی واجبات سے کمپنی کے منافع پر منفی اثر پڑتا ہے۔ بظاہر ان مسائل کا کوئی فوری حل دکھائی نہیں دے رہا اگرچہ کمپنی کسی مناسب حل کے لیے حکومت کے ساتھ مسلسل رابطے میں ہے۔ کمپنی نے سپر ٹیکس کے نفاذ کے خلاف اسلام آباد ہائی کورٹ میں رٹ پٹیشن دائر کی ہے، معاملہ زیر سماعت ہے۔

مستقبل میں، اقتصادی عدم استحکام سب سے زیادہ تشویش والا معاملہ دکھائی دیتا ہے جو آئندہ برس FFC کو متاثر کر سکتا ہے۔ حکومت گیس کی قیمتوں میں اضافے پر غور کر رہی ہے جس کے کھاد کی صنعت کے لیے تیزی سے بڑھنے کا اندیشہ ہے، کاروباری استحکام کے پیشِ نظر، کمپنی کو ایسا کوئی اضافہ صارفین پر منتقل کرنا پڑے گا۔ کھاد کی صنعت کو اس وقت درپیش گوناگوں مسائل کے پیش نظر، اس کے طویل المیعاد استحکام کے لیے، حکومتی سرپرستی لازمی ہے۔

چین میں کووِڈ کی پابندیوں میں حالیہ نرمی اور اس کے نتیجے میں وہاں Covid-19 کی منتقلی میں تیزی سے اضافے نے، وباء کی تیزی سے منتقل ہونے والی نئی لہر کے خطرے کو بھی بڑھا دیا ہے۔

ہمارے ریگولیٹرز، صارفین اور سپلائرز، ہمارے شراکت داران ہیں جن کا ہمارے منافع پر سب سے زیادہ اثر پڑتا ہے۔ شراکت داران کے ساتھ مؤثر تعاون کے لیے ہم جو اقدامات اٹھاتے ہیں اس کی تفصیلات 'Stakeholders Engagement' میں فراہم کی گئی ہیں جبکہ 'Capital' اور 'Risk and Opportunity' سیکشن میں کمپنی کا Risk Profile Assessment پیش کیا گیا ہے۔

مستقبل میں بہتر کارکردگی کے لیے کلیدی منصوبے (Key Projects to Support Future Performance)

گیس کے گھٹتے ہوئے دباؤ سے نمٹنے کے لیے گیس کمپریشن انفراسٹرکچر کے نظام میں سرمایہ کاری جاری ہے۔ اس کے ساتھ ساتھ، نئی مصنوعات کی تیاری اور فروخت کے ذریعے بنیادی کاروبار میں طویل المیعاد ترقی کا بھی جائزہ لیا جا رہا ہے۔

ہمارے ذیلی ادارے FFF کی کارکردگی بھی بتدریج بہتر ہو رہی ہے اور امید کی جاتی ہے کہ مستقبل قریب میں یہ ایک کامیاب منصوبہ بن جائے گا۔

FFC،OLIVE کی تکنیکی مہارت کا استعمال کرتے ہوئے، پلانٹ کے معائنہ، دیکھ بھال، انفارمیشن ٹیکنالوجی، اور تربیتی خدمات وغیرہ جیسی مختلف خدمات فراہم کر کے فعال آپریشنز بھی شروع کر چکا ہے۔ توقع کی جاتی ہے کہ وقت گزرنے کے ساتھ ساتھ یہ ادارہ بھی اپنے وسائل کے ساتھ مستحکم ہو جائیگا۔

مستقبل میں، کمپنی کے منافع کو FFC،I&IIFWEL انرجی لمیٹڈ اور دیگر متعلقہ کمپنیوں سے منافع منقسمہ کی مد میں آمدن کے ذریعے اضافے کی امید ہے۔ تھر انرجی لمیٹڈ سے بھی آئندہ چند سالوں میں کمپنی کی آمدنی میں اضافہ متوقع ہے۔ جاری کاروباری منصوبوں کی تفصیلات متعلقہ سرمائے میں بھی بیان کی گئی ہیں بشمول: تخلیق کردہ سرمایہ (Manufactured Capital)، علمی سرمایہ (Intellectual Capital)، افرادی سرمایہ (Human Capital)، سماجی اور تعلقاتی سرمایہ (Social & Relationship Capital)، قدرتی سرمایہ (Natural Capital)

Sarfaraz Ahmed Rehman	
سرفراز احمد رحمٰن	وقار احمد ملک
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر	چیئرمین

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مستقبل کی توقعات

FFC کی 'مستقبل کی توقعات' کا بنیادی مقصد شراکت داروں (Stakeholders) کو مینجمنٹ کے تخمینوں کی بنیاد پر، ان عوامل سے باخبر رکھنا ہے جو ہماری ترقی، کارکردگی اور حیثیت کو متاثر کر سکتے ہیں۔ یہ رپورٹ اس بات پر بھی روشنی ڈالتی ہے کہ ہم مشکلات کا باعث بننے والے اور مارکیٹ کا رخ متعین کرنے والے معروف عناصر کا توڑ کرنے کے لیے کس طرح موافقت اور مطابقت پیدا کرنے کا منصوبہ بناتے ہیں۔ یہ رپورٹ ہمارے شراکت داران کو کمپنی کے ساتھ اپنے تعلقات کے بارے میں مزید یقین کے ساتھ فیصلے کرنے میں مدد فراہم کرے گی۔ اصل صورتحال، البتہ، یہاں بیان کی گئی توقعات سے مختلف ہو سکتی ہے۔ ہماری رپورٹ کے دیگر حصوں مثلاً چیئرمین اور چیف ایگزیکٹو کا جائزہ اور مالیاتی سرمایہ وغیرہ میں بھی مزید معلومات فراہم کی گئی ہیں۔

گزشتہ برس پیش کی گئی مستقبل کی توقعات کا تجزیہ منصوبوں کی کیفیت

2022 کا جائزہ

ملک کے تبدیل ہوتے ہوئے ماحول کی وجہ سے کمپنی کا کاروبار اور کارکردگی بھی متاثر ہوئے ہیں۔ FFC کی اپنے مقاصد کو حاصل کرنے کی صلاحیت پر مختلف معاشی، ماحولیاتی، سیاسی، سماجی، تکنیکی اور قانونی عوامل کا براہِ راست اثر پڑا ہے۔ مختلف اثاثوں پر پڑنے والے اثرات کا تفصیلی جائزہ 'Strategy and Resource Allocation' صفحہ نمبر 24 پر فراہم کیا گیا ہے جبکہ بیرونی ماحول میں موجود خطرات اور مواقع (Risks and Opportunities) صفحہ نمبر 495 اور 'Sustainability Report' کے 'external environment' سیکشن میں تفصیلاً واضح کیے گئے ہیں۔ بیرونی ماحول کا ایک سرسری جائزہ ذیل میں دیا گیا ہے:

معاشی اور پالیسی حالات (Policy Economic & Context)

روس-یوکرین تنازعہ نے عالمی اقتصادی بحالی کے عمل کو متاثر کیا جس کے نتیجے میں متعدد چیلنجز اور بے یقینیاں پیدا ہوئیں، بشمول:

- اشیاء کی بڑھتی ہوئی قیمتیں
- سپلائی چین میں رکاوٹ

فرٹیلائزر سپلائی (Fertilizer Supply)

- بعض ممالک کی جانب سے برآمدی پابندیوں کے ساتھ ساتھ جغرافیائی سیاسی صورتحال کے نتیجے میں DAP کی رسد میں کمی واقع ہوئی۔ جس کے باعث 2022 میں عالمی مارکیٹ میں قیمتوں میں شدید اضافہ ہوا۔
- عالمی سطح پر بدلتی ہوئی جغرافیائی سیاسی صورتحال کے باعث یوریا کی قیمتوں میں بھی وسیع پیمانے پر ردّ و بدل ہوا۔

کھاد کی طلب (Fertilizer Demand)

- DAP کی زائد قیمتوں کے باعث، 2022 میں یوریا کی مقامی طلب بلند رہی۔
- استطاعت میں کمی کے باعث، کسانوں نے DAP کے متبادل کے طور پر نائٹروجن اور دیگر فاسفیٹ کھادوں کا زیادہ استعمال شروع کر دیا۔

کھاد کی صنعت کا متوقع مستقبل (Fertilizer Outlook)

آنے والے مہینوں میں، DAP کی مقامی کھپت میں اوسط فی ایکڑ نمایاں کمی متوقع ہے کیونکہ حکومت کی جانب سے 'کسان سبسڈی پیکج' کی صورت میں قیمتوں میں کمی کے باوجود، کسان موجودہ قیمتوں پر DAP خریدنے کو تیار نہیں ہیں۔

گزشتہ برس پیش کی گئی مستقبل کی توقعات کا تقابل

Comparison Against Last Year's Forward Looking Statement

گزشتہ سال کی طرح، متعدد چیلنجز کے باوجود، کمپنی اپنے پیداوار اور آمدن کے اہداف حاصل کرنے میں کامیاب رہی۔

2021 میں FWEL I&II کے حصول کے بعد، انہوں نے منافع منقسمہ کی ادائیگی شروع کر دی ہے، 2022 میں FFC کو 3.15 ارب وصول ہوئے۔ بورڈ کو یقین ہے کہ ہمارے ہوا سے بجلی بنانے کے کارخانے، کمپنی کے منافع میں اپنا حصہ ڈالتے رہیں گے۔

ہم نے پچھلے سال مطلع کیا تھا کہ ہمارا کوئلے سے بجلی بنانے کا منصوبہ، تھر انرجی لمیٹڈ (TEL) کی 2022 میں مکمل ہونے کی امید ہے۔ یکم اکتوبر 2022 کو، TEL نے کامیابی کے ساتھ تجارتی سرگرمیوں کا آغاز کرتے ہوئے آمدن حاصل کرنا شروع کر دی ہے۔ ہمیں یقین ہے کہ یہ منصوبہ ملک کو نمایاں طور پر ارزاں نرخوں پر بجلی فراہم کرے گا، توانائی کے درآمدی بلوں میں کمی کرے گا اور Fossil Fuels کے مقابلے میں زرمبادلہ کے ذخائر کو بچائے گا۔ ہم توقع کرتے ہیں کہ پروجیکٹ آنے والے سالوں میں منافع کی ادائیگی شروع کر دے گا۔

کاروباری استحکام کے لیے حبیب راہی لائم اسٹون (HRL) کے ذخائر کی کمی سے نمٹنے کے لیے، FFC نے دیگر کھاد بنانے والوں کے ساتھ مل کر MPCL کے ساتھ ایک معاہدہ کیا ہے تاکہ کھاد بنانے والے کارخانوں کو HRL ذخائر سے مطلوبہ دباؤ پر گیس کی مسلسل فراہمی کو یقینی بنانے کے لیے ایک Pressure Enhancement Facilities پروجیکٹ قائم کیا جا سکے۔ SNGPL کے نیٹ ورک کو FFC کی میرپور ماتھیلو پلانٹ سائٹ سے جوڑنے کے لیے ایک نئے پائپ لائن منصوبے پر عمل درآمد بھی شروع ہو گیا ہے۔

صارفین تک لیوی کی منتقلی کے حقیقی تعین سے متعلق GIDC کیس ابھی تک عدالت میں زیرِ سماعت ہے جبکہ 2022 کے دوران اس سلسلے میں کوئی پیشرفت نہیں ہوئی۔ سندھ ہائی کورٹ کی طرف سے دیے گئے حکم امتناعی کے پیش نظر، GIDC کے واجبات کی قسطیں روکی جا رہی ہیں اور عدالت عظمیٰ کی جانب سے GIDC کی منتقلی کے حتمی تعین کے بعد اس ذمہ داری کو ادا کر دیا جائے گا۔

جولائی 2022 سے کھاد کی فروخت سیلز ٹیکس سے مستثنیٰ ہو گئی ہے جس کے نتیجے میں جون کے بعد GST ریفنڈز کی رقم میں مزید اضافہ نہیں ہوا۔ اگرچہ اس کے نتیجے میں کمپنی کی لاگت میں اضافہ ہوا ہے، لیکن Input / output کی شرحوں میں تفاوت کو مزید بڑھنے سے روک دیا گیا ہے چنانچہ کوئی اضافی GST ریفنڈ جمع نہیں ہوگا۔ تاہم رقم کی واپسی کے دعوے پر کارروائی نہیں ہوئی اور نہ ہی کھاد کی سبسڈی کی وصولی پر کوئی پیش رفت ہوئی ہے۔

تخمینوں اور پیشگوئیوں میں استعمال ہونے والی معلومات اور مفروضوں کے ذرائع (Source of information and assumptions used for projections / forecasts)

مستقبل کے مالیاتی اور پیداواری منصوبے، تاریخی رجحانات، متوقع مستقبل اور معاشی صورتحال کو مدِّ نظر رکھتے ہوئے کمپنی کی حکمت عملی اور کاروباری مقاصد کے مطابق تیار کیے جاتے ہیں۔

ان منصوبوں کو تیار کرنے کے لیے بیرونی معلومات، حکومتی ریگولیٹری/ٹیکس عہدیداران، مارکیٹ کے تجزیہ کاروں اور متوقع شرح سود اور شرح مبادلہ سے حاصل کی جاتی ہیں۔ مسابقین کے اقدامات سے متعلق مارکیٹ کی رپورٹس اور معلومات، مارکیٹ کے رجحانات، میکرو اور مائیکرو معاشی اشاریوں، کھاد کی عالمی قیمتوں اور رسد کی صورتحال وغیرہ کا جائزہ لیا جاتا ہے تاکہ تخمینوں پر ان کے اثرات شامل کیے جا سکیں۔

اندرونی طور پر حاصل کی گئی معلومات جو کہ تخمینوں کو متاثر کر سکتی ہے، کمپنی کے اہم شعبوں بشمول مینوفیکچرنگ و آپریشنز، مارکیٹنگ، فنانس، ہیومن ریسورس اور ٹیکنالوجی و انجینیئرنگ وغیرہ کے ذریعے حاصل کی جاتی ہیں۔ باقاعدہ منصوبوں کا حصہ بنانے سے قبل ان معلومات کا بیرونی ڈیٹا کے ساتھ تقابل کیا جاتا ہے۔ اندرونی و بیرونی ماحول کی باقاعدگی سے نگرانی کی جاتی ہے تاکہ کسی تبدیلی کی صورت میں مجوزہ منصوبوں میں کسی ردّ و بدل کی ضرورت کا جائزہ لیا جا سکے۔

اگر کمپنی کوئی نیا منصوبہ لگانے کا فیصلہ کرے تو کارپوریٹ گورننس کے بہترین اصولوں کے مطابق پراجیکٹ کا تفصیلی جائزہ لینے اور فزیبلٹی بنانے کے لیے بیرونی ماہرین کی خدمات حاصل کرنے سے قبل، مالیاتی، قانونی اور تکنیکی پہلوؤں کو مدِّ نظر رکھتے ہوئے ایک جامع Internal Due Diligence Process کیا جاتا ہے۔ شراکت داران کو پراجیکٹ کی پیش رفت اور متوقع نتائج میں کسی تبدیلی کے بارے میں وقتاً فوقتاً باخبر رکھا جاتا ہے۔

متوقع مستقبل Future Outlook

عالمی معاشی منظرنامہ (International Economic Outlook)

آئی ایم ایف کے مطابق، 2023 میں عالمی معیشت کے ایک تہائی حصے کو کساد بازاری کا شکار ہونے کا اندیشہ ہے کیونکہ یوکرین میں جنگ کے اثرات، بڑھتی ہوئی قیمتوں، بلند شرح سود اور چین میں کووڈ کے پھیلاؤ کی وجہ سے امریکہ، یورپی یونین اور چین اپنی معیشتوں میں سست روی دیکھ رہے ہیں۔ اجناس کی طلب میں اضافے سے افراطِ زر میں مزید اضافہ ہونے کا امکان ہے۔ یورپ کو قدرتی گیس کی فراہمی میں مزید رکاوٹ بہت سی معیشتوں کو کساد بازاری میں مبتلا کر سکتی ہے اور توانائی کے عالمی بحران کو جنم دے سکتی ہے۔

روسی تنازع شروع ہونے سے پہلے، پاکستان، سری لنکا اور دیگر ممالک روسی کھاد کے باقاعدہ خریدار تھے اور روس اور یوکرین سے اپنے اناج کی درآمدات کا 40 فیصد تک حاصل کرتے تھے۔ بہت سی ایشیائی قومیں اس وقت مقامی رسد کو محفوظ بنانے کے لیے اپنے اناج کی پیداوار کو بڑھانے کے لیے کوشاں ہیں۔

ملکی معاشی منظرنامہ (Economic Outlook of the Country)

ایشیائی ترقیاتی بنک کے مطابق، 2023 کے لیے پاکستان کا معاشی منظرنامہ میکرو اکنامک اور مالیاتی عدم استحکام کے علاوہ سیلاب کی وجہ سے خوش آئند نہیں ہے۔ سیلاب کے باعث فصلوں اور مویشیوں کے نقصانات اور رسد میں خلل کے ساتھ ساتھ کمزور کرنسی اور مقامی سطح پر توانائی کی زائد قیمتوں کے نتیجے میں گھریلو معیشت متاثر ہونے کا اندیشہ ہے، جس کی وجہ سے خوراک کی عارضی قلت اور قیمتوں میں اضافہ ہو سکتا ہے۔

FFC کے مستقبل کا منظرنامہ (Future Outlook of FFC)

مقامی معیشت میں اتار چڑھاؤ اور کھاد کی صنعت سے متعلقہ پالیسیاں، براہ راست FFC کی کارکردگی اور منافع پر اثرانداز ہوتی ہیں۔

روسی تنازع کے غیر متوقع نتائج، FFC کی درآمد شدہ کھاد کی ترسیل کو متاثر کر سکتا ہے کیونکہ سپلائی چین، بیمے (Insurance) اور نقل و حمل کے بڑھتے ہوئے اخراجات سے متاثر ہوتی ہے۔

کاروباری استحکام کے منصوبوں کے نفاذ کے لیے، کمپنی کو بھاری سرمایہ لگانا ہوگا جس کے لیے FFC کو ذخائر میں اضافہ کرنے کی ضرورت ہے۔ غیر ملکی زرمبادلہ کی قیمت میں شدید تغیر اور سپر ٹیکس کے نفاذ سے اس طرح کے ذخائر بڑھانے کی کوششوں پر منفی اثر پڑنے کا اندیشہ ہے۔

کمپنی کی سال بہ سال آمدن اور آئندہ سال متوقع آمدن نیچے دی گئی ہے۔ انتظامیہ کے تخمینے کے مطابق، کمپنی 2023 میں زیادہ سے زیادہ آمدن حاصل کرنے کی کوشش کرے گی، تاہم DAP کی قیمتوں میں ردّ و بدل ہماری آمدنی کے تخمینوں کو متاثر کر سکتا ہے۔

FFC نمایاں خطرات اور مواقع

تزویراتی، عملیاتی، تجارتی اور مالیاتی خطرات کا نامناسب ادراک

بنیادی خطرہ: درجہ بندی ★★★ | امکان ●●● | شدت ▲▲▲

تخفیف شدہ خطرہ: درجہ بندی ★★★ | امکان ●●● | شدت ▲▲▲

سرمایہ

تعلقات | تخلیق کردہ

عملی | مالیاتی

قِسم

عملیاتی | ساکھ

سبب | داخلی | **نوعیت** | فوری تا تاویل مدت

منسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے لاگت میں کمی اور عملیاتی استعداد میں اضافہ، بہترین کوالٹی کی جدید مصنوعات اور خدمات کی فراہمی کے ذریعے برانڈ کی بہترین ساکھ کو برقرار رکھنا

مواقع: پوری کمپنی میں خطرے سے آگاہی کے کلچر کو فروغ دینا

تخفیفی اقدامات:

خطرات سے نمٹنے کے لیے بورڈ کے وضع کردہ نظام کا پوری کمپنی میں نفاذ اور اسے حکمت عملی اور کارکردگی کے ساتھ مربوط کرنا

کوئی بہت بڑا حادثہ جو ملازمین، ریکارڈ، املاک یا گردو نواح کی آبادی کو متاثر کرے

بنیادی خطرہ: درجہ بندی ★★★ | امکان ●●● | شدت ▲▲▲

تخفیف شدہ خطرہ: درجہ بندی ★★★ | امکان ●●● | شدت ▲▲▲

سرمایہ

تعلقات | سماجی

تخلیق کردہ | افرادی

قِسم

تعمیلی | عملیاتی | ساکھ

سبب | داخلی | **نوعیت** | فوری تا وسط مدت

منسلکہ ہدف: تزویراتی سرمایہ کاریوں کا استعمال کرتے ہوئے دیرپا وسعت حاصل کرنا اور حصہ داران کی توقعات سے آگے بڑھنا۔ ہم آہنگیوں کا فائدہ اٹھاتے ہوئے اور تزویراتی شراکت داریوں کے ذریعے مقامی اور عالمی تنوع حاصل کرنا۔

مواقع: Horizontal کے ساتھ ساتھ Vertical تنوع

تخفیفی اقدامات:

کسی بھی سرمایہ کاری سے پہلے انتہائی احتیاط برتتے ہوئے انتظامیہ اور بورڈ کی کمیٹیاں تمام منصوبوں کی چھان بین کرتی ہیں، بدترین متوقع حالات کو مدنظر رکھتے ہوئے سرمایہ کاریوں پر آمدن کا جائزہ لیا جاتا ہے۔ اور انتظامیہ کی مہارت کو پیش نظر رکھتے ہوئے، ضرورت پڑنے پر، متعلقہ شعبوں کے ماہرین کی خدمات بھی حاصل کی جاتی ہیں۔

درجہ بندی			شدت			امکان		
کم	اوسط	بلند	کم	اوسط	بلند	کم	اوسط	بلند

سبب | خارجی داخلی | **نوعیت** | فوری تا قلیل مدت

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو، مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: توانائی کی جدید ٹیکنالوجی کا استعمال تاکہ گیس کی مد میں بچت کی جا سکے

تخفیفی اقدامات:

گیس کے مطلوبہ حجم کو یقینی بنانے کے لیے خام مال کے متبادل ذرائع میں سرمایہ کاری۔ گیس کے دباؤ کو یقینی بنانے کے لیے، گیس کمپریشن کی سہولیات میں مسلسل سرمایہ کاری

گیس کی رسد میں رکاوٹ/ ذخائر میں کمی

سرمایہ

تخلیق کردہ مالیاتی قدرتی

قسم

عملیاتی اسٹریٹیجک

بنیادی خطرہ

درجہ بندی

امکان

شدت

تخفیف شدہ خطرہ

درجہ بندی

امکان

شدت

سبب | خارجی | **نوعیت** | فوری

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو

مواقع: مصنوعات کی قدر اور اقسام میں اضافہ تاکہ macro اور micro nutrients میں اضافہ کیا جا سکے

تخفیفی اقدامات:

مسابقین کی جانب سے، نمایاں طور پر سستی فیڈ گیس کی دستیابی کے باعث، کھاد کی کم قیمتوں کا مقابلہ مارکیٹنگ کی حکمت عملیوں، گاہکوں کو بہتر سہولیات کی فراہمی، عمدہ مصنوعات اور اعلیٰ برانڈ کے ذریعے کیا جاتا ہے۔

مصنوعات کی قیمتوں میں مسابقت

سرمایہ

مالیاتی

قسم

تجارتی

بنیادی خطرہ

درجہ بندی

امکان

شدت

تخفیف شدہ خطرہ

درجہ بندی

امکان

شدت

سبب | خارجی | **نوعیت** | فوری

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو، مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: کاروباری تسلسل اور بلا تعطل آپریشنز کو یقینی بنانا

تخفیفی اقدامات:

FFC نے اپنے تمام مقامات پر آفات سے نمٹنے اور ایسے حالات میں کاروبار کو جاری رکھنے کے منصوبے بنائے ہوئے ہیں اور ملازمین کسی بھی قدرتی آفت کے بعد فوری بحالی کے لیے بھرپور تربیت یافتہ ہیں۔ کسی مالی نقصان سے بچاؤ کے لیے کمپنی نے انشورنس کوریج بھی لے رکھی ہے

قدرتی آفات/ غیر یقینی موسمی حالات

سرمایہ

مالیاتی افرادی تخلیق کردہ

قسم

عملیاتی اسٹریٹیجک تجارتی

بنیادی خطرہ

درجہ بندی

امکان

شدت

تخفیف شدہ خطرہ

درجہ بندی

امکان

شدت

نمایاں خطرات اور مواقع FFC

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شدت

ضرورت سے زائد تنوع جس کے باعث سرمایہ کاریوں کے انتظام کے لیے درکار مہارت ناکافی ہو

سرمایہ

عملی

قسم

اسٹریٹیجک

سبب | داخلی | نوعیت | اوسط مدت

منسلکہ ہدف: سرمایہ کاریوں کا تزویراتی انتظام تاکہ دیرپا ترقی کو برقرار رکھا جاسکے اور حصہ داران کی توقعات سے آگے بڑھایا جا سکے

مواقع: Horizontal کے ساتھ ساتھ Vertical تنوع

تخفیفی اقدامات:

کسی بھی سرمایہ کاری سے پہلے انتہائی احتیاط برتتے ہوئے انتظامیہ اور بورڈ کی کمیٹیاں تمام منصوبوں کی چھان بین کرتی ہیں، بدترین متوقع حالات کو مدنظر رکھتے ہوئے سرمایہ کاریوں پر آمدن کا جائزہ لیا جاتا ہے۔ اور انتظامیہ کی مہارت کو پیش نظر رکھتے ہوئے ،ضرورت پڑنے پر، متعلقہ شعبوں کے ماہرین کی خدمات بھی حاصل کی جاتی ہیں۔

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امکان

شدت

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امکان

شدت

شرح سود، ادھار کے نرخ اور Liquidity کے خطرات جو کمپنی کے کاروبار اور مالیاتی کارکردگی کو متاثر کریں

سرمایہ

مالیاتی

قسم

مالیاتی

سبب | خارجی | نوعیت | اوسط مدت

منسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: نئی سرمایہ کاریوں کی تلاش تاکہ بہتر شرح منافع سے فائدہ حاصل کیا جاسکے، صارفین کے ساتھ رابطوں کا مؤثر نظام اور مالیاتی خطرات سے نمٹنے کا مستعد نظام

تخفیفی اقدامات:

FFC کا شعبہ مالیات انتہائی فعال ہے اور کسی بھی ناگہانی صورتحال سے نمٹنے کے لیے کافی مقدار میں فنڈز اور مختلف بینکوں سے Credit Lines بھی دستیاب رکھی جاتی ہیں تاکہ شرح سود اور Liquidity کے کسی منفی اثر سے بچا جاسکے۔ ہمارا مؤثر شعبہ مالیات، کمپنی کی کریڈٹ پالیسی کے مطابق کریڈٹ نقصان سے بچنے کے نظام کو یقینی بناتا ہے۔

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شدت

قوانین اور ضوابط کی عدم تعمیل

سرمایہ

تعلقات مالیاتی قدرتی

قسم

تعمیلی

سبب | خارجی | داخلی | نوعیت | فوری تا وسط مدت

منسلکہ ہدف: عمدہ سماجی، ماحولیاتی اور انتظامی رویّوں کا مظاہرہ، مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی، بہترین کوالٹی کی جدید مصنوعات اور خدمات کی فراہمی کے ذریعے برانڈ کی بہترین ساکھ کو برقرار رکھنا

مواقع: پوری کمپنی میں قانون کی پاسداری کے کلچر کو فروغ دینا

تخفیفی اقدامات:

متعلقہ قوانین کی خلاف ورزی سے بچنے کے لیے تمام قوانین میں ہونے والی تبدیلیوں پر کڑی نظر رکھی جاتی ہے۔ ملازمین کو متعلقہ قوانین اور ضوابط سے آگاہ رکھنے کے لیے تربیت بھی دی جاتی ہے۔ بیرونی ماہرین سے بھی مشاورت کے لیے رابطے رکھے جاتے ہیں۔

اشاریہ کیلئے صفحہ نمبر 489 دیکھئے

ITخطرات

سرمایہ

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عملیاتی تخلیق کردہ

عملی مالیاتی

بنیادی خطرہ

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شدت

تخفیف شدہ خطرہ

درجہ بندی

امکان

شدت

سبب | خارجی داخلی | نوعیت فوری

مسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: کاروباری تسلسل اور بلا تعطل آپریشنز کو یقینی بنانا

تخفیفی اقدامات:

خفیہ/ملکیتی معلومات کی حفاظت کے لیے جدید ترین IT کنٹرولز اور Firewalls نصب کیے گئے ہیں۔ سسٹم Updates، IT آڈٹس، خطرات آگاہی مہمات اور ٹریننگ کا باقاعدگی سے انعقاد کیا جاتا ہے تاکہ قوانین کی خلاف ورزی، غلطیوں اور بے قاعدگیوں کی نگرانی کرتے ہوئے خطرات کو کم کیا جا سکے

"سونا" برانڈ میں شراکت داروں کا اعتماد ختم ہونے کے باعث ساکھ اور آپریشنز کا متاثر ہونا

سرمایہ

تعلقات سماجی

قدرتی افرادی

قِسم

تعمیلی ساکھ

بنیادی خطرہ

درجہ بندی

امکان

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تخفیف شدہ خطرہ

درجہ بندی

امکان

شدت

سبب | خارجی داخلی | نوعیت طویل مدت

مسلکہ ہدف: اعلیٰ معیار کی جدید مصنوعات اور خدمات کی فراہمی کے ذریعے برانڈ کی بہترین ساکھ کو برقرار رکھنا، مستحکم سماجی، ماحولیاتی اور کارپوریٹ گورننس کے عزم کا عملی مظاہرہ

مواقع: برانڈ مینجمنٹ پر مرکوز توجہ تاکہ کمپنی کی ساکھ بڑھائی جا سکے

تخفیفی اقدامات:

کمپنی نے برسوں سے اعلیٰ معیار کی کھاد اور زرعی خدمات فراہم کر کے اپنی برانڈ کی ایک پہچان بنائی ہے۔ FFC ایک جامع پروگرام کے ذریعے اپنے شراکت داروں کے ساتھ فعال رابطے استوار رکھتی ہے (جیسا کہ زرعی رہنمائی، اشتہارات، دستاویزی فلمیں اور تکنیکی علم وغیرہ) جو کہ ایک عمدہ شہرت/ساکھ والے ادارے کا باعث بنتا ہے

اہم پوزیشنز پر تعینات تربیت یافتہ ملازمین کا نوکری چھوڑ جانا جس کے باعث آپریشنز غیر فعال ہو جائیں

سرمایہ

مالیاتی عملیاتی

قِسم

سماجی افرادی

بنیادی خطرہ

درجہ بندی

امکان

شدت

تخفیف شدہ خطرہ

درجہ بندی

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شدت

سبب | خارجی داخلی | نوعیت فوری

مسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی، کھاد کے کاروبار میں مسلسل نمو

مواقع: مخلص اور مستعد ملازمین کی ٹیم

تخفیفی اقدامات:

ملازمین کی تربیت اور ترقی کے ساتھ ساتھ FFC نے ایک تفصیلی Succession پلان بنا رکھا ہے جس میں مسلسل ملازمین کے تبادلے اور ترقی جاری رہتی ہے۔ کام کے ضوابط اور ہدایات باقاعدہ تحریری شکل میں موجود ہیں جو کسی بھی نئے ملازم کی رہنمائی کے لیے کافی ہیں۔

FFC نمایاں خطرات اور مواقع

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درجہ بندی
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تخفیف شدہ خطرہ
درجہ بندی
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شدت

مصنوعات کی ترسیل میں رکاوٹ

سرمایہ
مالیاتی تخلیق کردہ

قسم
عملیاتی

سبب | خارجی | نوعیت | فوری تا قلیل مدت

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو، مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: Horizontal کے ساتھ ساتھ Vertical تنوع

تخفیفی اقدامات:

انوینٹری مینجمنٹ کے بہترین نظام کے ساتھ سپلائرز کا متنوع پول

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شدت

تخفیف شدہ خطرہ
درجہ بندی
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امن وامان کی غیر مستحکم صورتحال/احتجاج وغیرہ

سرمایہ
تعلقات افرادی
تخلیق کردہ

قسم
عملیاتی تجارتی

سبب | خارجی | نوعیت | فوری

منسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی، کھاد کے کاروبار میں مسلسل نمو

مواقع: کاروباری تسلسل اور بلاتعطل آپریشنز کو یقینی بنانا

تخفیفی اقدامات:

امن وامان کی خراب صورت حال اور کمپنی کی ساکھ سے متعلقہ خطرات سے نمٹنے کے لیے کمپنی نے حفاظتی اور تعلقات عامہ سے متعلقہ انتظامات کا معقول انتظام کر رکھا ہے۔

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ٹیکنالوجی کے میدان میں تیزی سے ہوتی ہوئی ترقی جو FFC کے پیداواری Process کو متروک بنادے

سرمایہ
تخلیق کردہ

قسم
عملیاتی

سبب | خارجی | داخلی | نوعیت | فوری تا قلیل مدت

منسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: توانائی کی جدید ٹیکنالوجی کا استعمال تاکہ فیول گیس کی مد میں بچت کر کے اسے بطور فیڈ گیس استعمال کیا جا سکے

تخفیفی اقدامات:

کمپنی کے تمام پیداواری یونٹوں پر جدید ترین آلات کی فراہمی اور Balancing, Modernization & Replacement کے ذریعے جدید ترین تکنیکی ایجادات کا استعمال یقینی بنایا جاتا ہے تاکہ اخراجات میں کمی کے ساتھ زیادہ سے زیادہ پیداوار حاصل ہو

اشاریہ کیلئے صفحہ نمبر 489 دیکھئے

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کھاد کی عالمی قیمتوں میں کمی کے مقامی مارکیٹ پر اثرات

سرمایہ

مالیاتی

قسم

تجارتی

سبب | خارجی | **نوعیت** | فوری

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو

مواقع: حکومت کے ساتھ روابط تاکہ ملک کے لیے قیمتی زرمبادلہ بچایا/کمایا جاسکے

تخفیفی اقدامات:

مقامی صنعت کے تحفظ کے لیے حکومت کے ساتھ روابط اور ملک میں رسد کی کمی کو پورا کرنے کے لیے متحرک کردار تاکہ ملک میں صرف مطلوبہ مقدار میں کھاد کی درآمد کو یقینی بنانے کے ساتھ ساتھ اخراجات پر قابو اور پیداوار میں اضافے کے ذریعے شرح منافع کو برقرار رکھا جاسکے

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ایسی کمپنیوں میں سرمایہ کاری جہاں سے ناکافی آمدن اور منافع منقسمہ حاصل ہو

سرمایہ

مالیاتی

قسم

تجارتی اسٹریٹیجک

سبب | خارجی | داخلی | **نوعیت** | فوری تا وسط مدت

منسلکہ ہدف: تزویراتی سرمایہ کاریوں کا استعمال کرتے ہوئے دیرپا وسعت حاصل کرنا اور حصہ داران کی توقعات سے آگے بڑھنا۔ ہم آہنگیوں کا فائدہ اٹھاتے ہوئے اور تزویراتی شراکت داریوں کے ذریعے مقامی اور عالمی تنوع حاصل کرنا۔

مواقع: Horizontal کے ساتھ ساتھ Vertical تنوع

تخفیفی اقدامات:

کسی بھی سرمایہ کاری سے پہلے انتہائی احتیاط برتتے ہوئے انتظامیہ اور بورڈ کی کمیٹیاں تمام منصوبوں کی چھان بین کرتی ہیں، بدترین متوقع حالات کو مدنظر رکھتے ہوئے سرمایہ کاریوں پر آمدن کا جائزہ لیا جاتا ہے۔ اور انتظامیہ کی مہارت کو پیش نظر رکھتے ہوئے، ضرورت پڑنے پر، متعلقہ شعبوں کے ماہرین کی خدمات بھی حاصل کی جاتی ہیں۔

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حکومتی پالیسیوں/قوانین میں عدم تسلسل کے کھادی صنعت پر منفی اثرات

سرمایہ

مالیاتی

قسم

اسٹریٹیجک

سبب | خارجی | **نوعیت** | فوری

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو

مواقع: مارکیٹ شیئر اور دستیابی میں اضافہ تاکہ کسی قسم کے منفی اثرات سے بچا جاسکے

تخفیفی اقدامات:

FFC مارکیٹ پر گہری نظر رکھتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ قیمتوں میں اضافہ، افراطِ زر کے مطابق ہے۔ حکومتی مداخلت کمپنی کے دائرہ اختیار سے باہر ہے، تاہم کمپنی، حکومت اور دیگر ذمہ داران کے ساتھ رابطہ برقرار رکھتی ہے تاکہ بہتر پالیسیوں/قوانین کا اجرا اور اطلاق کیا جاسکے اور صنعت اور بالآخر کسانوں کو درپیش مسائل کا حل نکالا جاسکے

نمایاں خطرات اور مواقع FFC

زرمبادلہ کی شرح میں اتار چڑھاؤ

سرمایہ

مالیاتی

قسم

مالیاتی

بنیادی خطرہ: درجہ بندی | امکان | شدت

تخفیف شدہ خطرہ: درجہ بندی | امکان | شدت

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے اخراجات پر قابو اور عملیاتی استعداد میں اضافہ

مواقع: کھاد کی برآمد کے امکان کا جائزہ، زرمبادلہ کے خطرے کا مؤثر تدارک

تخفیفی اقدامات:

FFC کا زرمبادلہ کی شرح میں ردوبدل کا خطرہ، جوکہ غیرملکی کرنسی میں کی گئی سرمایہ کاریوں اور بینکوں میں رکھی گئی رقوم پر ملنے والے سود سے منسلک ہے، سود کے دام میں متعلقہ تغیر سے بڑی حد تک ختم ہو جاتا ہے۔ افراطِ زر کے اثرات کو، مارکیٹ کے حالات اور حکومتی پالیسیوں کو مدنظر رکھتے ہوئے، ایک خاص حد تک آگے منتقل کر دیا جاتا ہے۔ کھاد کی مناسب مقدار میں درآمد تاکہ کمپنی منافع کمانے کی پوزیشن میں رہے

خام مال اور دیگر پیداواری اخراجات میں اضافہ جو اخراجات کو منتقل کرنے کی کمپنی کی اہلیت کو متاثر کریں

سرمایہ

مالیاتی | قدرتی

قسم

مالیاتی | اسٹریٹیجک | تجارتی

بنیادی خطرہ: درجہ بندی | امکان | شدت

تخفیف شدہ خطرہ: درجہ بندی | امکان | شدت

سبب | خارجی | **نوعیت** | فوری تا قلیل مدت

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو، مختلف شعبوں کے درمیان بہتر ہم آہنگی کے ذریعے عملیاتی استعداد میں اضافہ/ لاگت میں کمی

مواقع: خام مال کے متبادل اور ارزاں ذرائع کی تلاش اور اخراجات میں کمی

تخفیفی اقدامات:

محصولات اور گیس کی قیمتیں کمپنی کے دائرہ اختیار سے باہر ہیں۔ تاہم، پیداواری استعداد میں اضافے اور اخراجات میں کمی کے لیے مؤثر اقدامات کے ذریعے کمپنی اس خطرے کو انتہائی ممکن حد تک کم کرنے کے لیے پرعزم ہے۔ کمپنی مسلسل حکومت کیساتھ متعلقہ فورمز پر رابطے میں رہتی ہے تاکہ کھاد کی مناسب قیمتوں پر دستیابی کو یقینی بنایا جائے۔

ناسازگار زرعی معیشت جو صارفین کی مالی حیثیت پر منفی اثرات مرتب کرے

سرمایہ

مالیاتی

قسم

مالیاتی

بنیادی خطرہ: درجہ بندی | امکان | شدت

تخفیف شدہ خطرہ: درجہ بندی | امکان | شدت

سبب | خارجی | **نوعیت** | قلیل مدت

منسلکہ ہدف: کھاد کے کاروبار میں مسلسل نمو

مواقع: Horizontal کے ساتھ ساتھ Vertical تنوع

تخفیفی اقدامات:

مناسب قیمت پر مقامی کھادوں کی فراہمی کو یقینی بنانے کے ساتھ ساتھ ادھار پر فروخت کی پیشکش۔ FACE سینٹرز مسلسل وسعت میں اضافے، چھوٹے قرضوں کی دستیابی اور عمدہ کھادوں کی فراہمی کے لیے تعاون جاری رکھے ہوئے ہیں تاکہ زرعی معیشت کی بہتری اور پیداوار میں اضافہ کیا جا سکے

اشاریہ کیلئے صفحہ نمبر 489 دیکھئے

دیگر واجب الوصول (Other Receivables)

دیگر واجب الوصول 18 فیصد اضافے کے ساتھ 26.62 ارب روپے رہے جس کا سبب جون 2022 تک 18.42 ارب روپے کا واجب الوصول GST ہے جو کہ گزشتہ برس 16.61 ارب روپے تھا۔ بیلنس میں ایک بینک میں جمع کرایا گیا کیش مارجن بھی شامل ہے جو کہ اسٹیٹ بینک آف پاکستان کی ہدایات کی تعمیل میں بعض آلات کی درآمد کے لیے رکھا گیا ہے۔

قلیل المیعاد سرمایہ کاریاں (Short Term Investments)

کمپنی کی قلیل المیعاد سرمایہ کاریاں 100.27 ارب روپے رہیں جس کا سبب سال کے اواخر میں فنڈز کی بہتر دستیابی تھا۔

مجموعی اثاثہ جات (Total Assets)

اس طرح کمپنی کے مجموعی اثاثہ جات گزشتہ برس کے مقابلے میں 19 فیصد اضافے کے ساتھ 240.12 ارب روپے ریکارڈ کیے گئے، جو کہ گزشتہ سال کے اثاثہ جات کے مقابلے میں 39.11 ارب روپے زیادہ ہیں۔

نفع و نقصان کا تجزیہ

آمدن (Turnover)

مہنگائی اور شرح سود کی بلند سطح، پاکستانی روپے کی قدر میں کمی، تیل کی قیمتوں وغیرہ کے علاوہ output جی ایس ٹی سے استثنیٰ بھی صارفین کو منتقل کرنا پڑا۔ عالمی قیمتوں میں تیزی سے اضافے کی وجہ سے DAP کی قیمتوں میں بھی اضافہ دیکھا گیا۔ اگرچہ یوریا اور DAP دونوں کی فروخت کا حجم پچھلے سالوں سے کم ہوا، تاہم مندرجہ بالا عوامل کے نتیجے میں مجموعی طور پر 109.36 بلین روپے کی آمدن ہوئی جس میں گزشتہ سال کے مقابلے میں 713 ملین روپے کا اضافہ ہوا۔ اور یہ کمپنی کی تاریخ کی سب سے زیادہ آمدن فروخت (Sales Revenue) ہے۔

لاگت فروخت (Cost of Sales)

لاگت فروخت گزشتہ سال کے مقابلے میں 1 فیصد کمی کے ساتھ 69.32 ارب روپے ریکارڈ کی گئی جس کا بنیادی سبب یوریا اور DAP کی فروخت کے حجم میں کمی ہے۔ اخراجات پر قابو پانے کے لیے اٹھائے گئے مؤثر اقدامات نے بھی ہمیں بڑھتی ہوئی مہنگائی اور دیگر منفی عوامل کے اثرات کو کم کرنے کے قابل بنایا۔

لاگت ترسیل (Distribution Cost)

ایندھن کی قیمتوں میں اضافے اور مہنگائی کا باعث بننے والے دیگر عوامل کے نتیجے میں لاگت فروخت 10.11 ارب روپے رہی جو کہ گزشتہ برس کے مقابلے میں 20 فیصد زائد ہے۔

مالیاتی لاگت (Finance Cost)

شرح سود میں تیزی سے اضافے کے ساتھ ساتھ جاری سرمائے (working capital) کے لیے زائد ضروریات 4.87 ارب روپے کی مالیاتی لاگت کا باعث بنیں جو کہ گزشتہ سال کے مقابلے میں دوگنا سے بھی زائد ہے۔

دیگر نفع و نقصان (Losses & Other Gains)

سال 2020 کے دوران GIDC ذمہ داری کے از سر نو تعین کے باعث 5.93 ارب روپے کے فرضی فائدے (Notional Gain) کو اگلے چار سال میں واپس کیا جانا ہے۔ اس عارضی فائدے کی سال 2022 سے متعلقہ 2.12 ارب روپے کی Unwinding دوران سال ریکارڈ کی گئی۔ حکومت کی طرف سے ادائیگی میں کافی تاخیر کے پیش نظر، حکومت سے واجب الوصول سبسڈی پر 670 ملین روپے کے Expected Credit Loss کے لیے بھی Provision رکھی گئی ہے۔

دیگر آمدن (Other Income)

کمپنی نے 14.44 ارب روپے کی بلند ترین دیگر آمدن (Other Income) حاصل کی جو کہ سرمایہ کاریوں سے حاصل ہونے والی 9.94 ارب روپے اور ذیلی و منسلکہ (Associate & Subsidiary) کمپنیوں سے حاصل ہونے والی 4.49 ارب روپے کی منافع منقسمہ آمدن پر مشتمل ہے۔

ٹیکس اخراجات (Provision for Taxation)

حکومت نے سال 2021 سے گزشتہ سالوں کے لیے قابل اطلاق 4 فیصد سپر ٹیکس کا نفاذ کیا ہے، جبکہ گزشتہ برس 6 فیصد مزید ٹیکس بھی عائد کیا گیا۔ 2022 کے دوران کمپنی کو دو سالوں کے لیے سپر ٹیکس ادا کرنا پڑا جس نے کمپنی کو 5.01 ارب روپے کے ساتھ منفی طور پر متاثر کیا جبکہ مجموعی ٹیکس چارج 13.64 ارب روپے رہا جو کہ گزشتہ سال 8.44 ارب روپے تھا۔

کمپنی نے سپر ٹیکس کے نفاذ کو اسلام آباد ہائی کورٹ میں چیلنج کیا ہے۔ معزز عدالت نے سپر ٹیکس کی ادائیگی کے خلاف ایک عبوری اسٹے جاری کر دیا ہے جبکہ کیس کے حتمی نتیجے کا انتظار ہے۔

کمپنی کی انتظامیہ کو یقین ہے کہ ان مالیاتی گوشواروں میں ٹیکس چارج کے لیے مناسب Provision رکھی گئی ہے۔

منافع برائے سال (Profit for the Year)

اوپر بیان کیے گئے عوامل کے باعث، سال 2022 میں کمپنی نے 20.05 ارب روپے کا خالص منافع حاصل کیا جو کہ گزشتہ برس سے 8 فیصد کم ہے اور یہ 15.76 روپے فی حصہ بنتا ہے جو کہ گزشتہ برس 17.21 روپے فی حصہ تھا۔

کیش فلو کا تجزیہ (Cash Flow Analysis)

دوران سال نقدی کی فراہمی اور استعمال کے حوالے سے کمپنی کے کیش فلوز کا جائزہ ذیل میں مختصراً بیان کیا گیا ہے:

پیداواری سرگرمیوں سے نقدی کی ترسیل (Cashflows from Operating Activities)

آپریشنز سے نقدی کی فراہمی 18.33 ارب روپے ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں 45 فیصد کم ہے۔ اس کا بنیادی سبب DAP کی انوینٹری کے لیے جاری سرمائے (Working Capital) کا استعمال ہے۔

پیداواری سرگرمیوں سے حاصل ہونے والی نقدی، مالیاتی لاگت اور انکم ٹیکس کی زائد ادائیگی سے مزید متاثر ہوئی اور اس طرح آپریشنز سے حاصل ہونے والی خالص نقدی 1.58 ارب روپے ریکارڈ کی گئی جو کہ گزشتہ برس 22.02 ارب روپے تھی۔

سرمایہ کاری کی سرگرمیوں سے نقدی کی ترسیل (Cashflows from Investing Activities)

مستحکم آپریشنز کو یقینی بنانے کے پیش نظر کمپنی نے Plant & Machinery کی تجدید جاری رکھی اور سال کے دوران capital expenditure پر 6.07 ارب روپے خرچ کیے۔

FFC نے TEL میں مزید 2.18 ارب روپے کی سرمایہ کاری بھی کی جس میں حصص کے اجراء کے لیے 931 ملین روپے بھی شامل ہیں۔

4.49 ارب روپے کی منافع منقسمہ آمدن میں گزشتہ برس کے مقابلے میں 109% اضافہ ہوا۔

نتیجتاً، سرمایہ کاری کی سرگرمیوں میں خالص نقدی کا استعمال 865 ملین روپے رہا جو کہ سال 2021 کے دوران 14.18 ارب روپے تھا۔

مالیاتی سرگرمیوں سے نقدی کی ترسیل (Cashflows from Financing Activities)

کمپنی نے 5 ارب روپے کا قرض لیا، تاہم، دوران سال 4.5 ارب روپے کا قرض ادا کیا گیا۔

اپنے حصہ داران کے لیے مسلسل آمدن کو یقینی بنانے کے لیے کمپنی نے 17.33 ارب روپے منافع منقسمہ کے طور پر ادا کیے جو کہ گزشتہ برس 16.85 ارب روپے تھے۔ نتیجتاً، مالیاتی سرگرمیوں میں خالص نقدی کا استعمال 16.87 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ سال 10.60 ارب روپے تھا۔

نقد اور نقدی کے مساوی (Cash and Cash Equivalents)

نقد اور نقدی کے مساوی کا اختتامی بیلنس (Closing Balance) 39.78 ارب روپے رہا، جو کہ گزشتہ سال کے 55.18 ارب روپے کے بیلنس کے مقابلے میں 28% کم ہے۔

منافع کی تقسیم اور ذخائر کا تجزیہ (Profit Distribution & Reserve Analysis)

سال کے شروع میں FFC کے ذخائر 47.51 ارب روپے تھے جبکہ حصہ داران کے لیے 5.92 ارب روپے سال 2021 کے حتمی منافع منقسمہ کے لیے منظور کیے گئے۔

سال 2022 کے دوران کمپنی نے 20.66 ارب روپے کی مجموعی آمدن حاصل کی اور تین عبوری منافع منقسمہ تقسیم کیے، جو مجموعی طور پر 11.42 ارب روپے تھے، جبکہ General Reserves میں کوئی رقم منتقل نہیں کی گئی۔

اس طرح سال 2022 کے اختتام پر مجموعی ذخائر 50.83 ارب روپے تھے، جیسا کہ نیچے تفصیل دی گئی ہے:

منافع کی تقسیم	ملین روپے	فی حصہ روپے
ابتدائی ذخائر	**47,514**	
حتمی منافع منقسمہ 2021	(5,916)	4.65
خالص منافع 2022	20,050	15.76
دیگر Comprehensive نقصان	612	
تصرف کے لیے میسر منافع	**62,260**	
منافع کی تقسیم:		
پہلا عبوری منافع منقسمہ 2022	(4,707)	3.70
دوسرا عبوری منافع منقسمہ 2022	(2,672)	2.10
تیسرا عبوری منافع منقسمہ 2022	(4,046)	3.18
اختتامی ذخائر	**50,835**	

اندرونی مالیاتی ضوابط کی موزونیت (Adequacy of Internal Financial Controls)

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی اور عملیاتی ضوابط کا ایک مستعد نظام وضع کیا ہے جس کے نتیجے میں کمپنی کے اندر اخلاقی رویوں اور اقدار کا ایک مثبت کاروباری ماحول فروغ پاتا ہے۔

آڈٹ کمیٹی سہ ماہی بنیادوں پر کمپنی کے مالیاتی گوشواروں اور اندرونی ضوابط کے نظام کے مؤثر ہونے کا تجزیہ کرتی ہے جبکہ ایک آزاد داخلی محاسب شعبہ (Internal Audit Function) باقاعدگی کے ساتھ اندرونی ضوابط کی نگرانی کرتا ہے۔

واقعات مابعد (Subsequent Events)

بورڈ آف ڈائریکٹرز 30 جنوری 2023 کو منعقدہ اجلاس میں اپنے حصہ داران کے لیے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے 3.15 روپے فی حصہ (31.5 فیصد) حتمی منافع منقسمہ کی سفارش کرتے ہوئے خوشی محسوس کرتا ہے۔ اس طرح سال کے لیے مجموعی ادائیگی 12.13 روپے فی حصہ (121.3 فیصد) رہی جو کہ مجموعی طور پر 77 فیصد ادائیگی بنتی ہے۔ اس رپورٹ کے مکمل ہونے کی تاریخ تک مزید ایسی کوئی قابل قدر چیز نہ تھی جو کہ کمپنی کی مالی حیثیت پر اثر انداز ہو سکے۔

مالیاتی سرمایہ

میکرواکنامک جائزہ (Macro-Economic Review)

ملکی معیشت نے عالمی وباء کے اثرات سے کامیابی سے بحالی حاصل کی اور مالی سال 2022 کے دوران حقیقی مجموعی قومی پیداوار (Real GDP) 5.97 فیصد ریکارڈ کی گئی۔ تاہم، تباہ کن سیلاب، محدود مالی وسائل، شرح مبادلہ کا دباؤ، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ اور افراط زر وغیرہ جیسی ہمہ گیر معاشی مشکلات کے باعث، یہ عمدہ نمو برقرار نہ رہ سکی۔

اشیاء کی عالمی قیمتوں میں اضافہ، شرح سود میں اضافہ، PKR کی قدر میں شدید کمی اور POL کی قیمتوں نے افراط زر کا دباؤ پیدا کیا جس نے سال 2022 کے دوران کاروباری ماحول کو بری طرح متاثر کیا۔

مستقبل قریب میں معاشی نمو کے کم رہنے کی توقع ہے اور یہ کم معاشی نمو بلند افراط زر، بڑھتی ہوئی بین الاقوامی اجناس کی قیمتوں اور ملک میں گرتے ہوئے غیر ملکی زرمبادلہ کے ذخائر کے ساتھ مل کر ملک کے پالیسی سازوں کے لیے کلیدی چیلنجز بنے رہیں گے۔

زرعی شعبہ

قومی غذائی تحفظ اور دیہی ترقی کے لیے زراعت کے شعبے کی دیرپا ترقی ناگزیر ہے۔ ملک کی مجموعی قومی پیداوار میں زراعت کا بڑا حصہ ہے۔

مالی سال 2022 کے دوران زرعی شعبے نے 4.40 فیصد کی غیر معمولی نمو ریکارڈ کی اور 3.5 فیصد کے ہدف اور گزشتہ سال کی 3.48 فیصد شرح نمو کو عبور کیا۔ اس بہتری کے بنیادی عوامل زیادہ پیداوار، پرکشش پیداواری قیمتیں، معاون حکومتی پالیسیاں، تصدیق شدہ بیج، کیڑے مار ادویات اور زرعی قرضوں کی بہتر دستیابی تھے۔ فصلوں کے شعبے نے سب سے بہتر کارکردگی کا مظاہرہ کیا اور مالی سال 2022 کے دوران 6.58 فیصد ترقی کی جو کہ گزشتہ سال 5.96 فیصد تھی۔ تاہم، سال کی دوسری ششماہی کے دوران، ملکی تاریخ میں بے مثال تباہ کن سیلاب نے ملک کے بیشتر حصے میں تباہی مچائی، سندھ اور بلوچستان سب سے زیادہ متاثر ہوئے، نتیجتاً، IMF جیسے بین الاقوامی ادارے نے سال 2023 میں زرعی شعبے میں تنزلی کی پیش گوئی کی ہے۔

مالی ارتقاء (Fiscal Development)

مالی سال 2022 کے دوران ٹیکس کی وصولی میں نمایاں اضافے کے باوجود، زیادہ کرنٹ اور ترقیاتی اخراجات نے مالیاتی خسارہ بڑھا دیا۔ اسی طرح زائد ترقیاتی اور غیر مجوزہ اخراجات کے باعث، پرائمری بیلنس میں 447 بلین روپے کا خسارہ ریکارڈ کیا گیا، جو کہ دورانِ سال کل اخراجات میں اضافے کا موجب بنا۔

اسی طرح رواں مالی سال کی پہلی سہ ماہی کے دوران مالیاتی خسارہ GDP کا 1.5 فیصد رہا جو گزشتہ برس GDP کا 0.9 فیصد تھا۔ پرائمری بیلنس نے 2021 میں جی ڈی پی کے 0.3 فیصد کے سرپلس کے مقابلے میں جی ڈی پی کا 0.2 فیصد سرپلس ریکارڈ کیا۔

نقد اور ادھار (Money and credit)

افراطِ زر اور ادائیگیوں کے توازن (Balance of Payments) سے منسلکہ، بڑھتے ہوئے خطرات سے نمٹنے کے لیے، جو کہ عالمی اور مقامی دونوں عوامل سے پیدا ہوئے ہیں، اسٹیٹ بینک آف پاکستان نے مالیاتی پالیسی میں سختی کا سلسلہ جاری رکھا اور سال 2022 کے آغاز میں 9.75 فیصد کی شرح سود کو نمایاں طور پر بڑھاتے ہوئے سال کے آخر تک 16 فیصد کر دیا گیا۔

افراطِ زر (Inflation)

دورانِ سال ملک میں مہنگائی کی شرح بہت زیادہ رہی۔ صارفین کی قیمت کا اشاریہ (Consumer Price Index) دسمبر 2022 میں بڑھ کر 24.5 فیصد ہو گیا جو دسمبر 2021 میں 12.3 فیصد تھا۔

یہ اضافہ بجلی اور گیس کی قیمتوں میں اضافے، Non-perishable اشیائے خورد و نوش کی قیمتوں میں نمایاں اضافے، شرح مبادلہ میں کمی کے ساتھ ساتھ عالمی ایندھن اور اجناس کی قیمتوں میں تیزی سے اضافے کی وجہ سے ہوا ہے۔ کورونا وباء کے بعد، اشیاء کی عالمی مانگ پہلے ہی بہت زیادہ تھی لیکن عالمی نقل و حمل میں (Transportation congestion) رکاوٹوں کی وجہ سے رسد میں کمی کے باعث قیمتوں میں مزید تیزی سے اضافہ ہوا۔ جغرافیائی سیاسی صورتحال نے بھی توانائی کی عالمی قیمتوں میں نمایاں اضافہ کیا، جس کے ملکی معیشت پر پڑنے والے اثرات سے افراط زر بہت بڑھ گیا۔

FFC کی کارکردگی

توانائی کی قیمتوں میں نمایاں اضافے، 24 فیصد سے زیادہ کی تیزی سے بڑھتی ہوئی مہنگائی، روپے کی قدر میں شدید کمی کے علاوہ شرح سود میں دوگنا سے زیادہ اضافے مسلسل کمپنی کے لیے چیلنجز کا باعث بنتے رہے۔

جغرافیائی سیاسی صورت حال نے فاسفیٹ کھاد کے لیے خام مال کی سپلائی کے توازن پر کافی اثر ڈالا جس کے باعث، سال کے آخر میں کم ہونے سے پہلے، عالمی سطح پر فاسفیٹ کھاد کی قیمتیں بہت زیادہ ہو گئیں۔ چنانچہ DAP کھاد کی مقامی کھپت میں گزشتہ سال کے مقابلے میں 38% کی کمی واقع ہوئی ہے جس نے کھاد کے توازن اور فصل کی پیداوار پر منفی اثر مرتب کیا ہے۔

حکومت نے ایک بار پھر ایڈہاک ٹیکس کے اقدامات کا سہارا لیا ہے اور فنانس ایکٹ 2022 کے ذریعے سپر ٹیکس کا نفاذ کیا ہے، جس سے کمپنی پر 5 ارب روپے سے زیادہ کا منفی اثر پڑا ہے۔ فنانس ایکٹ 2022 کے ذریعے ریلیف کے طور پر تمام کھادوں کو سیلز ٹیکس سے مستثنیٰ قرار دیا گیا ہے۔ تاہم، اس سے کمپنی کے آپریٹنگ اخراجات میں بھی اضافہ ہوا کیونکہ سپلائی چین میں پورا Input سیلز ٹیکس کمپنی کے لیے لاگت بن گیا ہے۔

مشکلات کا ڈٹ کر مقابلہ کرنے کی صلاحیت کا مظاہرہ کرتے ہوئے، آپ کی کمپنی نے غیر معمولی نتائج پیش کیے ہیں۔ کمپنی کی مالیاتی اور غیر مالیاتی کارکردگی کا تجزیہ ذیل میں تفصیل سے پیش کیا گیا ہے۔

پیداوار (Production)

دورانِ سال، 117 فیصد کی استعداد کے ساتھ 2,404 ہزار ٹن سونا یوریا کی پیداوار حاصل کی گئی، جو پچھلے سال کے مقابلے میں 4 فیصد کم ہے کیونکہ سال کے دوران دو پلانٹس turnaround کی وجہ سے بند رہے جبکہ گزشتہ سالوں میں صرف ایک پلانٹ کا turnaround کیا جاتا تھا۔

فروخت (Sales)

کمپنی نے 2,423 ہزار ٹن سونا یوریا فروخت کی، جو کہ مصنوعات کی کم دستیابی کے باوجود 2021 کے مقابلے میں صرف 2 فیصد کم ہے۔

DAP کی فروخت گزشتہ سال 205 ہزار ٹن کے مقابلے میں کم ہو کر 70 ہزار ٹن رہ گئی جس کی بنیادی وجہ زائد درآمدی قیمتوں کی وجہ سے طلب میں کمی ہے۔ اس طرح سال 2023 کے لیے کمپنی کی درآمدی DAP کی ابتدائی انوینٹری 78 ہزار ٹن ہو گئی۔

مالی حیثیت کا تجزیہ (Analysis Financial Position)

ایکویٹی اور ذخائر (Equity and Reserves)

کمپنی کی Net Worth، سال 2021 کے مقابلے میں 7 فیصد اضافہ ریکارڈ کرتے ہوئے، بڑھ کر 50.83 ارب روپے ہو گئی جو کہ گزشتہ برس 47.51 ارب روپے تھی۔ اس طرح Break-up value 39.95 روپے فی حصہ ریکارڈ کی گئی جو کہ گزشتہ سال 37.35 روپے فی حصہ تھی۔

طویل المیعاد قرضے (Long term Borrowings)

طویل المیعاد قرضے گزشتہ برس کے مقابلے میں 2 فیصد بڑھ گئے جس کا سبب کمپنی کے پرانے ہوتے ہوئے پلانٹ اور مشینری کی تبدیلی پر ہونے والا خرچ تھا۔

کمپنی نے قرضوں کی تمام ادائیگیاں، جو سال کے دوران واجب الادا تھیں، بروقت کیں۔ FFC کی جانب سے کسی بھی مالی ذمہ داری کی ادائیگی میں نادہندگی (Default) نہیں کی گئی۔

تجارتی و دیگر واجبات (Trade & Other Payables)

GIDC واجبات کی طویل المیعاد واجبات (Long term Liabilities) سے قلیل المیعاد واجبات (Short term Liabilities) میں منتقلی، اور صارفین کی جانب سے ایڈوانس میں 100 فیصد اضافے کی وجہ سے، تجارتی اور دیگر واجبات گزشتہ سال 62.48 ارب روپے کے مقابلے میں بڑھ کر 89.84 ارب روپے ہو گئے جبکہ 2021 کے مقابلے میں مجموعی طور پر 44 فیصد کا اضافہ ہوا۔

قلیل المیعاد قرضے (Short Term Borrowings)

57.99 ارب روپے کے قلیل المیعاد قرضوں میں گزشتہ سال کے 38.94 ارب روپے کے قرضوں کے مقابلے میں 49% اضافہ ہوا، اس کی وجہ Working Capital کی ضروریات کو پورا کرنے کے لیے لئے زائد قرض لینا ہے۔

Contingencies & commitments

Contingencies میں CCP کی طرف سے لگایا گیا 5.5 ارب روپے کا جرمانہ شامل ہے جس کو Competition Appellate Tribunal نے مسترد کر دیا ہے اور CCP کو Tribunal کی ہدایات کے مطابق کیس کے دوبارہ فیصلے کا کہا ہے۔ کمپنی نے اسلام آباد ہائی کورٹ میں رٹ پٹیشن دائر کی تھی جسے CCP کو باقاعدہ سماعت کرنے کی ہدایت کے ساتھ خارج کر دیا گیا۔ 31 دسمبر 2022 تک، CCP نے اپنی کارروائی کا آغاز نہیں کیا اور FFC کو نوٹس کا انتظار ہے۔ کمپنی قیمتوں میں نامناسب اضافے کے الزامات کے کامیاب دفاع کے لیے پراعتماد ہے۔

کمپنی کے 18.75 ارب روپے کے مالیاتی وعدے (Financial Commitment) بنیادی طور پر کھادوں کی خریداری، اشیاء، خدمات، مزید Equity Investments اور Capital Expenditure پر مشتمل ہیں۔

Property, Plant & Equipment

Property, Plant & Equipment گزشتہ برس کے 23.99 ارب روپے کے مقابلے میں بڑھ کر 27.63 ارب روپے ہو گئے، یہ گزشتہ برس کے مقابلے میں 15 فیصد کا اضافہ ہے۔ اس اضافے کا سبب پلانٹ کی کارکردگی کے موجودہ معیار کو برقرار رکھنے کے لیے ہونے والا capital expenditure ہے۔

طویل المیعاد سرمایہ کاریاں (Long Term Investments)

50.53 ارب روپے کی طویل المیعاد سرمایہ کاریوں میں گزشتہ برس کے مقابلے میں 10 فیصد اضافہ ہوا۔ اس میں TEL میں کی گئی 2.18 ارب روپے کی مجموعی سرمایہ کاری شامل ہے (اس میں حصص کے اجراء کے لیے 931 ملین روپے بھی شامل ہیں)۔

Loose Tool Stores, Spares &

Loose Tool Stores, Spares & میں ہونے والا اضافہ بنیادی طور پر ان اشیاء کی لاگت میں اضافے کے باعث ہے جس کا سبب بلند عالمی قیمتیں اور روپے کی قدر میں نمایاں کمی ہے۔

Stock in Trade

Stock in Trade گزشتہ سال کے 1.05 ارب روپے کے مقابلے میں 19.49 ارب روپے ریکارڈ کیا گیا۔ زیادہ تر انوینٹری 78 ہزار ٹن DAP پر مشتمل تھی جو کہ مارکیٹ کے ناموافق حالات کے باعث فروخت نہ ہو سکی۔

تجارتی واجبات (Trade Debts)

دوران سال ادھار پر فروخت میں کمی کے باعث، تجارتی واجبات 55 فیصد کمی کے ساتھ 371.54 ملین روپے رہے جو کہ گزشتہ سال 833.23 ملین روپے تھے۔

مینجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر کا تبصرہ

معزز حصص داران،

2022 سماجی واقتصادی، جغرافیائی سیاسی، حکومتی اور ماحولیاتی عوامل جیسی شدید مشکلات کا سال تھا۔

روس اور یوکرین تنازعہ کے بعد مصنوعات بشمول تیل اور کھاد کی عالمی قیمتوں میں زبردست اضافہ ہوا جس کے باعث عالمی سپلائی چین بھی متاثر ہوئی۔

دورانِ سال، سپیئرز، مشینری اور کیمیکلز کی قیمتوں میں بھی اضافہ ریکارڈ کیا گیا۔ ملک میں زرمبادلہ کی کمی اور شرح مبادلہ کے اتار چڑھاؤ نے کمپنی کے لیے ضروری اشیاء کی درآمدی لاگت پر مزید بوجھ ڈالا۔

بعض ممالک کی جانب سے برآمدی پابندیوں کے ساتھ ساتھ سپلائی چین میں رکاوٹ DAP کی عالمی قیمتوں میں اضافے کا سبب بنی جو کہ سال کے دوران 14,000 روپے فی بوری کی بلند ترین سطح تک جا پہنچی۔ DAP، جو فصلوں کی پیداوار کے لیے ناگزیر ہے، کی مقامی ضرورت کو پورا کرنے کے لیے، کھاد کی صنعت کو مہنگے داموں پر DAP کی درآمد کرنا پڑی۔ اس زائد درآمدی لاگت کے نتیجے میں مقامی مارکیٹ میں DAP کی طلب میں کمی واقع ہوئی۔ اگرچہ حکومت نے زبردستی DAP کی قیمت فروخت کم کرائی، تاہم مقامی مارکیٹ میں مانگ پھر بھی کم رہی۔ اس طرح DAPFFC کی فروخت گزشتہ سال 205 ہزار ٹن سے کم ہو کر 2022 میں 70 ہزار ٹن رہ گئی۔ کھاد کی صنعت اگلے سال میں DAP کی ایک بڑی انونیٹری لے کر جا رہی ہے لیکن خدشہ ہے کہ کھاد کی زائد لاگت کے باعث DAP کی مانگ کم رہے گی۔

دورانِ سال، یوریا کی عالمی قیمتیں 11,000 روپے فی بوری کی ریکارڈ سطح تک پہنچ گئیں جبکہ کمپنی نے اپنا تیار کردہ سونا یوریا 2,150 روپے فی بوری میں فروخت کیا اور اس طرح بین الاقوامی مارکیٹ کے مقابلے میں کسانوں کو کافی رعایتی نرخوں پر یوریا کی دستیابی میں اہم کردار ادا کیا۔

گزشتہ برسوں میں ایک پلانٹ کے Maintenance Turnaround کے مقابلے میں 2022 میں کمپنی نے دو پلانٹوں کا Maintenance Turnaround کیا جس کے نتیجے میں یوریا کی پیداوار میں کمی کے علاوہ مرمت اور دیکھ بھال کے اخراجات میں بھی اضافہ ہوا۔ کمپنی کو ایک پلانٹ کی غیر متوقع بندش کا بھی سامنا کرنا پڑا جس کے نتیجے میں یوریا کی پیداوار گزشتہ سال 2,507 ہزار ٹن کے مقابلے میں 2,404 ہزار ٹن رہ گئی۔ اس کی وجہ سے یوریا کی فروخت کا حجم بھی کم ہو کر 2,423 ہزار ٹن رہ گیا جبکہ تمام کھادوں کی مجموعی فروخت 2,495 ہزار ٹن رہی جو کہ گزشتہ سال 2,703 ہزار ٹن تھی۔

سال کی دوسری ششماہی کے دوران شدید سیلاب کے علاوہ رواں برس تیزی سے بڑھتی ہوئی مہنگائی، Double Digit شرح سود اور پاکستانی روپے کی قدر میں تیزی سے کمی دیکھنے میں آئی۔ Output GST سے استثنیٰ کے علاوہ سپر ٹیکس کے نفاذ سے کمپنی کا منافع مزید متاثر ہوا۔

تاہم، عمدہ مالیاتی نظم و نسق اور منسلکہ کمپنیوں کی طرف سے منافع منقسمہ کی ادائیگی میں اضافے کے نتیجے میں گزشتہ سال کے 7.92 ارب روپے کے مقابلے میں 14.44 ارب روپے کی تاریخ کی بلند ترین دیگر آمدن حاصل ہوئی۔ دیگر آمدن کے ساتھ ساتھ اخراجات میں مؤثر انداز سے کمی کے ذریعے، کمپنی 20 ارب روپے کا خالص منافع حاصل کرنے کے قابل ہوئی جبکہ فی حصہ آمدن گزشتہ سال کے 17.21 روپے کے مقابلے میں 15.76 روپے رہی۔ امریکی ڈالر کے تناسب سے کمپنی کا منافع پچھلے سال کے 137 ملین ڈالر کے مقابلے میں 97 ملین ڈالر رہا۔

دوران سال FFC نے ٹیکسز اور لیویز کی مد میں 30 ارب روپے کی ادائیگیاں کیں اور ملک کے لیے درآمدی متبادل کے ذریعے 1.65 ارب امریکی ڈالر کا قیمتی زرمبادلہ بھی بچایا۔ کمپنی نے سیلاب متاثرین کے لیے 350 ملین روپے کی خطیر رقم بھی عطیہ کی جبکہ ملازمین نے بھی سیلاب متاثرین کے لیے 1 دن کی مجموعی تنخواہ کا عطیہ دے کر اس مقصد میں کمپنی کا ساتھ دیا۔ معیشت کے لیے خدمات کے اعتراف میں، FFC کو راولپنڈی چیمبر آف کامرس اینڈ انڈسٹری کی جانب سے پیداواری شعبے کے لیے سب سے بڑے قومی ٹیکس دہندہ کا اعزاز (Largest National Taxpayer Award) دیا گیا۔

FFC مسلسل 12 ویں سال بھی پاکستان اسٹاک ایکسچینج میں اپنی پہلی پوزیشن برقرار رکھے ہوئے ہے۔ اس کی سالانہ رپورٹ 2021 کو مجموعی طور پر پہلی پوزیشن دیے جانے کے ساتھ ساتھ کیمیکلز اور فرٹیلائزر کے شعبے میں بھی پہلی پوزیشن کا حقدار گردانا گیا علاوہ ازیں ICAP/ICMAP کے زیر اہتمام سالانہ رپورٹ مقابلے میں Sustainability Reporting میں بھی پہلی پوزیشن سے نوازا گیا۔ SAFA کی سطح پر، رپورٹ کو مجموعی طور پر بہترین کارپوریٹ رپورٹس میں شمار کیا گیا۔ کمپنی نے پیداواری شعبے اور Integrated Reporting کے زمرے میں پہلی پوزیشن حاصل کی اور اس کے ساتھ ساتھ Corporate Governance میں بھی سند حاصل کی۔

ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ 2021 میں ہوا سے بجلی بنانے والی دو کمپنیوں (FWEL-I اور II) کے حصول نے 3.2 ارب روپے کے منافع کی ادائیگی کے ساتھ ابھی سے ہمارے منافع کو بڑھانا شروع کر دیا ہے۔ ہماری منسلکہ کمپنی تھر انرجی لمیٹڈ (TEL) بھی آپریشنل مرحلے میں داخل ہو چکی ہے اور اس نے بھی آمدن حاصل کرنا شروع کر دی ہے اور توقع ہے کہ TEL سے بھی منافع کا سلسلہ جلد ہی شروع ہو جائے گا۔ ہماری کلّی ملکیتی ذیلی کمپنیاں OLIVE Technical Services اور FFF بھی کامیاب وینچرز بننے کی طرف گامزن ہیں۔

متوقع مستقبل Future Outlook

اب جبکہ ہم 2023 میں داخل ہو رہے ہیں، Double Digit افراطِ زر، مالیاتی دباؤ، کرنسی کی قدر میں کمی اور بلند شرح سود برقرار رہنے کا خدشہ ہے۔ مزید برآں، ملک میں غیر ملکی کرنسی کے ذخائر کی شدید کمی، یوریا کی پیداوار کی سطح کو برقرار رکھنے کے لیے ضروری مال، اسپئیرز، کیمیکلز اور دیگر input کی درآمد کے لیے شدید مشکلات کا باعث ہے۔ ملک بھر میں کھاد کی بلاتعطل ترسیل کے لیے تیل کی دستیابی ناگزیر ہے۔

گیس کے گرتے ہوئے دباؤ کے پیش نظر، کمپنی دیگر کھاد بنانے والے اور گیس فراہم کرنے والے اداروں کے ساتھ مل کر گیس Pressure Enhancement Facility (PEF) پر کام شروع کر رہی ہے جس کے لیے خطیر سرمایہ کاری درکار ہے اور یہ کھاد کی مستقل پیداوار کے لیے لازمی ہے۔ کمپنی نے گیس کی فراہمی کے متبادل ذریعہ کے لیے SNGPL نیٹ ورک کو FFC پلانٹ سائٹ میرپور ماتھیلو سے جوڑنے کے لیے ایک نیا پائپ لائن پروجیکٹ بھی شروع کیا ہے تاکہ MPCL کی جانب سے کسی کمی کا تدارک کیا جا سکے۔

کمپنی کے پرانے پلانٹس کو ضروری پرزوں کی تبدیلی کے علاوہ باقاعدگی سے مرمت (maintenance) کے عمل سے بھی گزرنا پڑتا ہے چنانچہ پلانٹس کی پائیداری کے لیے ضروری، ان منصوبوں کے بروقت نفاذ کے لیے زرمبادلہ کی دستیابی انتہائی اہم ہے۔

حکومت گیس کی قیمتوں میں اضافے پر غور کر رہی ہے جس سے کھاد کی صنعت کے لیے تیزی سے اضافہ متوقع ہے۔ کمپنی کو اپنے کاروبار کو منافع بخش رکھنے کے لیے گیس کی قیمتوں میں کسی بھی اضافے کے اثرات کو آگے منتقل کرنا ہوگا۔

مالیاتی تباہی سے بچاؤ اور سرمایہ کاروں کے اعتماد کی بحالی کے لیے ملک کا معاشی استحکام ناگزیر ہے۔ PEF کے لیے زرِمبادلہ کی دستیابی، Coal Gasification Policy کو فائنلائز کرنا، اور GST اور سبسڈی کے واجبات کی ادائیگی جیسے معاملات میں سازگار حکومتی پالیسیاں پہلے سے کہیں زیادہ اہم ہوگئی ہیں تاکہ ملک میں غذائی تحفظ کو یقینی بنانے کے علاوہ کھاد کی صنعت اور زرعی شعبے کو مستحکم رکھا جا سکے۔

ہمیں یقین ہے کہ کارکردگی میں مسلسل بہتری، اخراجات میں کمی اور منسلکہ کمپنیوں سے آمدنی میں اضافے کے ساتھ، کمپنی اپنے حصہ داران کو پرکشش منافع کی ترسیل جاری رکھے گی۔

سرفراز احمد رحمٰن

مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

راولپنڈی

30 جنوری 2023

چیئرمین کا جائزہ

معزز حصص داران!

سال 2022 میں بورڈ کی کارکردگی قابل ستائش رہی اور ہم نے مل کر مشکل معاشی صورتحال اور جغرافیائی سیاسی انتشار کی وجہ سے درپیش مشکلات کا سامنا کرتے ہوئے کمپنی کو کامیابی اور عمدہ نظم ونسق کی طرف گامزن کیا۔

بورڈ، شراکت داران کے مفادات کے تحفظ کو بہت اہمیت دیتا ہے اور شفافیت، جوابدہی اور گڈ گورننس کے اندرونی ضوابط کو جانچنے کے لیے FFC کے خطرات کو بھانپنے کے عمدہ نظام (Robust Risk Management System) کی سخت نگرانی کرتا ہے۔

کمپنی نے گزشتہ عشرے کے دوران کیے گئے اقدامات کو مضبوط کرتے ہوئے ESG کے ضوابط کا اپنے اندازِ کاروبار میں ارتکاز بھی جاری رکھا جبکہ کاروباری استحکام کے اہم شعبوں کے لیے اہداف کا ازسرِ نو تعین بھی کیا۔

ایف ایف سی نے پاکستان اسٹاک ایکسچینج (PSX) کے زیراہتمام ESG سے متعلق مختلف تقریبات میں شرکت کی تاکہ PSX کے آئندہ ESG انڈیکس کے ڈیزائن اور نفاذ میں متحرک کردار ادا کیا جا سکے۔

بورڈ نے اس برس پانچ میٹنگز منعقد کیں تاکہ سالانہ کاروباری منصوبے (Annual Business Plan)، میعادی مالیاتی گوشواروں (Periodic Financial Statements) اور بورڈ کی توجہ کے متقاضی دیگر امور کا جائزہ لے کر منظوری دی جا سکے۔ کمیٹیوں نے بھی باقاعدگی سے اجلاس منعقد کیے تاکہ بورڈ کی طرف سے تفویض کردہ فرائض کی انجام دہی کرتے ہوئے بورڈ کو مندرجہ بالا امور میں معاونت فراہم کرے۔ پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے بھی بورڈ کی کارکردگی کا آزادانہ جائزہ لیا گیا ہے جس نے بورڈ اور اس کی کمیٹیوں سے متعلق معاملات میں ڈائریکٹرز کی خدمات پر مثبت رائے دی ہے۔

ہم خوش قسمت ہیں کہ مہنگائی کے اس دور میں اپنے حصہ داران کی مستقل آمدنی کی ضروریات کو پورا کرنے میں اپنا کردار ادا کر سکتے ہیں، اس لیے شاندار نتائج کی بنیاد پر، سال کے دوران پہلے ہی اعلان کردہ 8.98 روپے کے عبوری منافع منقسمہ کے علاوہ 3.15 روپے کے حتمی منافع منقسمہ کا اعلان کیا جا رہا ہے۔ جس سے سالانہ ادائیگی تقریباً 77 فیصد تک پہنچ جاتی ہے۔ اس تقسیم کے ساتھ، کمپنی کی طرف سے اب تک کی مجموعی ادائیگی 258 ارب روپے سے تجاوز کر گئی ہے۔

بورڈ آف ڈائریکٹرز، سبکدوش ہونے والے ممبر ڈاکٹر حامد عتیق سرور کی گرانقدر خدمات پر انہیں خراج تحسین پیش کرتا ہے اور نئے ڈائریکٹر جناب افتخار علی ساہو کو خوش آمدید کہتا ہے جو اپنے ساتھ حکومتی اور کارپوریٹ انتظامی امور کا وسیع تجربہ لے کر آئے ہیں۔ FFC کا بورڈ بارہ منتخب ڈائریکٹرز اور ایک Deemed ڈائریکٹر، MD&CEO پر مشتمل ہے اور ہم دو خواتین ممبران کے ذریعے صنفی تنوع کو برقرار رکھے ہوئے ہیں۔ بورڈ ممبران میں سے آٹھ نان ایگزیکٹو ڈائریکٹرز ہیں جبکہ آزاد ڈائریکٹرز کی تعداد چار ہے۔

بورڈ کی توجہ کا مرکز کمپنی کی حکمت عملی کا تعین اور معاملات پر نظر رکھنے کے ساتھ ساتھ اپنے حصہ داران کو مستقل منافع کی فراہمی اور ملک میں غذائی تحفظ کے لیے اپنا کردار ادا کرنا ہے۔

وقار احمد ملک

چیئرمین

راولپنڈی

30 جنوری 2023

07

ڈائریکٹرز رپورٹ

کمپنی اور گروپ کی کارکردگی پر ڈائریکٹرز کا تجزیہ

سر ورق

2022 معاشی اشاریوں میں بہتری کی نوید کا سال تھا۔ مگر جغرافیائی، سیاسی عدم استحکام اور عالمی سطح پر ہوشربا مہنگائی، بہتری کی اس امید کو اپنے ساتھ بہا لے گئی، نتیجتاً پوری دنیا مہنگائی کی لپیٹ میں آئی۔ پاکستان بھی اس سے مستثنیٰ نہ رہ سکا۔ کاروبار کرنے کی لاگت میں اضافے، شرح سود میں ہوشربا اضافے، روپے کی قیمت میں تنزلی اور اس کے نتیجے میں DAP کی زائد قیمتوں کے علاوہ پٹرول اور ٹرانسپورٹ کے نرخوں میں اضافے کے اثرات، ہماری معیشت، کسان برادری اور کھاد کی صنعت پر بھی نمایاں رہے۔ اس کے ساتھ ساتھ حکومت کی جانب سے سپر ٹیکس کے نفاذ نے رہی سہی کسر بھی پوری کردی۔

ان مشکل حالات کے باوجود آپ کی کمپنی ہمیشہ کی طرح اپنے شراکت داران کے اثاثوں میں اضافے اور کسان بھائیوں کو مقامی منڈی میں سستی یوریا کی فراہمی کے لیے ڈٹ کر کھڑی رہی اور ان پر مہنگائی کے اس بوجھ کو ہلکا کرنے کی ہر ممکن کوشش کی۔ مہنگائی کے اس پُرآشوب دور میں شاید فوجی فرٹیلائزر ہی وہ واحد کمپنی تھی جس نے اپنے منافع پر سمجھوتہ کرتے ہوئے اپنے شراکت داران اور کسان بھائیوں کی خوشحالی کے لیے قدم اٹھایا۔

فوجی فرٹیلائزر کمپنی لمیٹڈ

مشکلات میں مستحکم

سالانہ رپورٹ ۲۰۲۲

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